

**PRELIMINARY LIMITED OFFERING MEMORANDUM DATED MARCH 18, 2025**

**NEW ISSUE**

**NOT RATED**

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

*In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.*



**\$11,939,000\***

**CITY OF BASTROP, TEXAS**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**

**(VALVERDE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)**

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

**Due: September 1, as shown on page i**

**Interest to Accrue from the Date of Delivery**

The City of Bastrop, Texas Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1) (the “Bonds”), are being issued by the City of Bastrop, 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 page i hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing September 1, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by BOKF, NA, 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 expected to be adopted by the City Council (the “City Council”) on March 25, 2025, and an Indenture of Trust, dated as of April 1, 2025 (the “Indenture”), entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements (as defined herein), (ii) paying capitalized interest on the Bonds during the period of construction and acquisition of Improvement Area #1 Improvements, (iii) funding a reserve account for payment of principal and interest on the Bonds, (iv) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (v) paying the costs of issuance of the Bonds. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS” and “APPENDIX A — Form of Indenture.”

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

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

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

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM 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 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 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 FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its counsel, Denton Navarro Rodriguez Bernal Santee & Zech, P.C., for the Underwriter by its counsel, Greenberg Traurig, LLP; see “LEGAL MATTERS – Legal Proceedings”) and for the Developer by its counsel Metcalfe Wolff Stuart & Williams, LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about April 17, 2025 (the “Date of Delivery”).

**FMSBONDS, INC.**

\* Preliminary; subject to change

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

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

CUSIP Prefix: \_\_\_\_\_<sup>(a)</sup>

**\$11,939,000\***  
**CITY OF BASTROP, TEXAS**  
**(a municipal corporation of the State of Texas located in Bastrop County)**  
**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**  
**(VALVERDE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)**

**\$ \_\_\_\_\_ Term Bonds**

\$ \_\_\_\_\_ % Term Bonds, Due September 1, 20\_\_, Priced to Yield \_\_\_\_\_%; CUSIP \_\_\_\_\_<sup>(a) (c)</sup>

\$ \_\_\_\_\_ % Term Bonds, Due September 1, 20\_\_, Priced to Yield \_\_\_\_\_%; CUSIP \_\_\_\_\_<sup>(a) (c)</sup>

\$ \_\_\_\_\_ % Term Bonds, Due September 1, 20\_\_, Priced to Yield \_\_\_\_\_%; CUSIP \_\_\_\_\_<sup>(a) (b) (c)</sup>

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- <sup>(a)</sup> CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- <sup>(b)</sup> The Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 1, 20\_\_ at the redemption price of 100% of the principal amount plus accrued and unpaid interest to the date of redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- <sup>(c)</sup> The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

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\* Preliminary; subject to change.

**CITY OF BASTROP, TEXAS  
CITY COUNCIL**

<u>City Council Members*</u>	<u>Term Expires</u>
John Kirkland, Mayor Pro Tem	May 2025
Cheryl Lee, Place 1	May 2025
Cynthia Meyer, Place 2	May 2027
Kevin Plunkett, Place 3	May 2026
Kerry Fossler, Place 4	May 2027

*\* The City's Mayor resigned as of January 14, 2025, and the Mayor Pro Tem will preside over the City's operations until such time as a new Mayor is elected. The City expects to hold an election for the Mayor position in May 2025.*

<b>CITY MANAGER</b> Sylvia Carrillo-Trevino	<b>CHIEF FINANCIAL OFFICER</b> Edi McIlwain	<b>CITY SECRETARY</b> Irma G. Parker
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**ADMINISTRATOR**  
P3Works, LLC

**FINANCIAL ADVISOR TO THE CITY**  
Specialized Public Finance, Inc.

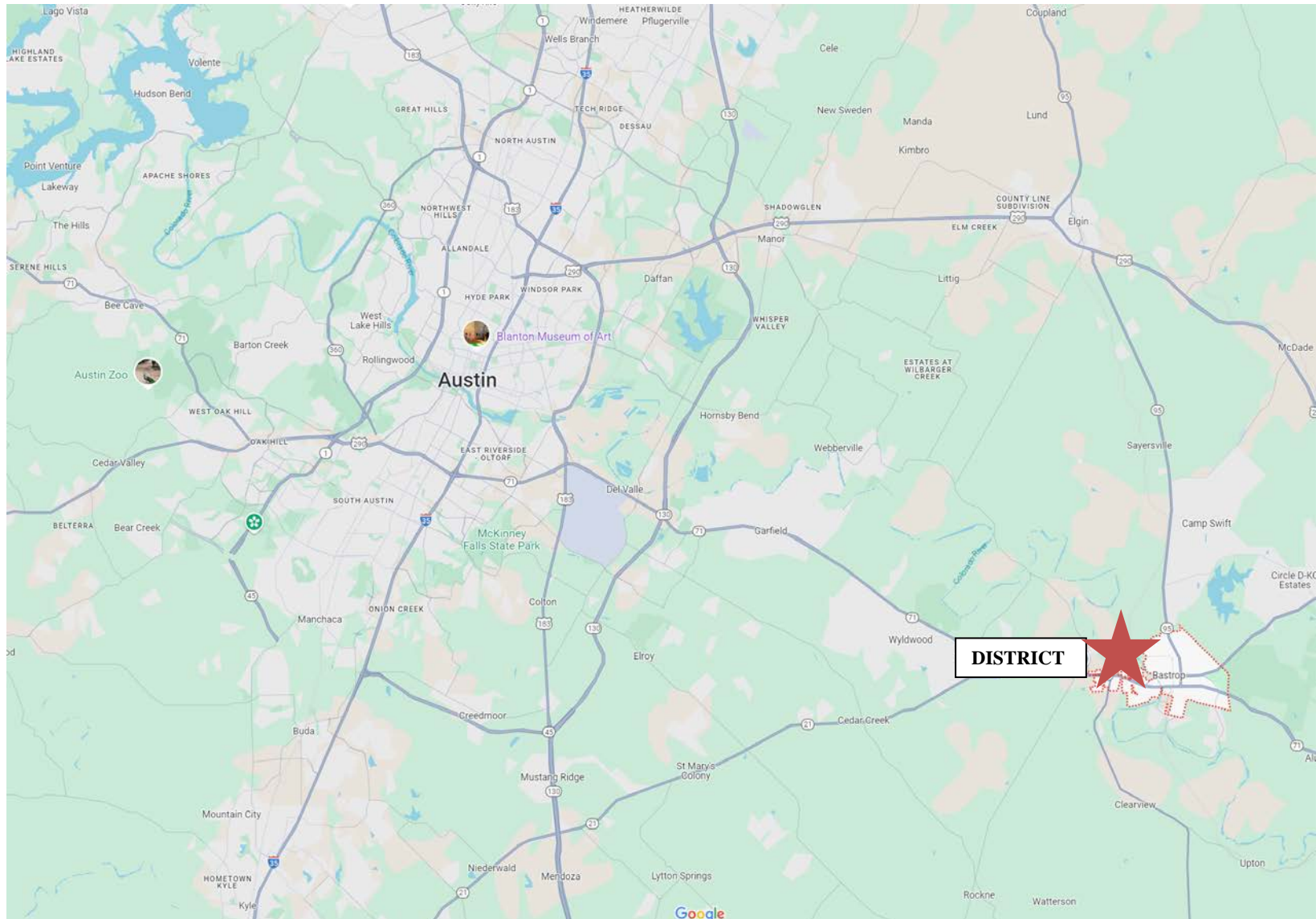
**BOND COUNSEL**  
McCall, Parkhurst & Horton L.L.P.

**UNDERWRITER'S COUNSEL**  
Greenberg Traurig, LLP

For additional information regarding the City, please contact:

Sylvia Carillo-Trevino City Manager City of Bastrop, Texas 1311 Chestnut Street Bastrop, Texas 78602 (512) 332-8800 scarillo@cityofbastrop.org	Dan Wegmiller Managing Director Specialized Public Finance, Inc. 248 Addie Roy, Road, Suite B-103 Austin, Texas 78731 (512) 275-7300 dan@spfmuni.com
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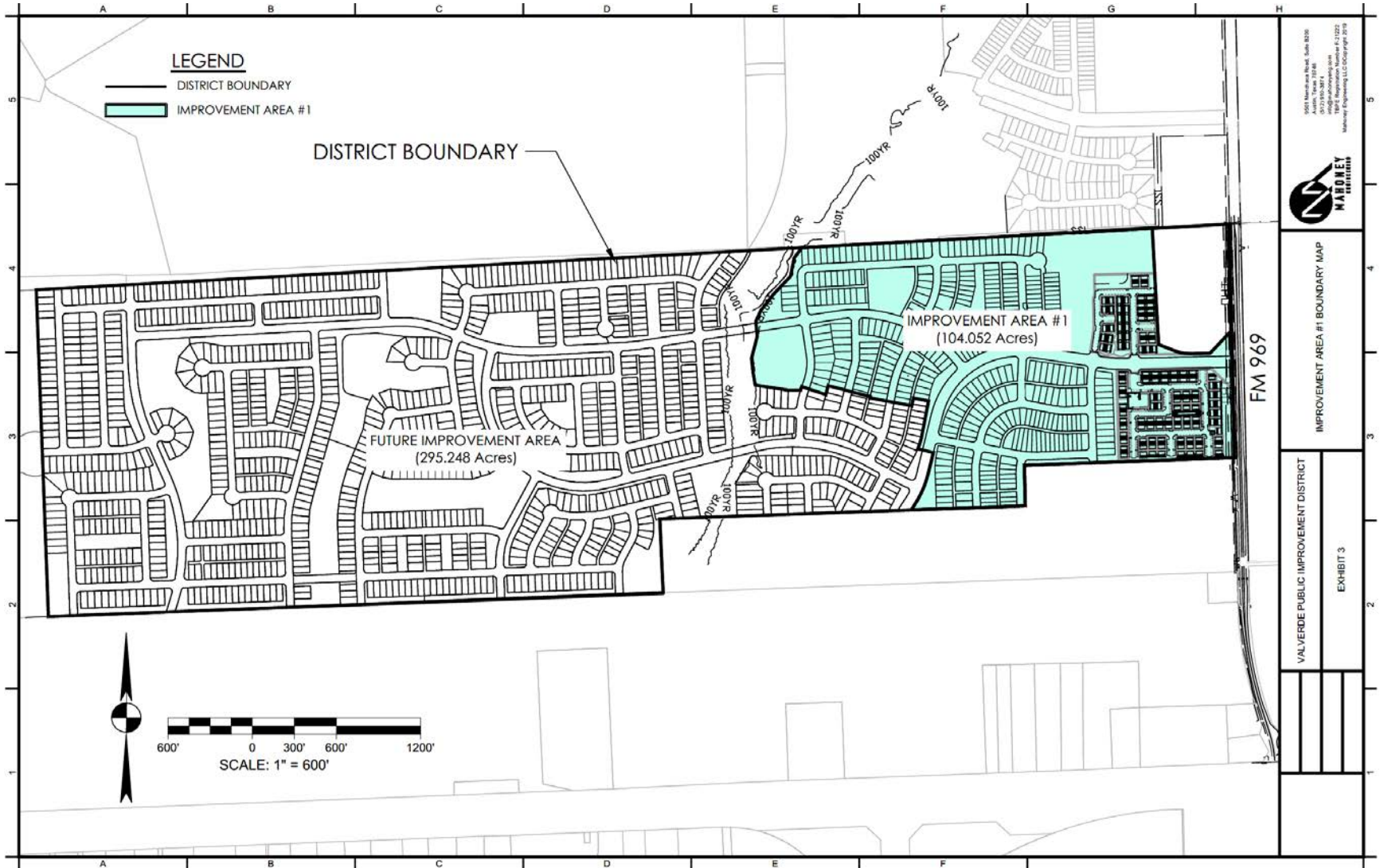
## REGIONAL LOCATION MAP OF THE DISTRICT



# AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREA #1



*FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION (“RULE 15C2-12”), AS AMENDED AND IN EFFECT ON THE DATE OF THIS 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.*

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING INITIALLY OFFERED AND SOLD ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. EACH 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 ACKNOWLEDGEMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

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

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

NONE OF THE CITY, THE FINANCIAL ADVISOR OR 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, 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. NEITHER THE CITY NOR THE UNDERWRITER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN

ANY OF THE EXPECTATIONS, EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM OR THE RELATED TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFICANCE OR ACCURACY OF SUCH INFORMATION.

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

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**PRELIMINARY LIMITED OFFERING MEMORANDUM**

**\$11,939,000\***

**CITY OF BASTROP, TEXAS**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**

**(VALVERDE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)**

**INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Bastrop, Texas (the “City”), of its \$11,939,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1) (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 AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “SUITABILITY FOR INVESTMENT” AND “BONDHOLDERS’ RISKS.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the “City Council”) on March 25, 2025 (the “Bond Ordinance”), and an Indenture of Trust, dated as of April 1, 2025 (the “Indenture”), entered into by and between the City and BOKF, NA, Dallas, Texas, 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 revenue from special assessments (the “Assessments”) to be levied against assessable property (the “Assessed Property”) located within Improvement Area #1 of the Valverde Public Improvement District (originally created as Viridian Public Improvement District, and formerly known as NEU Community Bastrop) (the “District”) pursuant to an ordinance (the “Assessment Ordinance”) expected to be adopted by the City Council on March 25, 2025. The City created the District as “Viridian Public Improvement District” pursuant to an ordinance adopted by the City Council on March 9, 2021 (the “Creation Resolution”) and subsequently changed the name of the District to “Valverde Public Improvement District.” Prior to its creation, the District was referred to as NEU Community Bastrop.

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

Set forth herein are brief descriptions of the City, the District, Continental Homes of Texas, L.P. (the “Developer”), P3Works, LLC (the “Administrator”), the Creation Resolution, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Development Agreement (as defined herein), the Viridian Public Improvement District Financing and Reimbursement Agreement dated as of September 14, 2021 between the Developer and the City (the “Financing and Reimbursement Agreement”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the

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\* Preliminary; subject to change.

Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, phone: (214) 302-2246. The form of the Indenture appears in APPENDIX A and the Form of Service and Assessment Plan appears as APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

## **PLAN OF FINANCE**

### **The District**

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

### **Development Plan, Status of Development, and Plan of Finance**

The District is composed of approximately 410.59 acres of which approximately 399.878 acres are being developed as a master planned residential development by the Developer (the “Development”). The Development is expected to include approximately 1,399 single-family residential lots, consisting of a mixture of 32’, 43’, 45’ and 50’ lots, as well as 250 townhome rental units at build out. Approximately 10.59 acres within the boundaries of the District will be non-assessed land and will not be part of the Development. Such acreage is expected to be developed as adjacent commercial development.

The Developer will develop its land in the District in phases, beginning with the development of approximately 104.052 acres of the District, herein referred to as “Improvement Area #1,” as shown on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREA #1” on page v. See “THE DEVELOPMENT — Development Plan and Status of Development in Improvement Area #1 of the District.” The areas shown as “Future Improvement Area” on the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREA #1” on page v, is referred to herein as the “Future Improvement Areas.”

The Developer purchased approximately 399.878 acres of land, which includes the land within Improvement Area #1 of the District, on December 17, 2020, from David K. Grassel at a purchase price of \$11,600,000, which was funded with cash available to the Developer. The Developer is the owner of all 399.878 acres being developed in the District, including Improvement Area #1. Approximately 10.59 acres within the boundaries of the District are owned by SIS Bastrop, LLC, and will not be assessed or part of the Development.

Development in the District began with Improvement Area #1, which is expected to contain a total of 352 single-family residential lots and 250 townhomes, and is being developed in three phases. The initial phase of single-family development in Improvement Area #1 contains 174 lots and is referred to by the Developer as “Phase 2.” The second phase of single-family development in Improvement Area #1 is expected to contain 178 lots and is referred to by the Developer as “Phase 3.” The third phase of development in Improvement Area #1 contains all 250 townhomes, and is referred to by the Developer as “Phase 13.”

The Developer has constructed and will construct improvements consisting of certain street, water, wastewater, and drainage improvements that will benefit Improvement Area #1 of the District (the “Improvement Area #1 Improvements”). Construction of the portion of the Improvement Area #1 Improvements benefitting Phase 2 began in September 2022. Internal lot improvements for Phase 2 have been completed, and final completion of Phase 2, which is pending completion of a lift station, is expected to be in March 2025. Construction of the portion of the Improvement Area #1 Improvements benefitting Phase 3 began in May 2024 and is expected to be completed in May 2025. Construction of the internal Improvement Area #1 Improvements benefitting Phase 13 is expected to begin in Q1 2025 and be completed in Q1 2026.

The total expected cost of the Improvement Area #1 Improvements is \$21,262,504\*. As of February 1, 2025, the Developer has expended approximately \$14,300,000 on the Improvement Area #1 Improvements, which was financed with cash available to the Developer. See “THE DEVELOPER – History and Financing of the District.”

The Developer does not plan on entering into any purchase contracts with any homebuilders within the District. The Developer is a wholly-owned subsidiary of D.R. Horton. D.R. Horton will construct the anticipated 352 single-family homes in Improvement Area #1 of the District. Home construction in Improvement Area #1 began in October 2024, and the first home closing is expected to be in March 2025. As of February 24, 2025, 28 homes are under construction in Improvement Area #1 of the District and 24 homes are under contract with an average contract price of \$263,000 for homes on 32’ lots and \$309,000 for homes on 45’/50’ lots. It is expected that approximately 12 of the homes under contract will close prior to the levy of assessments. See “ASSESSMENT PROCEDURES – Foreclosure Proceedings” and “BONDHOLDERS’ RISKS – Assessment Limitations.”

DHI Communities (“DHI”), a wholly owned subsidiary of D.R. Horton, will construct the anticipated 250 townhomes in Improvement Area #1 of the District. DHI is expected to begin vertical construction of the townhomes in Q2 2026 and complete such construction in Q2 2027. The townhomes are expected to be rental units with an average rental rate of approximately \$1,775/unit.

The City has entered into a reimbursement agreement with the Developer (the “Reimbursement Agreement”) to reimburse a portion of the costs of the Improvement Area #1 Improvements. Under the Reimbursement Agreement, the City will reimburse the Developer a portion of the costs of the Improvement Area #1 Improvements from proceeds of the Bonds. The City has agreed to reimburse the Developer an amount not to exceed \$10,970,000 for the actual costs of the Improvement Area #1 Improvements, and expects to amend and restate the Reimbursement Agreement concurrent with the approval of the Bonds to allow for reimbursement in the total amounts shown in the Service and Assessment Plan (as defined herein). The City expects to reimburse the Developer \$9,608,581\* for the costs of the Improvement Area #1 Improvements from the proceeds of the Bonds. The remaining costs of the Improvement Area #1 Improvements will be funded by the Developer without reimbursement by the City.

The City will pay a portion of the project costs for the Improvement Area #1 Improvements from proceeds of the Bonds. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Improvement Area #1 Improvements and be paid in accordance with the Indenture, the Financing and Reimbursement Agreement, and the Reimbursement Agreement. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS – General,” “THE DEVELOPMENT – Development Plan and Status of Development in Improvement Area #1” and “APPENDIX F – Financing and Reimbursement Agreement.” The remaining costs of the Improvement Area #1 Improvements will be paid by the Developer and such costs will not be reimbursed by the City.

## **The Bonds**

Proceeds of the Bonds will be used for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements(ii) paying capitalized interest on the Bonds during the period of construction and acquisition of Improvement Area #1 Improvements, (iii) funding a reserve account for payment of principal and interest on the Bonds, (iv) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (v) paying the costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount shall be transferred, first, to the Improvement Account of the Project Fund and, second, to the Principal and Interest Account of the Bond Fund to pay interest on the Bonds. See “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #1 IMPROVEMENTS,” and “APPENDIX A – Form of Indenture.”

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Pledged Revenues, which consist primarily of Assessments levied against the Assessed Property in Improvement Area

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\* Preliminary; subject to change.

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

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

### **Future Improvement Area Bonds**

The City expects to issue one or more series of bonds (collectively, the “Future Improvement Area Bonds”) to finance the costs of local improvements benefitting the distinct portions of the District within the Future Improvement Areas developed as individual improvement areas after Improvement Area #1 (the “Future Improvement Area Improvements”). The estimated costs of the local improvements benefitting each Future Improvement Area of the District will be determined as such Future Improvement Area is developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within such Future Improvement Area and financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be issued pursuant to separate indentures and secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area. See “THE DEVELOPMENT – Future Improvement Area Bonds.”

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

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds will mature on the dates and in the amounts set forth on page i of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery (the “Closing Date”) to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 1 and September 1, commencing September 1, 2025 (each, an “Interest Payment Date”), until maturity or prior redemption. BOKF, NA, 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”), provided, however, that if the total principal amount of the Outstanding Bonds is less than \$100,000 then the Authorized Denomination shall be the amount of the Outstanding Bonds. Notwithstanding the foregoing, Authorized Denominations shall also include Bonds issued in \$1,000 in principal amount and integral multiples of \$1,000 in the following instances: (A) any Bonds or any portion thereof that have been redeemed in part pursuant to an extraordinary optional redemption or (B) any Bonds or any portion thereof that have been defeased in part pursuant to an extraordinary optional redemption. Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

### **Redemption Provisions**

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

designated by the City, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption (the "Redemption Price").

*Extraordinary Optional Redemption.* The City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any date, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. See "ASSESSMENT PROCEDURES — Prepayment of Assessments" for the definition and description of Prepayments.

*Mandatory Sinking Fund Redemption.* The Bonds maturing on \_\_\_\_\_ in the years \_\_\_\_ and \_\_\_\_ (collectively, "Term Bonds"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the redemption price equal to the principal amount of the Term Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective sinking fund installments as set forth in the following schedule:

**\$ \_\_\_\_\_ Bonds Maturing September 1, 20 \_\_\_\_\_**

<b><u>Mandatory Sinking Fund</u></b>	<b><u>Principal Amount</u></b>
<b><u>Redemption Date</u></b>	
September 1, 20__	\$
September 1, 20__	
September 1, 20__†	

**\$ \_\_\_\_\_ Bonds Maturing September 1, 20 \_\_\_\_\_**

<b><u>Mandatory Sinking Fund</u></b>	<b><u>Principal Amount</u></b>
<b><u>Redemption Date</u></b>	
September 1, 20__	\$
September 1, 20__	
September 1, 20__†	

**\$ \_\_\_\_\_ Bonds Maturing September 1, 20 \_\_\_\_\_**

<b><u>Mandatory Sinking Fund</u></b>	<b><u>Principal Amount</u></b>
<b><u>Redemption Date</u></b>	
September 1, 20__	\$
September 1, 20__	
September 1, 20__†	

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† Stated Maturity

At least thirty (30) days prior to each sinking fund redemption date, the Trustee shall select, in accordance with the Indenture, a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installment amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of 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 of such maturity which, at least 30 days prior to the sinking fund redemption date shall have been acquired by the City at a price not

exceeding the principal amount of such Term Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

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

Notice of Redemption. Upon notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond Similarly Secured 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 Similarly Secured are to be surrendered for payment, and, if less than all the Outstanding Bonds Similarly Secured are to be redeemed, and subject to the Indenture, an identification of the Bonds Similarly Secured or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond Similarly Secured shall become due and payable.

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

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

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

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

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

Upon surrender of any Bond Similarly Secured for redemption in part, the Trustee in accordance with the Indenture, shall authenticate and deliver an exchange Bond Similarly Secured or Bonds Similarly Secured in an



aggregate principal amount equal to the unredeemed portion of the Bond Similarly Secured so surrendered, such exchange being without charge.

### **BOOK-ENTRY ONLY SYSTEM**

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

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the 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 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 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 detail 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 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.

*Use of Certain Terms in Other Sections of this Limited Offering Memorandum.* In reading this Limited Offering Memorandum it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Limited Offering Memorandum to registered owners should be read to include the person for which the participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

### **LIMITATIONS APPLICABLE TO INITIAL PURCHASERS**

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

1. The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

2. The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

3. The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the Investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvement Area #1 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.

## **SECURITY FOR THE BONDS**

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

### **General**

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessments to be levied against the Assessed Property and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (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 B — Form of Service and Assessment Plan.”

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of applicable law to finance the Improvement Area #1 Improvements by levying Assessments upon the Assessed Property. For a

description of the assessment methodology and the amounts of Assessments to be levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX B — Form of Service and Assessment Plan.”

### **Pledged Revenues**

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Improvement Area #1 Improvements by levying Assessments upon properties in Improvement Area #1 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Assessments levied in Improvement Area #1 of the District, see “ASSESSMENT PROCEDURES” and “APPENDIX B — Form of Service and Assessment Plan.”

The Bonds are secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessment Revenues, and other funds comprising the Trust Estate, all and to the extent and upon the conditions described in the Indenture.

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

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

“Additional Interest Rate” means the additional 0.50% interest charged on the Improvement Area #1 Assessments as authorized by Section 372.018 of the PID Act.

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

“Bonds Similarly Secured” means, collectively, any Outstanding Bonds and Refunding Bonds.

“Improvement Area #1 Assessment Revenues” means the revenues received by the City from the collection of the Improvement Area #1 Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

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

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

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

In addition, the Indenture refers to the Assessments as “Improvement Area #1 Assessments” and such term is used under this “SECURITY FOR THE BONDS” heading.

### **Assessments Payable in Annual Installments**

The Assessments on each parcel, tract or lot, which are to be collected in each year during the term of the Bonds, are shown on the Assessment Roll. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of and interest on the Bonds, as and to the extent provided in the Service and Assessment Plan and the Indenture. See “SECURITY FOR THE BONDS — Pledged Revenue Fund.”

The Assessments assessed to pay debt service on the Bonds, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as

nearly as practicable, to the debt service requirements for the Bonds. An Annual Installment of an Assessment has been made payable in the Assessment Ordinance in each fiscal year of the City preceding the date of final maturity of the Bonds which, if collected, will be sufficient to first pay debt service requirements attributable to the Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

THE PORTIONS OF THE ANNUAL INSTALLMENTS OF ASSESSMENTS COLLECTED TO PAY ANNUAL COLLECTION COSTS AND DELINQUENT COLLECTION COSTS WILL BE DEPOSITED IN THE ADMINISTRATIVE FUND AND SHALL NOT CONSTITUTE PLEDGED REVENUES.

### **Unconditional Levy of Assessments**

The City expects to impose Assessments on the property within Improvement Area #1 of the District sufficient to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year the Bonds are Outstanding. 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. Interest on the Assessments will be calculated at the rate of interest on the Bonds plus the Additional Interest Rate 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 annually and shall be due on or about November 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will levy, assess and collect each year while the Bonds are Outstanding and unpaid, as part of the Annual Installment, an amount to pay the annual costs incurred by the City in the administration and operation of the District (the "Annual Collection Costs"). The portion of each Annual Installment of an Assessment used to pay such Annual Collection 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 amount collected to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance on or about November 1 of each year and shall be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

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

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 Assessed Property, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES" herein. The Assessment Lien is superior to any homestead rights of a property owner that are properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance ("Pre-existing Homestead Rights") for as long as such rights are maintained on the property. See "BONDHOLDERS' RISKS — Assessment Limitations."

Failure to pay an Annual Installment when due shall 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.

## **Collection of Assessments and Enforcement of Lien**

For so long as any Bonds Similarly Secured are Outstanding and amounts are due to the Developer under the Financing and Reimbursement Agreement to reimburse it for its funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects, the City covenants, agrees and warrants that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

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

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessments or the corresponding property.

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

## **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, which is the date of the delivery of the Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds 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 Chapter 9, Texas Business and Commerce Code, 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 Chapter 9, Texas Business and Commerce Code, as amended, and enable a filing to perfect the security interest in said pledge to occur.

## **Pledged Revenue Fund**

The City will create a Pledged Revenue Fund to be held by the Trustee under the Indenture. Immediately upon receipt thereof, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues. Specifically, the Trustee shall deposit or cause to be deposited the foregoing amounts as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third to pay other Actual Costs of the Improvement Area #1 Projects, and (iv) fourth to pay other costs permitted by the PID Act. Notwithstanding the foregoing, the Additional Interest of the Annual Installments shall only be utilized for the purposes set forth under the second paragraph “—Reserve Account of the Reserve Fund” and, on each March 1, beginning March 1, 2026, and on any other day set forth in a City Certificate, the amount of Additional Interest of the Annual Installments confirmed by the City pursuant to a City Certificate, will be deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable.

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

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

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

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall, at the written request of the City, transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the City, which monies may be used for any lawful purpose for which Improvement Area #1 Assessments may be used under the PID Act. The Trustee may rely upon any such request of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

**Bond Fund**

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

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

If, after the foregoing transfers and any transfer from any account of the Reserve Fund (as described under the subcaptions “Reserve Account of the Reserve Fund” and “Delinquency and Prepayment Reserve Account of the Reserve Fund” below), there are insufficient funds to make the payments provided in the preceding paragraph, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds Similarly Secured.

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

Date	Amount (\$)
September 1, 2025	\$_____

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #1 Improvements Account of the Project Fund, or if the Improvement Area #1 Improvements Account of the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.



## **Project Fund**

Pursuant to the Indenture, a Project Fund has been created to be used for the purposes described in “PLAN OF FINANCE – The Bonds.”

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. Each such City Certificate shall include a list of the payees and the payments (not to exceed) to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions though given by the City with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein. Disbursements from the Improvement Account of the Project Fund to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. The disbursement of funds from the Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Financing and Reimbursement Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the Financing Agreement and no other provisions of the Financing and Reimbursement Agreement, are incorporated by reference and deemed set forth in the Indenture in full.

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

If the City Representative determines in the City Representative's reasonable discretion that amounts then on deposit in the Improvement Account of the Project Fund are not expected to be expended for purposes of the Improvement Account of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Improvements such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Improvement Account of the Project Fund will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Account of the Project Fund that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the amounts on deposit in the Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture. Upon such transfers, the Improvement Account of the Project Fund shall be closed.

In making any determination pursuant to the Indenture, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a City Certificate stating that all of the Improvement Area #1 Improvements have been completed and that all Actual Costs have been paid, or that any Actual Costs of the Improvement Area #1 Improvements are not required to be paid from the Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfers, the Improvement Account of the Project Fund shall be closed.

Upon the Trustee's receipt of a written determination by the City Representative that all costs of issuance of the applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to (i) the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements or (ii) if no Improvement Area #1 Projects remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

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

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the “Reserve Account Requirement” shall be an amount equal to the least of

(i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of the applicable series of Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured; provided, however, that such amount shall be reduced as a result of (1) an optional redemption or (2) an extraordinary optional redemption and any such reduction in the Reserve Account Requirement shall be by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. "Annual Debt Service" means for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds Similarly Secured in such Bond Year assuming that the Outstanding Bonds Similarly Secured are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds Similarly Secured due in such Bond Year (including any Sinking Fund Installments due in such Bond Year). "Bond Year" means the one-year period beginning on October 1 in each year and ending on September 30 in the following year. As of the date of delivery of the Bonds, the Reserve Account Requirement is \$\_\_\_\_\_.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds Similarly Secured due on such date, the Trustee shall transfer first from the Delinquency & Prepayment Reserve Account of the Reserve Fund, and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency. Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds.

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

Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date in accordance with the Indenture, unless prior to the next Interest Payment Date, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due for Rebutable Arbitrage, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured or (iii) to the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements if such application and the expenditure of funds is expected to occur within three years of the date of the Indenture.

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

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

## **Delinquency and Prepayment Reserve Account of the Reserve Fund**

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account has been created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. Subject to the provisions set forth under “—Pledged Revenue Fund,” the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2026, and on any other day set forth in a City Certificate, an amount equal to the Additional Interest until the Delinquency & Prepayment Reserve Requirement has been accumulated in the Delinquency & Prepayment Reserve Account. Once the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account, any amounts in excess of the Delinquency & Prepayment Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds Similarly Secured as provided in the Indenture provided, however, that at any time the amount on deposit in the Delinquency & Prepayment Reserve Account is less than Delinquency & Prepayment Reserve Requirement, the Trustee shall resume depositing such Additional Interest into the Delinquency & Prepayment Reserve Account until the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred as described in this paragraph, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer. See “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.” “Delinquency & Prepayment Reserve Requirement” means an amount equal to 6% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from Assessments and Annual Installments deposited to the Pledged Revenue Fund for subsequent transfer to the Delinquency & Prepayment Reserve Account of the Reserve Fund in accordance with the terms of the Indenture

Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Delinquency & Prepayment Reserve Account exceeds the Delinquency & Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess pursuant to the second paragraph set forth under “—Reserve Account of the Reserve Fund.”

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

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

## **Administrative Fund**

Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Improvement Area #1 Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs or may be withdrawn by the Trustee without further authorization for the payment of the fees, expenses, advances and indemnities owed to the Trustee in accordance with the Indenture. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

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

## **Defeasance**

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

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments determined by the City and described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (“PFIA”); and provided further 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, which is subject to change, 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 Improvement Area #1 Assessments including the prosecution of foreclosure proceedings, in accordance with the Indenture;
- (iii) Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture other than a default under (i) above or (iv) below, and the continuation thereof for a

period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured then Outstanding; and

- (iv) The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter.

### **Remedies in Event of Default**

Subject to the provisions of the Indenture, upon the happening and continuance of any of the Events of Default described in the Indenture, then and in every such case the Trustee may proceed, and upon the written request of the Owners of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding under the Indenture and its receipt of indemnity satisfactory to it shall proceed, to protect and enforce the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that any action for money damages against the City shall be limited to recovery from the Trust Estate may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

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

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

In an Event of Default shall have occurred and be continuing, the City, upon demand of the Trustee, shall surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers, and accounts of the City pertaining thereto, and including the rights and the position of the City, and to hold, operate, and manage the same, and from time to time make all needed repairs and improvements, as well as set up proper reserve for the payment of all proper costs and expenses, holding and managing the same, including (i) reasonable compensation to the Trustee, its agents, and counsel, (ii) any reasonable charges of the Trustee under the Indenture, (iii) any taxes and assessments and other charges prior to the lien of the Indenture, and (iv) all expenses of such repairs and improvements. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

### **Restriction on Owner's Actions**

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy under the Indenture, unless (i) a default has occurred and is continuing of which the Trustee has actual knowledge thereof or has been notified in

writing as provided in the Indenture, or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

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

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

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

- (i) **FIRST:** To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and
- (ii) **SECOND:** To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds Similarly Secured, or Redemption Price of any Bonds Similarly Secured which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

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

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

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

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

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

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

### **Against Encumbrances**

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

So long as Bonds Similarly Secured are Outstanding under the Indenture, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds Similarly Secured (including any Refunding 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 Similarly Secured.

## **Other Obligations or Other Liens; Refunding Bonds**

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

Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority of the Indenture might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing 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 counsel to the Trustee, the same would endanger the security for the Bonds Similarly Secured.

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

The City reserves the right to issue Future Bonds for any purpose permitted by the PID Act, pursuant to a separate indenture, for any Future Improvement Areas subject to the conditions of the Financing and Reimbursement Agreement.

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

(i) Notwithstanding anything to the contrary in the Indenture, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under the Indenture shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary, of the ordinance or ordinances of the City authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

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## 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 Improvement Area #1 Improvements Account of the Project Fund	\$
Deposit to Reserve Account of the Reserve Fund	
Deposit to Capitalized Interest Account	
Underwriter's Discount <sup>(1)</sup>	
Deposit to Costs of Issuance Account of the Project Fund	\$
TOTAL USES	\$

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

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## DEBT SERVICE REQUIREMENTS

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

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	\$	\$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
<b>Total</b>	<b>  \$</b>	<b>  \$</b>	<b>  \$</b>

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**OVERLAPPING TAXES AND DEBT**

**Overlapping Taxes and Debt**

The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments expected to be levied by the City.

In addition, the City, Bastrop County, Texas (the “County”), and the Bastrop Independent School District (“Bastrop ISD”) 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 assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem taxes currently levied on property located in the District.

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate<sup>(1)</sup></u>
The City	\$0.499400
Bastrop County, Texas	0.402750
Bastrop ISD	<u>1.067900</u>
Total Existing Tax Rate	<u>\$1.970050</u>
 Estimated Average Annual Installment as tax rate equivalent <sup>(2)</sup>	 <u>\$0.499718</u>
 <b>Estimated Total Tax Rate and Average Annual Installment as tax rate equivalent<sup>(2)</sup></b>	 <b><u>\$2.469768</u></b>

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

<sup>(2)</sup> *Preliminary; subject to change.* Derived from information presented in the Service and Assessment Plan. See “APPENDIX B — Form of Service and Assessment Plan.” The Financing and Reimbursement Agreement provides that overall tax stack combined with the maximum tax equivalent rate of the annual installments relating or allocable to the District, inclusive of principal, interest, Additional Interest and budgeted Annual Collection Costs as determined by the Administrator shall not exceed \$3.00 per \$100 taxable assessed valuation. See “APPENDIX F – Financing and Reimbursement Agreement.”

Sources: Bastrop Central Appraisal District, the Administrator, and the City.

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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. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1 of the District, as of December 1, 2024, and City debt to be secured by the Assessments.

<u>Taxing or Assessing Entity<sup>(2)</sup></u>	<u>Total Outstanding Debt</u>	<u>Estimated % Applicable<sup>(2)</sup></u>	<u>Direct and Estimated Overlapping Debt</u>
The City (Assessments – The Bonds) <sup>(1)</sup>	\$11,939,000	100.000%	\$11,939,000
The City (Ad Valorem Taxes)	137,260,000	2.121%	2,910,683
Bastrop County	73,859,000	0.259%	190,984
Bastrop ISD	<u>520,659,554</u>	0.434%	<u>2,258,161</u>
<b>TOTAL</b>	<b><u>\$731,778,554</u></b>		<b><u>\$17,298,828</u></b>

<sup>(1)</sup> Preliminary, subject to change.

<sup>(2)</sup> Based on the Appraisal (as defined herein) and on the Tax Year 2024 Net Taxable Assessed Valuations for the taxing entities.

Source: Bastrop Central Appraisal District and the Municipal Advisory Council of Texas.

### Homeowners’ Association

In addition to the Assessments described above, all lot owners in the District will pay an annual maintenance and operation fee and/or a property owner’s association fee to the homeowner’s association for the property within Improvement Area #1 of the District (the “HOA”), which has been formed by the Developer. The expected HOA fees in the District are \$65/month.

## ASSESSMENT PROCEDURES

### General

Capitalized terms used under this “ASSESSMENT PROCEDURES” caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Improvements through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Improvements and the land within Improvement Area #1 of the District to be subject to Assessments to pay the cost therefor. The City has caused the preparation of the Assessment Roll, which Assessment Roll identifies the land within Improvement Area #1 of the District that will be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll has been filed with the City Secretary and made available for public inspection. Statutory notice will be given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Improvements and funding a portion of the same with Assessments. The City expects to levy the Assessments pursuant to the Assessment Ordinance immediately prior to adoption of the Bond Ordinance. Upon such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments are made.

Under the PID Act, the costs of the Improvement Area #1 Improvements may be assessed by the City against the assessable property in the District so long as the special benefit conferred upon the Assessed Property by the Improvement Area #1 Improvements equals or exceeds the Assessments. The costs of the Improvement Area #1 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 Improvement Area #1 of the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX B — Form of Service and Assessment Plan.”

### Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Improvement Area #1 Improvements, provides the basis and justification for the

determination that such special benefit exceeds the Assessments levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Improvements are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessment Revenues. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs (as defined in the Service and Assessment Plan) associated with the Improvement Area #1 Improvements will be allocated to the parcels against which the Assessments are levied (the “Assessed Property”) by spreading the entire Assessment across all Assessed Property within Improvement Area #1 of the District on the ratio of estimated buildout value of each Assessed Property to the estimated buildout value for all Assessed Property within Improvement Area #1 of the District.

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

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**LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND ASSESSMENT RATIO PER UNIT IN IMPROVEMENT AREA #1 OF THE DISTRICT\***

Lot Type	Planned No. of Units	Estimated Finished Lot Value per unit <sup>(1)</sup>	Projected Average Home Value per unit <sup>(1)</sup>	Maximum Assessment per unit <sup>(2)</sup>	Average Annual Installment per unit	Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value)	Tax Rate Equivalent of Average Annual Installment (per \$100 Home Value) <sup>(3)</sup>	Ratio of Finished Lot Value per Lot Type to the Assessments	Ratio of Average Home Value to Assessment
Multi-Family	250	\$58,000	\$280,000	\$17,747.15	\$1,399.21	\$2.4124	\$0.4997	3.27	15.78
32'	153	\$66,332	\$307,495	\$19,489.86	\$1,536.61	\$2.3165	\$0.4997	3.40	15.78
43'	128	\$90,172	\$352,490	\$22,341.76	\$1,761.46	\$1.9534	\$0.4997	4.04	15.78
45'	53	\$93,676	\$368,990	\$23,387.58	\$1,843.91	\$1.9684	\$0.4997	4.01	15.78
50'	18	\$106,000	\$368,990	\$23,387.58	\$1,843.91	\$1.7395	\$0.4997	4.53	15.78
Total	602								

Source: The Administrator and information presented in the Service and Assessment Plan

<sup>(1)</sup> Per values provided in the Appraisal.

<sup>(2)</sup> The Service and Assessment Plan establishes a Maximum Assessment as defined and described under “ASSESSMENT PROCEDURES — Assessment Amounts – Maximum Assessment.”

<sup>(3)</sup> The Financing and Reimbursement Agreement provides that overall tax stack combined with the maximum tax equivalent rate of the annual installments relating or allocable to the District, inclusive of principal, interest, Additional Interest and budgeted Annual Collection Costs as determined by the Administrator shall not exceed \$3.00 per \$100 taxable assessed valuation. See “OVERLAPPING TAXES AND DEBT” and “APPENDIX F – Financing and Reimbursement Agreement.”

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\* Preliminary; subject to change.

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

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on parcels and lots similarly situated within Improvement Area #1 of the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future owners and developers within Improvement Area #1 of the District. See “APPENDIX B — Form of Service and Assessment Plan.”

**Collection and Enforcement of Assessment Amounts**

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

In the Indenture, the City 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.

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

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any Delinquent Collection Costs 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. Furthermore, nothing shall obligate the City, the City Attorney or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

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 when billed each year and become delinquent on February 1 of the following year. In the event Assessments are not timely paid, there are penalties and interest as set forth below:

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

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

**Assessment Amounts**

Assessment Amounts. The maximum amounts of the Assessments will be reflected by the methodology described in the Service and Assessment Plan as shown below under “— Maximum Assessment”. The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property as calculated by the Administrator and approved by the City Council consisting of the annual payment allocable to (i) the principal and interest on the Bonds, (ii) Annual Collection Costs, and (iii) the Additional Interest as described in the Service and Assessment Plan. The Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the Assessed Property as indicated on the Assessment Roll. See “APPENDIX B — Form of Service and Assessment Plan.”

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

Maximum Assessment. The Service and Assessment Plan establishes a “Maximum Assessment” for each Lot Type. In the District, the Maximum Assessment per Lot Type is as follows:

<u>Lot type</u>	<u>Maximum Assessment per Lot Type</u>
Multi-Family	\$17,747.15
32’	\$19,489.86
43’	\$22,341.76
45’	\$23,387.58
50’	\$23,387.58

Method of Apportionment of Assessments. The City Council has determined that the costs of the Improvement Area #1 Improvements shall be allocated to the Assessed Property pro rata based on the Estimated Buildout Value. The Improvement Area #1 Improvements are allocated entirely to the Assessed Property as described in the Service and Assessment Plan. The entire Assessment will be levied against the Assessed Property and will be allocated based on the Estimated Buildout Value of the Lot Types on any subdivided Parcel as described below.

Reallocation of Assessments. Assessments levied on an Assessed Property shall be reallocated upon subdivision or consolidation of an Assessed Property as follows.

Upon Division Prior to Recording of Subdivision Plat: Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for the newly divided Assessed Property
- B = the Assessment for the Assessed Property prior to division
- C = the Estimated Buildout Value of the newly divided Assessed Property
- D = the sum of the Estimated Buildout Value for all the newly divided Assessed Properties



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

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

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

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

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

Reduction of Assessments. If as a result of cost savings or Improvement Area #1 Improvements not being constructed, the Actual Costs of completed Improvement Area #1 Improvements are less than the Assessments, the Trustee shall apply amounts on deposit in the applicable account of the project fund, relating to the Bonds, that are not expected to be used for purposes of the project fund to redeem outstanding Bonds, in accordance with the Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding Bonds.

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

### **Prepayment of Assessments**

The Service and Assessment Plan provides for certain voluntary and mandatory prepayments of Assessments as described below. Such voluntary and mandatory prepayments are referred to herein as “Prepayments.”

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

Mandatory Prepayment of Assessments. The Service and Assessment Plan requires mandatory prepayment of Assessments upon the occurrence of certain events as follows.

Transfer to exempt person or entity. If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessment, the owner transferring the Assessed Property shall pay to the Administrator the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer. If the owner of the Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

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

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

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

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

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

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

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall not, however, be reduced to an amount less than the outstanding Bonds.

### **Priority of Lien**

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

### **Foreclosure Proceedings**

In the event of delinquency in the payment of any Annual Installment, except for unpaid Assessments on homestead property (unless the lien associated with the Assessment attached prior to the date the property became a homestead), the City is empowered to order institution of an action in state district court to foreclose the lien of such delinquent Annual Installment. In such action the real property subject to the delinquent Annual Installments may be sold at judicial foreclosure sale for the amount of such delinquent Annual Installments, plus penalties and interest. . **It is noted that up to 12 homes are expected to close to end users prior to the levy of the Assessments, but it is unclear if such homeowners will have properly claimed homestead rights at such time.** Each of such homeowners are expected to execute a notice of and consent to the Assessments at the closing of such homes (the "Homeowner Consents"). It is unclear what effect the Homeowner Consents, if any, would have on the ability of the City to foreclose on the portion of the Assessments secured by such homes. See "BONDHOLDERS RISKS – Assessment Limitations."

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase the property or to pay the delinquent Assessment or Annual Installment 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 in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See “APPENDIX A – Form of Indenture.”

The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “APPENDIX A – Form of Indenture” and “APPENDIX B – Form of Service and Assessment Plan.”

## **THE CITY**

### **Background**

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State. The City was incorporated in 1837. Some of the services that the City provides are public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The City covers approximately 7.2 square miles. The City’s 2020 Census population was 9,688. The City’s 2025 estimated population is 11,679. The City is located in the Austin-San Marcos MSA, approximately 33 miles southeast of the City of Austin and 24 miles southeast of Austin-Bergstrom International Airport.

### **City Government**

The City has a City Council comprised of the Mayor and five Councilmembers. The term of office is three years. The mayor and the council are elected at-large. Each year, two council places, which includes the mayoral and each councilmember position in its respective year, and shall be up for election. No member of the council may serve more than six consecutive years; however, any member of the council may leave office for a period not less than eleven months and then may run for office under the same conditions thereafter. The mayor is the chief presiding officer for the City.

### **City Water and Wastewater System**

The City’s water and wastewater department manages a water distribution service of over 10 square miles. The City provides water services through a network of approximately 68 miles of transmission and distribution lines. The City utilizes ground water for its public water supply and has developed its own production facilities. There are currently 7 wells which include 6 ground water wells located near the Colorado River which withdraw water from an alluvium of the river and 1 well in the Simsboro Aquifer. The City has sufficient water capacity to serve the District, which the City expects to require approximately 1,600 LUE’s.

The City’s wastewater system includes a network of over 53 miles of wastewater connection lines and numerous lift stations that connect to three wastewater treatment plants. The City recently completed its third wastewater treatment plant, which came online in May 2024. Each current wastewater treatment plant can service up to 2 million gallons per day. An expansion of the third wastewater treatment plant is planned, which expansion will increase capacity of such plant by 6-8 million gallons per day.

### **Major Employers**

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

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Bastrop ISD	Education	1,824
HEB Food Stores	Grocery	607
Hyatt Regency Lost Pines Resort	Resort	600
Bastrop County	Government	517
Agilent/Stratagene	Technology	306
Walmart	Retail	261
Bastrop FCI	Corrections	247
Buc-ee's	Retail	169
Bluebonnet Electric Co-Op	Utility	168
City of Bastrop	Government	152

*Source: City of Bastrop*

### Historical Employment in Bastrop County

	<u>Average Annual</u> <sup>(1)</sup>				
	<u>2024</u> <sup>(2)</sup>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Civilian Labor Force	51,789	49,984	48,219	45,500	42,647
Total Employed	49,926	48,279	46,585	43,453	40,074
Total Unemployed	1,863	1,705	1,634	2,047	2,573
Unemployment Rate	3.6%	3.4%	3.4%	4.5%	6.0%

<sup>(1)</sup> Source: Texas Workforce Commission.

<sup>(2)</sup> Data through November 2024.

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## Surrounding Economic Activity

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

City of Austin Approximately 30 miles from the City		City of Lockhart Approximately 31 miles from the City		City of Buda Approximately 36 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
State Government	38,681	Lockhart ISD	731	Capital Excavation	315
University of Texas - Austin	31,106	Walmart	225	HEB	249
HEB	22,955	Serta/Formae Products	180	Wal-Mart	240
City of Austin	16,029	MTC (Lockhart Correctional)	175	ProBuild	222
Ascension Seton	14,842	H.E.B Food Store	170	Fat Quarter Shop	215
Federal Government	14,600	Pegasus School, Inc.	149	Cabela's	196
Dell Computer Corporation	13,000	City of Lockhart	145	Texas Lehigh	180
Tesla, Inc.	12,277	Iron Ox	100	US Food Service	159
St. David's Healthcare Partnership	11,484	Student Transportation Specialist	85	Hays Community YMCA	157
Amazon	11,000	Rehabilitation Center	80	Capital Spectrum	150

City of Kyle Approximately 38 miles from the City	
Employer	Employees
Hays CISD	3,258
Seton Medical Center Hays	750
Amazon	700
City of Kyle	349
Lowes	100
Home Depot	100
Austin Community College Hays	80
Plastikon	65
SIMWON	38
ENF	25

City of Elgin Approximately 19 miles from the City	
Employer	Employees
Elgin ISD	664
Wal-Mart	225
HEB	200
Acme Brick Company	162
Hanson Brick Company	80
City of Elgin	67
Southside Market & BBQ	65
Elgin-Butler Brick	60
Elgin Veterinary Hospital	40
Meyer Sausage/Smokehouse	25

Source: Municipal Advisory Council of Texas

## THE DISTRICT

### General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the Creation Resolution for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District, including Improvement Area #1 of the District, is included on page v hereof.

### Powers and Authority

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within Improvement

Area #1. The PID Act provides that the City may levy and collect Assessments on property in the District, or portions thereof, payable in full or 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 Improvement Area #1 Improvements. See “THE IMPROVEMENT AREA #1 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 the Improvement Area #1 Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX B — Form of Service and Assessment Plan.”

## THE IMPROVEMENT AREA #1 IMPROVEMENTS

### General

Proceeds of the Bonds will be used to pay for a portion of the costs of the Improvement Area #1 Improvements, Bond Issuance Costs (as defined in the Service and Assessment Plan) and First Year Annual Collection Costs (as defined in the Service and Assessment Plan). The Developer is responsible for the completion of the construction, acquisition or purchase of the Improvement Area #1 Improvements. The Developer will submit reimbursement requests for costs actually incurred in developing and constructing the Improvement Area #1 Improvements shall be reimbursed in accordance with the Indenture, the Financing and Reimbursement Agreement and the Reimbursement Agreement. See “PLAN OF FINANCE – Development Plan, Status of Development and Plan of Finance” and “APPENDIX B – Form of Service and Assessment Plan” herein.

Set forth below are descriptions of the Improvement Area #1 Improvements.

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

**Street:** Street improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and street lights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street access to each Lot. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

**Water:** Improvements include trench excavation and embedment, trench safety, PVC piping, service connections and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvements. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

**Wastewater:** Wastewater improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary appurtenances to be fully operational transmission lines existing wastewater services to the limits of the improvements. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

**Drainage:** Drainage improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds. These will include the necessary appurtenances to be fully operation to convey stormwater to the limits of the improvement area. The drainage improvements

will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

**Soft Costs:** Softs costs includes costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, City permits and fees, engineering, soil testing, survey, construction management, legal, special assessment consulting, district formation expenses and contingency.

The following table reflects the total expected costs of the Improvement Area #1 Improvements, Bond Issuance Costs and First Year Annual Collection Costs.

<u>Type of Improvement</u>	<u>Costs*</u>
Streets	\$6,637,576
Water	2,817,287
Wastewater	2,079,838
Drainage	5,475,303
Soft Costs	<u>4,252,501</u>
Subtotal Improvement Area #1 Improvements	<u>\$21,262,504</u>
Bond Issuance Costs and First Year Annual Collection Costs	<u>\$2,330,419</u>
Total	<u><b>\$23,592,923</b></u>

The expected total cost of the Improvement Area #1 Improvements, Bond Issuance Costs and First Year Annual Collection Costs is approximately \$23,592,923\*. A portion of the costs of the Improvement Area #1 Improvements, in the expected amount of \$9,608,581\*, is expected to be paid or reimbursed from the proceeds of the Bonds. The balance of the costs has been paid or will be paid by the Developer with cash available to the Developer, and will not be reimbursed by the City.

**Ownership and Maintenance of the Improvement Area #1 Improvements**

The Improvement Area #1 Improvements will be dedicated to the City in accordance with City standards and specifications. The City will provide for the ongoing operation, maintenance and repair of the Improvement Area #1 Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

**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, Bond Counsel nor the Underwriter have any way of guaranteeing the accuracy of such information. See “SOURCES OF INFORMATION – Source of Certain Information.”

**Overview**

The Development is an approximately 399.878 acre master planned residential project to be known as “Valverde.” The Development is located at the intersection of State Highway 71 and Farm to Market Road 969, with access to the Development directly from Farm to Market Road 969. Improvement Area #1 of the Development is located in the corporate limits of the City and the remaining property of the Development is located in the extraterritorial jurisdiction of the City. The Developer expects the remaining portion of the Development to be annexed into the City as the Development is developed. The Development is approximately 30 miles southeast of the City of Austin, Texas, approximately 19 miles south of the City of Elgin, Texas, and approximately 31 miles northwest of the City of Lockhart, Texas. The Development is approximately 22 miles southeast of Austin-Bergstrom International Airport, 22 miles east from Circuit of the Americas, and 22 miles southeast from the Austin Tesla factory. The City, located in the southeastern region of the Austin-Round Rock-San Marcos, Texas Metropolitan Statistical Area (the “Austin MSA”), is poised for growth as the overall Austin MSA continues its growth trajectory.

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\* Preliminary; subject to change.



The Development is expected to include a variety of open spaces, parkland, pedestrian trails and bike trails, and an amenity center for residents to enjoy. This combination will provide its residents a community environment in which to live. The Development is located within Bastrop ISD.

### **Development Plan and Status of Development in Improvement Area #1 of the District**

The Development is expected to include approximately 1,399 single-family residential lots consisting of a mixture of 32', 43', 45' and 50' lots, as well as 250 townhome rental units at build out. Development in the District began with Improvement Area #1, which is expected to contain a total of 352 single-family residential lots and 250 townhomes, and is being developed in three phases, Phase 2, which contains 174 lots, Phase 3, which is expected to contain 178 lots, and Phase 13, which is expected to contain all 250 townhomes.

The Developer has constructed and will continue to construct the Improvement Area #1 Improvements. Construction of the portion of the Improvement Area #1 Improvements benefitting Phase 2 began in September 2022. Internal lot improvements for Phase 2 have been completed, and final completion of Phase 2, which is pending completion of a lift station, is expected to occur in March 2025. Construction of the portion of the Improvement Area #1 Improvements benefitting Phase 3 began in May 2024 and is expected to be completed in May 2025. Construction of the internal Improvement Area #1 Improvements benefitting Phase 13 is expected to begin in Q1 2025 and be completed in Q1 2026.

The total expected cost of the Improvement Area #1 Improvements is \$21,262,504\*. As of February 1, 2025, the Developer has expended approximately \$14,300,000 on the Improvement Area #1 Improvements, which was financed with cash available to the Developer. See "THE DEVELOPER – History and Financing of the District."

### **Photographs of Development in Improvement Area #1 of the District**

A photograph of development within Improvement Area #1 of the District are included herein in Appendix G.

### **Builders within Improvement Area #1 of the District**

The Developer does not plan on entering into any purchase contracts with any homebuilders within the District. The Developer is a wholly-owned subsidiary of D.R. Horton. D.R. Horton will construct the anticipated 352 single-family homes in Improvement Area #1 of the District. Home construction in Improvement Area #1 began in October 2024, and the first home closing is expected to be in March 2025. As of February 24, 2025, 28 homes are under construction in Improvement Area #1 of the District and 24 homes are under contract with an average contract price of \$263,000 for homes on 32' lots and \$309,000 for homes on 45'/50' lots. It is expected that approximately 12 of the homes under contract will close prior to the levy of assessments. See "ASSESSMENT PROCEDURES – Foreclosure Proceedings" and "BONDHOLDERS' RISKS – Assessment Limitations."

DHI will construct the anticipated 250 townhomes in Improvement Area #1 of the District. DHI is expected to begin vertical construction of the townhomes in Q2 2026 and complete such construction in Q2 2027. The townhomes are expected to be rental units with an average rental rate of approximately \$1,775/unit.

### **Concept Plan**

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

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\* Preliminary; subject to change.

VALVERDE SECTION 1 LOT COUNT										
	32'X110' ALLEY LOADED	32'X110' FRONT LOADED	43'X110' ALLEY LOADED	43'X110' FRONT LOADED	45'X120' ALLEY LOADED	45'X120' FRONT LOADED	50'X120' ALLEY LOADED	50'X120' FRONT LOADED	TOWNHOME/ MULTI-FAMILY	TOTAL
PHASE 1										
PHASE 2	103		42			29				174
PHASE 3	50		86			24		18		178
VALVERDE SECTION 2 LOT COUNT										
PHASE 4			27		8	35		24		94
PHASE 5			88		16			24		128
PHASE 6			41	7		20		47		115
PHASE 7					18	62		49		129
PHASE 8			15			33		76		124
PHASE 9			37			69		42		148
PHASE 10			56		14	20	8	24		122
PHASE 11							34	67		101
PHASE 12			40					46		86
PHASE 13									250	
TOTAL	153		432	7	56	292	42	417	250	1649



PHASING PLAN EXHIBIT

VALVERDE SECTION 2 PRELIMINARY PLAN

AUSTIN, TX

SHEET  
1  
OF 1



P:\11000\CONSTRUCTION\PRELIMINARY PLAN\VALVERDE\SECTION 2\PHASING PLAN\DWG 11000204

SUBMITTAL DATE: 10/01/2024

**Expected Build-Out of the Development**

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

**ESTIMATED HOME PRICES**

<u>Lot Size (Width in Ft.)</u>	<u>Quantity</u>	<u>Average Base Home Price**</u>
32’	153	\$307,495
43’	128	\$352,490
45’	53	\$368,990
50’	18	\$368,990

\*\* Developer estimates. Average across all lot types. 45’ and 50’ lot types are considered substantially similar by the Developer and are expected to be sold at similar price points.

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

**EXPECTED BUILD-OUT OF THE DISTRICT**

<u>Phase</u>	<u>Single-Family Lots/Townhome Lots</u>	<u>Actual/Expected Infrastructure Start Date</u>	<u>Actual/Expected Infrastructure Completion Date</u>
1*	N/A	September 2022	December 2024
2	174	September 2022	March 2025**
3	178	May 2024	May 2025
4	94	June 2025	June 2026
5	128	June 2026	June 2027
6	115	June 2027	June 2028
7	129	June 2027	June 2028
8	124	June 2028	June 2029
9	148	June 2028	June 2029
10	122	June 2029	June 2030
11	101	June 2029	June 2030
12	86	June 2030	June 2031
13	<u>250</u>	February 2025	March 2026
<b>Total</b>	<b>1,649</b>		

\* Phase 1 contains only roads and no single-family lots or townhomes.

\*\* Phase 2 internal lot improvements have been completed. Final completion date reflects completion date of the lift station necessary to serve such lots.

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

<u>Expected Final Sale Date</u>	<u>Total Homes</u>
Q1 2025	36
Q2 2025	36
Q3 2025	36
Q4 2025	36
Q1 2026	36
Q2 2026	36
Q3 2026	36
Q4 2026	36
Q1 2027	36
Q2 2027	<u>28</u>
Total	352

## **Future Improvement Area Bonds**

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

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

## **The Development Agreement**

The Developer and the City entered into the Viridian Development Agreement (as amended, the "Development Agreement") pursuant to which the Developer agreed to construct certain public improvements in the Development. Under the Development Agreement, the Developer has agreed to construct certain onsite wastewater facilities which include the lift station that is part of the Improvement Area #1 Improvements and a force main connecting to the City's existing offsite gravity wastewater facilities (the "Onsite Wastewater Facilities"). In addition, the Developer has agreed to design and contribute funding to construct certain offsite wastewater facilities (the "Offsite Wastewater Facilities" and together with the Onsite Wastewater Facilities, the "Wastewater Facilities") which will be constructed by the City. The expected cost to construct the Offsite Wastewater Facilities is approximately \$3,200,000, which the Developer has agreed to contribute \$211,570 towards the cost to construct the Offsite Wastewater Facilities. In the event that (i) the City has not completed the Offsite Wastewater Facilities prior to November 1, 2024, and (ii) the Developer requires wastewater service for any portion of the property after completion of the Onsite Wastewater Facilities, but prior to the City's completion of the Offsite Wastewater Facilities, then the City shall provide pump and haul wastewater service to the property at the City's expense until such time as the Wastewater Facilities are complete and operational; provided, however, that the City's expenses to provide such pump and haul wastewater service shall not exceed \$200,000.00 in total, and that the Developer shall be solely responsible for any further expenses for pump and haul in excess of such amount. As of January 17, 2025, the Offsite Wastewater Facilities were not complete.

Under the Development Agreement, the Developer reserves the right to construct a wastewater reclamation treatment facility (the "Reclamation Treatment Facility") in the District. The Development Agreement provides that all treated effluent from the Reclamation Treatment Facility, if constructed, will be the property of the Developer and the Developer shall be responsible for providing storage and pressurization facilities at its own expense.

The Development Agreement also requires the construction of a system of publicly accessible trails within the District that will include a 5-foot bike lane and a 6-foot wide sidewalk throughout the District, and a minimum of 87 acres of parkland/open space to be reserved within the District. Under the Development Agreement, the Developer will maintain the parks, open spaces, trails and bike lanes until the Bonds are paid in full.

Pursuant to the Development Agreement, the land within the District must have a minimum value-to-lien ratio of 3:1. In addition, pursuant to the Development Agreement (i) the total amount of bonds to be issued in conjunction with developing the District shall not exceed \$95,000,000, (ii) the total equivalent tax rate including annual installments in the District shall not exceed \$3.00/\$100, and (iii) capitalized interest may not exceed 2 years unless the law dictates otherwise, for which the maximum years of capitalized interest will be adjusted to the lawful requirement.

The Developer has agreed to an alternate process of review of development procedures as set forth in the Development Agreement. In addition, the Development Agreement provides that the property within the District shall be annexed into the corporate limits of the City in phases, but that no property shall be annexed until a final plat for the property to be annexed has been recorded and it is financially feasible for the City to annex such property.

## **Zoning**

The land within Improvement Area #1 (other than the areas applicable to the townhomes) has been zoned as P3 Neighborhood by the City. The townhome land has been zoned as P5 Core by the City. The land within the Future Improvement Areas has not been annexed into the City and thus has not been zoned. Development of such land is governed by the provisions of the Development Agreement. Contemporaneously with the annexation of each Future Improvement Area into the City's corporate limits, the City will zone such Future Improvement Area in a manner consistent with the concept plan, the Development Agreement, and city regulations.

## **Private Improvements**

The Developer has constructed or will construct certain private improvements to serve the entire District consisting of landscape/hardscape improvements consisting of an entry monument, subdivision walls and landscape/irrigation, and other miscellaneous soft costs. The cost of such improvements is expected to be approximately \$1.38 million. The costs of the private Improvements were paid or will be paid with cash available to the Developer.

## **Amenities**

The Developer has constructed and will construct certain amenities within the District, including an amenity center, playgrounds, public parks, open space, and hike and bike trails (the "Amenities"). The amenity center will consist of a building, pool, parking lot, volleyball court, pickleball court, a playscape and trails. The Developer expects to begin constructing the amenity center in April 2025 and expects to complete the amenity center in November 2025. Parks and hike and bike trails will be completed on a phased basis throughout the Development, with construction of the first phase of such parks and trails beginning in April 2025 with construction of the Amenity Center.

The amenity center is expected to cost approximately \$2,800,000. The expected total cost of the Amenities, including the amenity center, is \$4,900,000. The costs of the Amenities are being financed with cash available to the Developer. The Amenities will be owned and maintained by the HOA.

## **Education**

The District is located within Bastrop ISD. Bastrop ISD operates eight elementary schools, four middle/intermediate schools, two high schools and three alternative schools. Colony Oaks Elementary School, which is approximately 1.6 miles from the District, Bastrop Middle School, which is approximately 2.1 miles from the District and Bastrop High School, which is approximately 4.7 miles from the District, are expected to serve the District.

According to the Texas Education Agency annual school report cards, Bastrop Middle School, Bastrop High School and Bastrop ISD were rated "C" for the 2021-2022 school year, the latest year for which ratings are available. The categories for public school districts and public schools are A, B, C, D or Not Rated. Bastrop Middle School is rated 3/10 and Bastrop High School is rated 5/10 by GreatSchools.org. Colony Oaks Elementary School has not been assigned a rating by the Texas Education Agency or GreatSchools.org.

## **Environmental**

Phase One ESA. A Phase One Environmental Site Assessment (a "Phase One ESA") of land within the District, including Improvement Area #1, was completed by Wood Environment and Infrastructure, Inc. ("Wood"). The Developer provided an executive summary of such Phase One ESA for review. The executive summary provides that there was no evidence that the property in the District was under environmental regulatory review or enforcement action. The site reconnaissance, regulatory database review and historical source review revealed no evidence of recognized environmental conditions involving the site.

However, Wood did identify the following developmental conditions: (i) a house, two mobile homes, and two pole barns were located on the property which Wood indicated may warrant asbestos and lead-based paint surveys prior to demolition; (ii) three water wells are located on the property which Wood recommended should be properly

plugged and abandoned prior to development; and (iii) a septic system was located on the property which Wood recommended be removed and disposed of prior to development. The Developer has complied with Wood's recommendations.

Wood also identified two riverine wetlands are located on the property. The land identified by Wood as wetlands will be designated as open space.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the Houston Toad is endangered species in Bastrop County. The Developer is not aware of any endangered species located on District property.

### **Flood Designation**

According to Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map Panel No. 48021C0355F effective May 9, 2023, approximately 6.06 acres of the District lie within Zone AE, which is part of the 100-year floodplain. However, no property within Improvement Area #1 of the District lies in an area of special flood hazard designation. The Developer does not expect to develop the land in the flood plain, and all such land will remain open space.

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

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

The Developer is not aware of any ongoing mineral rights development or exploration on or adjacent to the property within the District. The Developer is not aware of any interest in real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Railroad Commission of Texas 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 Improvement Area #1 of 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. The City will provide water and wastewater service to the District. The City has sufficient capacity to provide water and wastewater service to the District. See "THE CITY – City Water and Wastewater System."

In addition to the water and wastewater portion of the Improvement Area #1 Improvements, pursuant to the Development Agreement, the Developer is constructing a lift station to serve the Development, which is expected to be completed in March 2025. The approximate cost of the lift station is \$1,500,000, which is expected to be funded with cash available to the Developer without reimbursement from the City. The City has agreed in the Development Agreement to construct the Offsite Wastewater Facilities necessary to connect the property in the District to the City's existing system. See "THE DEVELOPMENT – Development Agreement."

Other Utilities. Additional utilities in the District are expected to be provided by: (1) Phone – Centric Fiber; (2) Electric – Bluebonnet Electric Cooperative; (3) Cable/Data – Centric Fiber; and (4) Gas – Centric Gas.

## 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, Bond Counsel nor 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. See "SOURCES OF INFORMATION – Source of Certain 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 to homebuilders, 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 bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to develop the property that it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land that the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

### Description of Developer

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

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

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

### Executive Biographies of Developer Principals

Ryan Gray, Land Development Manager. Ryan Gray joined D.R. Horton in 2017. Based in Austin, Texas, Ryan joined D.R. Horton after working for Forestar Group, Inc. for 9 years, where he gained a wealth of experience in real estate and development. Ryan has experience in land acquisition and management as well as project management.

Joel Wixson, Region Land Acquisition Manager. Joel Wixson joined D.R. Horton as Region Land Acquisition Manager in 2021. His engineering background, entitlement knowledge and acquisition experience have

played a major role in providing D.R. Horton lots across Arizona, New Mexico, and Texas. In September 2024, Wixson took over as Land Manager for the Austin Division.

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

The Developer purchased approximately 399.878 acres, which includes the land within Improvement Area #1 of the District, on December 17, 2020 from David K. Grassel at a purchase price of \$11,600,000, which was funded with cash available to the Developer. The Developer is the owner of all 399.878 acres being developed in the District, including Improvement Area #1.

Approximately 10.59 acres within the boundaries of the District are owned by SIS Bastrop, LLC, and such land will not be assessed or be part of the Development.

The Developer expects to fund development in the District with cash available to the Developer.

### **THE ADMINISTRATOR**

The following information has been provided by the Administrator. Certain of the following information is beyond the direct knowledge of the City, the City's Financial Advisor and the Underwriter, and none of the City, the City's Financial Advisor, Bond Counsel nor the Underwriter have any way of guaranteeing the accuracy of such information. The Administrator has reviewed this Limited Offering Memorandum and warrant and represent that the information herein under the caption "THE ADMINISTRATOR" does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading.

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

The Administrator's duties will include:

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

### **APPRAISAL**

#### **The Appraisal**

*General.* Barletta & Associates, Inc. (the "Appraiser"), prepared an appraisal report dated as of November 25, 2024 (the "Appraisal"). The Appraisal was prepared at the request of the Underwriter.

The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX E and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See "APPENDIX E — Appraisal."



Value Estimates. The Appraiser estimated (i) the “As Is” bulk market value of the fee simple interest in the 174 lots in Phase 2 (referred to in the Appraisal as “Phase 1 & 2, Sec. 1”) effective as of October 1, 2024, (ii) the “Upon Completion” bulk market value of the 178 expected lots in Phase 3 effective as of May 1, 2025, and (iii) the “Upon Completion” bulk market value of the fee simple interest in the 250 townhome lots in Phase 13 (referred to in the Appraisal as “Valverde North & Valverde South”) effective as of December 1, 2025, each under certain extraordinary assumptions as outlined in the Appraisal including the assumption that the Improvement Area #1 Improvements have been completed. The Appraisal reflects the values as if the lots were sold to a single purchaser in a single transaction. See “APPENDIX E — Appraisal.”

The Appraiser estimated the following values in Improvement Area #1, each using the methodologies described in the Appraisal (i) Phase 2 “As Is” bulk market value of \$11,890,000 effective as of October 1, 2024, (ii) Phase 3 “Upon Completion” bulk market value of \$14,120,000 effective as of May 1, 2025, and (iii) Phase 13 “Upon Completion” bulk market value of \$12,800,000 effective as of December 1, 2025. The combined value estimate for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the hypothetical conditions set forth in the Appraisal, as of the effective dates set forth in the Appraisal, is \$38,810,000. For further information about the value of the land within Improvement Area #1 of the District and the lien relating to the Assessments, see “ASSESSMENT PROCEDURES – Assessment Methodology.”

**None of the City, the Developer or the Underwriter make any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached hereto as APPENDIX E.**

## **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 TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AND OTHER FUNDS COMPRISING THE TRUST ESTATE.**

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City’s control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #1 of the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District,

(c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the lots within Improvement Area #1 of the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such lots.

The rate of development of the property in Improvement Area #1 of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within Improvement Area #1 of the District should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the lands, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Improvement Area #1 of the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

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

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

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

#### **Assessment Limitations**

Annual Installments of 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, interest and the Annual Collection Costs for such year. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

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

Upon an ad valorem tax lien foreclosure event of a property within Improvement Area #1 of the District, any lien securing an Assessment that is delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments,

the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, §372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment payments not being accelerated. Texas Local Government Code §372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. **It is noted that up to 12 homes are expected to close to end users prior to the levying of the Assessments, but it is unclear if such homeowners will have properly claimed homestead rights at such time.** Each of such homeowners are expected to execute the Homeowner Consents at the closing of such homes. It is unclear what effect the Homeowner Consents, if any, would have on the ability of the City to foreclose on the portion of the Assessments secured by such homes. Furthermore, the Developer is not eligible to claim homestead rights and the Developer has represented that it will own the remainder of the property within Improvement Area #1 of the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien may be foreclosed upon by the City.

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

THE ASSESSMENTS WILL CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND WILL BE PERSONAL OBLIGATIONS OF AND CHARGES AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT.

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

The Service and Assessment Plan establishes a “Maximum Assessment” for each lot type in Improvement Area #1 of the District, which Maximum Assessment is currently calculated as shown below. See “APPENDIX B — Form of Service and Assessment Plan.”

<u>Lot type</u>	<u>Maximum Assessment per Lot Type</u>
Multi-Family	\$17,747.15
32’	\$19,489.86
43’	\$22,341.76
45’	\$23,387.58
50’	\$23,387.58

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 the townhome tract in Phase 13 of in Improvement Area #1 of the District. In the event that the number of townhomes to be built in Phase 13 of Improvement Area #1 falls prior to the filing of a plat for Improvement Area #1, 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 Austin area is very competitive, and none of the Developer, the City, the City’s Financial Advisor or the Underwriter can give any assurance that the building programs which are planned will be completed in accordance with the Developer’s expectations. The competitive position of the Developer in the sale of developed lots or of any other homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise be able to compete with the Development. A sample of competitive projects near the Development is below.

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District (Miles)</u>	<u>Developer/Builders</u>	<u>Expected Home Sale Prices</u>
Double Eagle Ranch	52	7.72 Miles	Meritage Homes	\$368,490
The Colony	99	.64 Miles	Perry Homes	\$416,150
The Colony	103	0.48 Miles	Scott Felder Homes	\$461,290
The Colony	92	2.75 Miles	Sitterle Homes	\$584,909
Adelton	47	1.3 Miles	Empire	\$408,445

**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 the homebuilders within Improvement Area #1 of the District do not provide the required notice and prospective purchasers of property within Improvement Area #1 of the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney’s fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney’s fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See “DESCRIPTION OF THE BONDS – Redemption Provisions.” On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further however, if the Developer or homebuilders within Improvement Area #1 of the District do not

provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to homebuyers is attached to the Service and Assessment Plan. See “APPENDIX B – Form of Service and Assessment Plan.”

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

Proposed development within Improvement Area #1 of the District may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See “– Hazardous Substances” below. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE DEVELOPER AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

### **Completion of Homes**

The cost and time for completion of homes by the homebuilders 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 the Current Residential Real Estate Market**

The real estate market is currently experiencing a slowing of new home sales and new home closings due in part to rising inflation and mortgage interest rates. Downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of parcel, lot, and home sales within the District. No assurances can be given that projected home prices, home sales and buildout values presented in this Limited Offering Memorandum will be realized.

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

There have been substantial increases in the cost of materials, causing many homebuilders and general contractors to experience budget overruns. If the construction costs associated with completing homes in the District are substantially higher than the estimated costs or if the homebuilders within Improvement Area #1 of the District are unable to access building materials in a timely manner, it may affect the ability of such homebuilders in 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.

### **Bankruptcy**

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

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

The ability of an owner of property within Improvement Area #1 of the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within Improvement Area #1 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #1 of the District. The imposition of additional liens, or liens for private financing, may reduce the ability or willingness of the landowners to pay the Assessments. See "OVERLAPPING TAXES AND DEBT."

### **Depletion of Reserve Account of the Reserve Fund; No Prefunding of Delinquency & Prepayment Reserve Account**

Failure of the owners of property within the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency & Prepayment Reserve Account of the Reserve Fund is not funded from proceeds of the Bonds. Instead, funding of the Delinquency & Prepayment Reserve Account is accumulated over time, by the mechanism described in "SECURITY FOR THE BONDS – Delinquency & Prepayment Reserve Account of the Reserve Fund." The Indenture provides that if after a withdrawal from the Reserve Account the amounts therein are less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account sufficient to cure such deficiency. The Indenture also provides that if the amount on deposit in the Delinquency & Prepayment Reserve Account shall at any time be less than the Delinquency & Prepayment Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Delinquency & Prepayment Reserve Account until the Delinquency & Prepayment Reserve Requirement has been accumulated in the Delinquency & Prepayment Reserve Account; provided, however, that the City shall not be required to replenish the Delinquency & Prepayment Reserve Account in the event funds are transferred from the Delinquency & Prepayment Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, as described under "SECURITY FOR THE BONDS – Reserve Account of the Reserve Fund."

### **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 Improvement Area #1 of the District does not take into account the possible liability of the Developer for the remediation of a hazardous substance condition on the property in the District. The City has not independently verified, and is not aware, that the Developer has such a current liability with respect to the property in Improvement Area #1 of the District; 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 Improvement Area #1 of the District.

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

As described herein under “THE DEVELOPMENT – Existing Mineral Rights, Easements and Other Third Party Property Rights,” there are certain Third Party Property Rights reservations located within Improvement Area #1 of the District and not owned by the Developer or any of its affiliates. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within Improvement Area #1 of the District recorded in the real property records of Bastrop 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 Improvement Area #1 of the District, or the ability of landowners within Improvement Area #1 of the District to pay Assessments. However, none of the City, the Financial Advisor, or the Underwriter, provide any assurances as to such Developer expectations.

### **Regulation**

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

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

In the event of default in the payment of principal 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 of the Owners of at least a Quarter in Interest on the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Improvement Area #1 of the District or sell property within Improvement

Area #1 of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Bankruptcy Limitation to Bondholders’ Rights” herein.

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within Improvement Area #1 of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

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

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

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



contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

### **No Acceleration**

The Indenture expressly denies the right of acceleration in the event of a payment default or other default under the terms of the Bonds or the Indenture.

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

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

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

### **Loss of Tax Exemption**

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

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

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

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

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

### **Management and Ownership**

The management and ownership of the Developer and related or affiliated 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.

Neither the Developer nor any other subsequent landowner is a guarantor of the Assessments and the recourse for the failure of the Developer or any other landowner to pay the Assessments is limited to the collection proceedings against the land as described herein. Failure to meet any lot purchase contract’s conditions may allow the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money deposit back. See “THE DEVELOPMENT – Expected Build Out of the Development” herein.

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

The ability of the Developer to develop lots and/or its affiliate homebuilders and sell single-family residential homes within the District may be affected by unforeseen changes in the general economic conditions, fluctuations in the real estate market and other factors beyond the control of the owner of the single-family residential lots. In the event that a large number of single-family projects are constructed outside of the District, and compete with the

Development, the demand for residential housing within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to businesses and residents

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

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

### **Availability of Utilities**

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

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

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

### **Dependence Upon Developer**

The Developer, as the owner of the Assessed 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 or willingness 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 Improvement Area #1 Improvements within Improvement Area #1 of the District. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS – General” and “THE DEVELOPMENT – Development Plan and Status of Development in Improvement Area #1 of the District.” 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 Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88th Legislative Session of the State (the “88th Regular Session”) concluded on May 29, 2023. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor’s direction, each lasting no more than 30 days, and for which the Governor sets the agenda. Upon conclusion of the 88th Regular Session, the Governor has called four special sessions all of which have ended without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

### **Use of Appraisal**

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

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

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

### **Risk from Weather Events**

All of the State, including the City and the District, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, flooding, heavy rains, 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**

According to FEMA Flood Insurance Rate Map Panel No. 48021C0355F effective May 9, 2023, approximately 6.06 acres of the District lies within Zone AE, which is part of the 100-year floodplain. However, no property within Improvement Area #1 of the District lies in an area of special flood hazard designation. The Developer does not expect to develop the land in the flood plain and all such land will remain open space.

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 foreclosure sale price, and by other factors, including taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

### **No Credit Rating**

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

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

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

### **Cybersecurity Risks**

The City, like other municipalities in the State, utilizes technology in conducting its operations. As a user of technology, the City potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the City may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the City. The City employs a multi-layered approach to combating cybersecurity threats. While the City deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the City’s finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial. Further, cybersecurity breaches could expose the City to litigation and other legal risks, which could cause the City to incur other costs related to such legal claims or proceedings.

## **TAX MATTERS**

### **Opinion**

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

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City’s federal tax certificate and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

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

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

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

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

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

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

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

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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

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

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

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

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

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

### **Future and Proposed Legislation**

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

McCall, Parkhurst & Horton L.L.P., Austin, Texas, serves as Bond Counsel to the City. Greenberg Traurig, LLP, Dallas, Texas, 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, limited obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal thereof and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX C — Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of this 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 this Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Bonds" (except for the final paragraph thereof), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS" (except for the final paragraph under the subcaption "General"), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (except for the final paragraph thereof), "LEGAL MATTERS — Legal Opinions" (except for the final paragraph thereof), "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX A," and "APPENDIX C" excluding any material that may be treated as included under such captions or subcaptions by cross references or reference to other documents or sources, and such firm is of the opinion that the statements relating to the Bonds and legal matters contained under such captions and subcaptions accurately describes the laws and legal matters addressed therein and, with respect to the Bonds, insofar as such statements expressly summarize certain provisions of or refer to the Bonds, the Bond Ordinance and the Indenture, or set out content of such firm's Bond Opinion, are accurate in all material respects.

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

#### **Litigation — The City**

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to its knowledge, overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the 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 officers or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Financing and Reimbursement Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds.

## **SUITABILITY FOR INVESTMENT**

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

## **ENFORCEABILITY OF REMEDIES**

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

## **NO RATING**

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

## **CONTINUING DISCLOSURE**

### **The City**

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

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

### **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**

The Developer will enter into a Continuing Disclosure Agreement (the “Developer Disclosure Agreement”) with the Administrator and the Dissemination Agent for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Developer Disclosure Agreement, certain information regarding the applicable portion of the District and the applicable portions of the Improvement Area #1 Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-2 — Form of Developer Disclosure Agreement.”

Under certain circumstances, the failure of Developer or the Administrator to comply with their respective obligations under the Developer Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Developer Disclosure Agreement would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Developer Disclosure Agreement is a voluntary agreement made for the benefit of the holders of the Bonds and are not entered into pursuant to the Rule.

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

### **The Developer’s Compliance with Prior Undertakings**

The Developer has previously entered into a continuing disclosure undertaking under which its reporting obligations began on November 19, 2024. The Developer’s first quarterly reporting obligation under such undertaking (except for any material events) is due May 15, 2025.

## **UNDERWRITING**

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$\_\_\_\_\_ (the par amount of the Bonds, less an underwriting discount of \$\_\_\_\_\_, which includes Underwriter’s Counsel’s fee of \$\_\_\_\_\_) and no accrued interest. 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 Securities Act of 1933 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 PFI Act requires that the Bonds be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “NO RATING” above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

### **INVESTMENTS**

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

Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity’s account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) (i) certificates of deposit and share certificates issued by or through an institution that either has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one

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

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

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation

of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the officers of the City; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

#### **INFORMATION RELATING TO THE TRUSTEE**

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

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

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

## **SOURCES OF INFORMATION**

### **General**

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

### **Source of Certain Information**

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Improvements, the Development, the Developer, generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE — Development Plan, Status of Development and Plan of Finance," "OVERLAPPING TAXES AND DEBT — Homeowners' Association," "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS," (only as it pertains to the Developer, the Improvement Area #1 Improvements and the Development), "LEGAL MATTERS — Litigation — The Developer," "LEGAL MATTERS — Litigation — The Developer," "CONTINUING DISCLOSURE — The Developer" and "— The Developer's Compliance with Prior Undertakings," and APPENDIX G has been provided by the Developer, and the Developer warrants and represents, solely with respect to information pertaining to the Developer, the Development and the Improvement Area #1 Improvements that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

### **Experts**

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

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

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

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the City will promptly prepare and

supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate when the City delivers the Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers; in which case the City's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

#### **FORWARD-LOOKING STATEMENTS**

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

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

#### **AUTHORIZATION AND APPROVAL**

The City Council has approved the form and content of this Preliminary Limited Offering Memorandum and has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.



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

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**INDENTURE OF TRUST**

By and Between

**CITY OF BASTROP, TEXAS**

and

**BOKF, NA,  
AS TRUSTEE**

**DATED AS OF APRIL 1, 2025**

SECURING

\$\_\_\_\_\_

**CITY OF BASTROP, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(VALVERDE PUBLIC IMPROVEMENT  
DISTRICT IMPROVEMENT AREA #1)**

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EXHIBIT A DESCRIPTION OF THE PROPERTY WITHIN IMPROVEMENT AREA #1 OF THE  
VALVERDE PUBLIC IMPROVEMENT DISTRICT  
EXHIBIT B FORM OF CERTIFICATION FOR PAYMENT

## INDENTURE OF TRUST

THIS INDENTURE, dated as of April 1, 2025, is by and between the CITY OF BASTROP, TEXAS (the "*City*"), and BOKF, NA, as trustee (together with its successors, the "*Trustee*"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the City Secretary of the City (the "*City Secretary*") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, 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 Viridian Public Improvement District; and

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

WHEREAS, on December 8, 2020, after due notice, the City Council (the "*City Council*") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on March 9, 2021, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. R-2021-28, adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on March 9, 2021, the City Council authorized the formation of the Valverde Public Improvement District (originally created as Viridian Public Improvement District, and formerly known as NEU Community Bastrop) (the "*District*") pursuant to Resolution No. R-2021-28 (the "*Creation Resolution*") to be effective upon publication in a newspaper of general circulation in the City in accordance with the then-effective provisions of the PID Act; and

WHEREAS, following the adoption of Resolution No. R-2021-28, the City published notice of its authorization of the District in the *Bastrop Advertiser*, a newspaper of general circulation in the City on April 22, 2021; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after the date of publication of such notice; and

WHEREAS, on September 14, 2021, the City Council adopted Resolution No. R-2021-73 approving the execution of the Financing and Reimbursement Agreement (as defined herein); and



WHEREAS, on July 13, 2021, the City Council adopted Resolution No. R-2021-65 approving a development agreement by and between the City and the Developer (as defined herein) to establish the development and improvement standards for the District and whereby the City formally amended the name of the District to Valverde Public Improvement District (originally created as Viridian Public Improvement District and formerly known as NEU Community Bastrop); and

WHEREAS, the City, pursuant to Section 372.016(b) of the PID Act, published notice on March 12, 2025 of a public hearing in a newspaper of general circulation in the City to consider the proposed "*Improvement Area #1 Assessment Roll*" and the "*Service and Assessment Plan*" and the "Improvement Area #1" levy of the "*Improvement Area #1 Assessments*" in the amount of \$\_\_\_\_\_ on property in Improvement Area #1 of the District (all as defined herein); and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Improvement Area #1 Assessment Roll and the Service and Assessment Plan and the levy of Improvement Area #1 Assessments on property in the District to the last known address of the owners of the property liable for the Improvement Area #1 Assessments; and

WHEREAS, the City Council convened the hearing on March 25, 2025, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Improvement Area #1 Assessment Roll, and the Improvement Area #1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #1 Assessments, the allocation of Actual Costs, the purposes of the Improvement Area #1 Assessments, the special benefits of the Improvement Area #1 Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Improvement Area #1 Assessments; and

WHEREAS, at the public hearing referenced in the preceding paragraph, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs, the Improvement Area #1 Assessment Roll, or the levy of the Improvement Area #1 Assessments; and

WHEREAS, the City Council closed the hearing and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, at a meeting held on March 25, 2025, respectively, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance, which Assessment Ordinance approved the Improvement Area #1 Assessment Roll and levied the Improvement Area #1 Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Improvement Area #1 Assessments for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements (as defined herein), (ii) paying capitalized interest on the Bonds during the period of construction and acquisition of Improvement Area #1 Improvements, (iii) funding a reserve account for payment of principal and interest on the

Bonds, (iv) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs (as defined herein), and (v) paying the costs of issuance of the Bonds; and

WHEREAS, the City Council now desires to issue its revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Bastrop, Texas, Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1)" (the "*Bonds*"), such Bonds being payable solely from the Improvement Area #1 Assessments and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in this preamble; and

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

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

#### FIRST GRANTING CLAUSE

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

#### SECOND GRANTING CLAUSE

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

#### THIRD GRANTING CLAUSE

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

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

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

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

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

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

## ARTICLE I

### DEFINITIONS, FINDINGS AND INTERPRETATION

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

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

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

"*Actual Cost(s)*" , with respect to Improvement Area #1 Improvements, the actual costs paid or incurred by or on behalf of the Developer of the District: (1) to plan, design, acquire, construct, install, and dedicate such improvements to the City; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan

approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities, including a 4.00% construction management fee. Actual Costs shall not include general contractor's fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

"*Additional Interest Rate*" means the additional 0.50% interest charged on the Improvement Area #1 Assessments as authorized by Section 372.018 of the PID Act.

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

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

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

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

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

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

"*Applicable Laws*" means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State 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 a Parcel in Improvement Area #1 of the District 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 in the PID Act.

"*Assessment Ordinance*" means Ordinance No. O-\_\_\_\_\_ adopted by the City Council on March 25, 2025, that levied the Improvement Area #1 Assessments, and any additional ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on Assessed Property within Improvement Area #1 of the District, as shown on any Assessment Roll.

"*Assessed Property*" or "*Assessed Properties*" means property within Improvement Area #1 of the District that benefits from an Authorized Improvement and on which Improvement Area #1 Assessments have been levied as shown on an Assessment Roll (as the same may be updated each year by an update to a Service and Assessment Plan) and which includes any and all Parcels within the District other than Non-Benefitted Property.

"*Assessment Revenues*" means the revenues received by the City from the collection of Improvement Area #1 Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

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

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

"*Authorized Denomination*" means \$25,000 and any integral multiple of \$1,000 in excess thereof. The City prohibits any Bond to be issued in a denomination of less than \$25,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$25,000, and, unless made pursuant to Section 4.5 herein, any attempt to accomplish either of the foregoing shall be void and of no effect.

"*Authorized Improvements*" means all costs to be paid with Assessments, including Public Improvements, Bond Issuance Costs and District Formation Expenses.

"*Bond*" means any of the Bonds Similarly Secured.

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

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

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

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

"*Bond Ordinance*" means Ordinance No. O-\_\_\_\_\_ adopted by the City Council on March 25, 2025, authorizing the issuance of the Bonds pursuant to this Indenture.

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

"*Bonds*" means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled "City of Bastrop, Texas, Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1)."

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

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

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

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

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

"*Closing Date*" means the date of the initial delivery of and payment for the Bonds.

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

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

"*Continuing Disclosure Agreement of the Developer*" means the agreement executed between the Developer, Administrator and dissemination agent in connection with the issuance of the Bonds pursuant to which the Developer agrees to provide certain information regarding the development of the District and the Improvement Area #1 Improvements for the benefit of the owners of the Bonds.

"*Continuing Disclosure Agreement of the Issuer*" means the agreement executed between the Issuer, Administrator and the dissemination agent for the benefit of the Owners of the Bonds (including owners of beneficial interests of the Bonds), to provide, by certain dates prescribed in the Continuing Disclosure Agreement of the Issuer to provide periodic information and notices of material events regarding the Issuer in accordance with Securities and Exchange Commission Rule 15c2-12.

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

"*Delinquency & Prepayment Reserve Requirement*" means an amount equal to 6.0% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from Improvement Area #1 Assessments and Annual Installments deposited to the Pledged Revenue Fund for subsequent transfer to the Delinquency & Prepayment Reserve Account of the Reserve Fund in accordance with the terms of this Indenture.

"*Delinquent Collection Costs*" means costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest.

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

"*Developer*" means Continental Homes of Texas, L.P., a Texas limited partnership.

"*District Formation Expenses*" means the costs associated with forming the District, including but not limited to 1<sup>st</sup> year Annual Collection Costs, and any other cost or expense directly associated with the establishment of the District.

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

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

"*Financing and Reimbursement Agreement*" means the Viridian Public Improvement District Financing and Reimbursement Agreement between the City and the Developer, dated as of September 14, 2021, as may have been or may be further amended and supplemented from time to time.

"*Foreclosure Proceeds*" means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Improvement Area #1 Assessments, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

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

"*Future Bonds*" means any Future Bonds issued pursuant to a separate indenture, subject to the conditions within the Financing and Reimbursement Agreement, for a Future Improvement Area secured by Future Improvement Area Assessments levied on assessed parcels within the Future Improvement Area(s) to fund Authorized Improvements.

"*Future Improvement Area(s)*" means any Improvement Area so designated within the remaining approximately 295.248 acres of land within the District (the total property within the District less the acreage comprising Improvement Area #1) available to fund Public Improvements within a Future Improvement Area.

"*Future Improvement Area Assessments*" means the assessments levied on assessed Parcels within the Future Improvement Area(s) to fund Public Improvements.

"*Improvement Area(s)*" means each improvement area within the District consisting of "Improvement Area #1," and any Future Improvement Area in the Service and Assessment Plan, or any update thereto.

"*Improvement Area #1*" means the approximately 104.052 acres located within the District, as described in the Service and Assessment Plan.

"*Improvement Area #1 Assessed Property*" means property on which Improvement Area #1 Assessments have been levied as shown on the Improvement Area #1 Assessment Roll (as the



same may be updated each year by an Annual Service Plan Update) and which includes any and all Parcels within Improvement Area #1 other than Non-Benefited Property as defined in the Service and Assessment Plan.

"*Improvement Area #1 Assessment Roll*" means the document attached as Exhibit E to the Service and Assessment Plan, showing the total amount of the Improvement Area #1 Assessments, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

"*Improvement Area #1 Assessments*" means the assessments levied against Improvement Area #1 Assessed Property in the District, as provided for in the applicable Assessment Ordinance and in the Service and Assessment Plan, and any supplemental assessments or reallocation of assessments levied in accordance with Sections 372.019 and 372.020 of the PID Act.

"*Improvement Area #1 Improvements*" means those Public Improvements that only benefit Improvement Area #1.

"*Improvement Area #1 Projects*" means Improvement Area #1 Improvements, District Formation Expenses and Bond Issuance Costs.

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

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

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

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

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

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

"*Parcel*" or "*Parcels*" means a parcel or parcels within the Improvement Areas, including Improvement Area #1, identified by either a tax map identification number assigned by the Bastrop Central Appraisal District for real property tax purposes, by metes and bounds description, or by lot and block number in a final subdivision plat recorded in the real property records of Bastrop County or by any other means determined by the City.

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

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

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

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

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

"*Pledged Revenues*" means, collectively, the (i) Assessment Revenues (excluding the portion of the Improvement Area #1 Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds or other Bonds Similarly Secured.

"*Prepayment*" means the payment of all or a portion of an Improvement Area #1 Assessment before the due date thereof. Amounts received at the time of a Prepayment which

represent a payment of principal, interest or penalties on a delinquent installment of an Improvement Area #1 Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment of the Improvement Area #1.

"*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.

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

"*Property*" means that certain 104.052 acres of land more particularly described in Exhibit A attached hereto.

"*Public Improvements*" means the public improvements authorized by the PID Act, including the public improvements as described in Section III of the Service and Assessment Plan.

"*Purchaser*" means the initial purchaser of the Bonds.

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

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

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

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

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

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

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

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

"*Reserve Account Requirement*" means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, and (iii) 10% of the proceeds of the Bonds Similarly Secured; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to Section 6.7(b); and provided further that as a result of (1) an optional redemption pursuant to Section 4.3 or (2) an extraordinary optional redemption pursuant to Section 4.4, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the date of delivery of the Bonds, the Reserve Account Requirement is \$\_\_\_\_\_ which is an amount equal to Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance. The City Representative shall provide the Trustee with written confirmation of the Reserve Account Requirement and any modifications related thereto.

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

"*Service and Assessment Plan*" and "*SAP*" each mean the document, including the Improvement Area #1 Assessment Roll, which is attached as Exhibit A to the Assessment Ordinance, as amended and restated, as may be updated, amended and supplemented from time to time.

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

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

"*State*" means the State of Texas.

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

"*Subaccount*" means any of the subaccounts established pursuant to Section 6.1 of this Indenture.

"*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.

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

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

"*Trustee*" means BOKF, NA, Dallas, Texas, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds Similarly Secured.

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

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

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

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

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

**Section 1.4. Interpretation.**

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

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

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

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

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

**ARTICLE II**

**THE BONDS**

**Section 2.1. Security for the Bonds.**

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

(b) The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, which is the date of the delivery of this Indenture, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, 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 Chapter 9, Texas Business and Commerce Code, as amended, and enable a filing to perfect the security interest in said pledge to occur.

**Section 2.2. Limited Obligations.**

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

**Section 2.3. Authorization for Indenture.**

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

**Section 2.4. Contract with Owners and Trustee.**

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

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

**ARTICLE III**

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

**Section 3.1. Authorization.**

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying capitalized interest on the Bonds during the period of construction and acquisition of Improvement Area #1 Improvements, (iii) funding a reserve account for payment of principal and interest on the Bonds, (iv) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, 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 the date of the initial delivery thereof (the "*Bond Date*") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Section 5.2.

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

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

- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the Bond Ordinance;
- (c) a copy of the executed Financing and Reimbursement Agreement and any amendments;



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

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

- (a) Principal of and interest on the Bonds Similarly Secured shall be paid in lawful money of the United States of America, as provided in this Section.
- (b) Interest on the Bonds Similarly Secured shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date or Special Record Date, as applicable.
- (c) Interest on the Bonds Similarly Secured shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each 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 Similarly Secured 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 Similarly Secured at the Designated Payment/Transfer Office of the Paying Agent/Registrar.
- (e) If the date for the payment of the principal of or interest on the Bonds 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 Similarly Secured to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State, any such payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds Similarly Secured thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds Similarly Secured, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds Similarly Secured for any further payment of such unclaimed moneys or on account of any such Bonds Similarly Secured, subject to any applicable escheat law or similar law of the State.

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

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

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

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

(d) On the Closing Date of each series of Bonds Similarly Secured, one Initial Bond representing the entire principal amount of all Bonds of each series of Bonds Similarly Secured, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor, Mayor Pro-Tem and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller, will be delivered to the

Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and upon City order deliver to DTC on behalf of the Purchaser of such Bonds Similarly Secured one registered definitive Bond for each year of maturity of such series of the Bonds Similarly Secured, in the aggregate principal amount of all Bonds Similarly Secured of such series for such maturity, registered in the name of Cede & Co., as nominee of DTC.

**Section 3.6. Ownership.**

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

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

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

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

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

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

(d) The Trustee is hereby authorized to authenticate and deliver Bonds Similarly Secured transferred or exchanged in accordance with this Section. A new Bond Similarly Secured or Bonds Similarly Secured will be delivered by the Paying Agent/Registrar, in lieu of the Bond

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) After the delivery of such replacement Bond Similarly Secured, if a bona fide purchaser of the original Bond Similarly Secured in lieu of which such replacement Bond was issued presents for payment such original Bond Similarly Secured, the City and the Paying

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

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

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

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

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

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

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

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

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

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

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

**ARTICLE IV**

**REDEMPTION OF BONDS SIMILARLY SECURED BEFORE MATURITY**

**Section 4.1. Limitation on Redemption.**

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each series of Bonds Similarly Secured, other than the Bonds, shall be subject

to mandatory sinking fund redemption and optional redemption as provided in the Supplemental Indenture authorizing the issuance of such series of Bonds Similarly Secured.

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

(a) The Bonds maturing on \_\_\_\_\_ in the years \_\_\_\_\_ and \_\_\_\_\_ (collectively, "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the redemption price equal to the principal amount of the Term Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective sinking fund installments as set forth in the following schedule:

Term Bonds Maturing _____, 20____	
<u>Redemption Date</u>	<u>Principal Amount</u>

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†Final Maturity

(b) At least thirty (30) days prior to each mandatory sinking fund redemption date, the Trustee shall select, in accordance with Section 4.5, a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installment amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

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

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

**Section 4.3. Optional Redemption.**

The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, \_\_\_\_\_, at the option of the City, with funds derived from any available and lawful



source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

**Section 4.4. Extraordinary Optional Redemption.**

The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at a redemption price equal to the principal amount of the Bonds Similarly Secured 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 (including related transfers to the Redemption Fund as provided in Section 6.7(c)) or any other transfers to the Redemption Fund under the terms of this Indenture.

**Section 4.5. Partial Redemption.**

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

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

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

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

**Section 4.6. Notice of Redemption to Owners.**

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

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

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

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

**Section 4.7. Payment Upon Redemption.**

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

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

**Section 4.8. Effect of Redemption.**

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

**ARTICLE V**

**FORM OF THE BONDS SIMILARLY SECURED**

**Section 5.1. Form Generally.**

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

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

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

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

Section 5.2. **Form of the Bonds.**

(a) Form of Bond.

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

REGISTERED  
NO. \_\_\_\_\_

United States of America  
State of Texas

REGISTERED  
\$ \_\_\_\_\_

CITY OF BASTROP, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2025  
(VALVERDE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	_____, 20__	_____, 2025	_____

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

\_\_\_\_\_

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

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on September 1, and March 1 of each year, commencing September 1, 2025.

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the

corporate trust office in Dallas, Texas (the "*Designated Payment/Transfer Office*"), of BOKF, NA, as trustee and paying agent/registrar (the "*Trustee*"), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the 15<sup>th</sup> day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated as of the Date of Delivery and issued in the aggregate principal amount of \$\_\_\_\_\_ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of April 1, 2025 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying capitalized interest on the Bonds during the period of construction and acquisition of Improvement Area #1 Improvements, (iii) funding a reserve account for payment of principal and interest on the Bonds, (iv) funding the initial deposit to the Administrative Fund for the payment of the initial Annual Collection Costs, and (v) paying the costs of issuance of the Bonds;

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

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

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

The Bonds are issuable as fully registered bonds only in denominations of \$100,000 and any multiple of \$1,000 in excess thereof ("*Authorized Denominations*"). The City prohibits the breaking up or allocation of CUSIP numbers to any Bond or Bonds in denominations of less than \$100,000, and any attempt to do so will be void and of no effect, except as may be the result of a partial redemption of a single Bond as provided in the Indenture.

The Bonds maturing on September 1 in the years \_\_\_\_\_ and \_\_\_\_\_ (collectively, "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds Maturing September 1, 202\_\_

<u>Redemption Date</u>	<u>Principal Amount</u>
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†Final Maturity

At least thirty (30) 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 Term Bonds of such maturity equal to the sinking fund installments of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

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

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

The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, \_\_\_\_\_, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

The Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture. If less than all Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

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

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the Holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such Holder and upon all

future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

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

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

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

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, BASTROP COUNTY, OR THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.**

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

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

\_\_\_\_\_  
City Secretary, City of Bastrop, Texas

\_\_\_\_\_  
Mayor, City of Bastrop, Texas

[CITY SEAL]



(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

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

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

BOKF, NA, as Trustee

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name and address, including zip code, of Transferee.)

\_\_\_\_\_

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(Social Security or other identifying number: \_\_\_\_\_) the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed by:

---

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) the Initial Bond shall be numbered T-1; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on \_\_\_\_\_ in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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**Section 5.3. CUSIP Registration.**

The City may secure identification numbers through CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Similarly Secured shall be of no significance or effect as regards the legality thereof and none of the City, the attorneys approving said Bonds Similarly Secured as to legality or the Trustee are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured. The City prohibits any Bond Similarly Secured to be issued in a denomination of less than \$100,000 and further prohibits the assignment of a CUSIP number to any Bond Similarly Secured with a denomination of less than \$100,000, and any attempt to accomplish either of the foregoing shall be void and of no effect, except as provided in Section 4.5 hereof. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds Similarly Secured have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the City nor the Trustee shall be liable for any inaccuracies in such numbers.

**Section 5.4. Legal Opinion.**

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

**ARTICLE VI**

**FUNDS AND ACCOUNTS**

**Section 6.1. Establishment of Funds and Accounts.**

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

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

(b) Creation of Accounts and Subaccounts.

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

(A) Principal and Interest Account; and

(B) Capitalized Interest Account.

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

(A) Reserve Account; and

(B) Delinquency & Prepayment Reserve Account.

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

(A) Improvement Account; and

(B) Costs of Issuance Account.

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

(A) Bond Pledged Revenue Account.

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

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

(i) to the Reserve Account of the Reserve Fund \$\_\_\_\_\_ which is equal to the initial Reserve Account Requirement;

(ii) to the Capitalized Interest Account of the Bond Fund: \$\_\_\_\_\_;

- (iii) to the Costs of Issuance Account of the Project Fund: \$\_\_\_\_\_;
- (iv) to the Improvement Account of the Project Fund: \$\_\_\_\_\_;
- (v) to the Principal and Interest Account of the Bond Fund \$\_\_\_\_\_;  
and
- (iv) to the Administrative Fund: \$\_\_\_\_\_.

**Section 6.3. Pledged Revenue Fund.**

(a) Immediately upon receipt thereof, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues. Specifically, the Trustee shall deposit or cause to be deposited the foregoing amounts as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third to pay other Actual Costs of the Improvement Area #1 Projects, and (iv) fourth to pay other costs permitted by the PID Act. Notwithstanding the foregoing, the Additional Interest of the Annual Installments shall only be utilized for the purposes set forth in Section 6.7(a-1) hereof and, on each March 1, beginning March 1, 2026, and on any other day set forth in a City Certificate, the amount of Additional Interest of the Annual Installments confirmed by the City pursuant to a City Certificate, will be deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable.

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

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

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

(e) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve

Fund, the Trustee shall, at the written request of the City, transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the City, which monies may be used for any lawful purpose for which Improvement Area #1 Assessments may be used under the PID Act. The Trustee may rely upon any such request of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

**Section 6.4. Bond Fund.**

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

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

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

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

Date	Amount (\$)
September 1, 2025	\$_____

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

**Section 6.5. Project Fund.**

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates. Each such City Certificate shall include a list of the payees and the payments (not to exceed) to be made to such payees as well as a statement that all payments shall be made by check or wire

transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions though given by the City with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein. Disbursements from the Improvement Account of the Project Fund to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. The disbursement of funds from the Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Financing and Reimbursement Agreement or as provided in such written direction from the City. Such provisions and procedures related to such disbursement contained in the Financing Agreement and no other provisions of the Financing and Reimbursement Agreement, are herein incorporated by reference and deemed set forth herein in full.

(c) Except as provided in Section 6.5(d) and (f), money on deposit in the Improvement Account shall be used solely to pay Actual Costs provided the Trustee shall have no responsibility for the application of any funds disbursed from the Improvement Account in reliance upon a Certification for Payment approved by the City.

(d) If the City Representative determines in the City Representative's reasonable discretion that amounts then on deposit in the Improvement Account of the Project Fund are not expected to be expended for purposes of the Improvement Account of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Improvements such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Improvement Account of the Project Fund will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Account of the Project Fund that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the amounts on deposit in the Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture. Upon such transfers, the Improvement Account of the Project Fund shall be closed.

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

(f) Upon the filing of a City Certificate stating that all of the Improvement Area #1 Improvements have been completed and that all Actual Costs have been paid, or that any Actual Costs of the Improvement Area #1 Improvements are not required to be paid from the Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfers, the Improvement Account of the Project Fund shall be closed.

(g) Upon the Trustee's receipt of a written determination by the City Representative that all costs of issuance of the applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement

Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements or (ii) if no Improvement Area #1 Projects remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

**Section 6.6. Redemption Fund.**

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

**Section 6.7. Reserve Fund.**

(a) The City agrees with the Owners of the Bonds Similarly Secured to accumulate and, when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund or the Redemption Fund as provided in this Indenture.

(a-1) Subject to 6.3(a) herein, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2026, and on any other day set forth in a City Certificate, an amount equal to the Additional Interest until the Delinquency & Prepayment Reserve Requirement has been accumulated in the Delinquency & Prepayment Reserve Account. Once the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account, any amounts in excess of the Delinquency & Prepayment Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds Similarly Secured as provided in Article IV provided, however, that at any time the amount on deposit in the Delinquency & Prepayment Reserve Account is less than Delinquency & Prepayment Reserve Requirement, the Trustee shall resume depositing such Additional Interest into the Delinquency & Prepayment Reserve Account until the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer.

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

(c) In the event of an extraordinary optional redemption of Bonds Similarly Secured pursuant to Section 4.4, the Trustee, pursuant to written directions from the City, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds Similarly Secured to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve



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

(d) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date in accordance with Section 6.4, unless prior to the next Interest Payment Date, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured or (iii) to the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(d-1) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Delinquency & Prepayment Reserve Account exceeds the Delinquency & Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess pursuant to Section 6.7(a-1) hereof.

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

(f) At the final maturity of the Bonds Similarly Secured, the amount on deposit in the Reserve Account and the Delinquency & Prepayment Reserve Account shall be transferred to the Redemption Fund and applied to the payment of the principal of the Bonds Similarly Secured.

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

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

**Section 6.8. Rebate Fund: Rebatable Arbitrage.**

(a) The Rebate Fund is to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

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

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

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

**Section 6.9. Administrative Fund.**

(a) Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Improvement Area #1 Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs or may be withdrawn by the Trustee without further authorization for the payment of the fees, expenses, advances and indemnities owed to the Trustee in accordance with Section 9.6. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

**Section 6.10. Investment of Funds.**

(a) Money in any Fund or Account, other than the Reserve Account, shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee in

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

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the legality of any investments. The Trustee is not providing investment supervision, recommendation, or advice in acting pursuant to the provisions hereof.

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

(e) The Trustee will furnish to the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(f) In the event it is found, after an annual calculation has been done pursuant to Section 6.8 hereof, that the City owes Rebatale Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatale Arbitrage owed by the City. The City Certificate shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

#### **Section 6.11. Security of Funds.**

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

## **ARTICLE VII**

### **COVENANTS**

#### **Section 7.1. Confirmation of Improvement Area #1 Assessments.**

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Improvement Area #1 Assessments against the property in the District from which the Assessment Revenues will be collected and received.

#### **Section 7.2. Collection and Enforcement of Improvement Area #1 Assessments.**

(a) For so long as any Bonds Similarly Secured are Outstanding and amounts are due to the Developer under the Financing and Reimbursement Agreement to reimburse it for its funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects, the City covenants, agrees and warrants that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

(b) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of, the City to the affected property owners on the same statement or such other

mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

(c) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessments or the corresponding property.

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

### **Section 7.3. Against Encumbrances.**

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

(b) So long as Bonds Similarly Secured are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds Similarly Secured, (including, any Refunding 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 Similarly Secured.

### **Section 7.4. Records, Accounts, Accounting Reports.**

The City hereby covenants and agrees that so long as any Bonds Similarly Secured are Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #1 Assessments. The Trustee and Holder or Holders of any Bonds Similarly Secured or any duly authorized agent or agents of such Holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

**Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds.**

(a) The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the Holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

- (A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds is issued,
- (B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code;

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds has been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and,

(9) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code.

(b) In order to facilitate compliance with the above covenant (a)(8), the Rebate Fund is established by the City pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the Registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "*Treasury Regulations*"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor or Mayor Pro-Tem to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for Actual Costs of the Improvement Area #1 Improvements on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Improvement Area #1 Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds is retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The City covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

## **ARTICLE VIII**

### **LIABILITY OF CITY**

#### **Section 8.1. Liability of City.**

(a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds Similarly Secured, and no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds Similarly Secured or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds Similarly Secured or other obligations relating to the District, other than as specifically provided for in this Indenture.

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



executed by the Trustee in connection with the Bonds Similarly Secured, or as to the existence of a default or event of default thereunder.

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

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

(e) Neither the 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 Trust Estate and the amounts collected to pay Annual Collection Costs deposited in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds Similarly Secured by mandamus or other proceeding at law or in equity.

(f) The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other independent person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under

the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

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

## **ARTICLE IX**

### **THE TRUSTEE**

#### **Section 9.1. Acceptance of Trust; Trustee as Registrar and Paying Agent.**

(a) The Trustee accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the terms and conditions and subject to the provisions of this Indenture to all of which the parties hereto and the respective Owners of the Bonds Similarly Secured agree. The Trustee undertakes to perform such duties and only such duties as are specifically set forth herein. No implied covenants or obligations shall be read into this Indenture against the Trustee.

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

#### **Section 9.2. Trustee Entitled to Indemnity.**

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction by the Owners against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making scheduled debt service payments prior to the occurrence of a default, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Administrative Fund to pay all fees, costs, and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder on amounts held within the Administrative Fund.

### Section 9.3. Responsibilities of the Trustee.

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

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

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Project. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

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

(e) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of at least a Quarter in Interest of the Bonds Similarly Secured relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default unless the Trustee has actual knowledge thereof or shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of at least Quarter in Interest of the Bonds Similarly Secured at that time. The Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

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

(i) The Trustee may act through attorneys or agents and shall not be responsible for the acts or omissions of any such attorney or agent appointed with due care.

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

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

(l) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility; it being understood that the Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances.

**Section 9.4. Property Held in Trust.**

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

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

(a) The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, resolution, direction, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. Subject to Section 9.1 and 9.3, the Trustee may, at the expense of the City, consult with counsel selected by the Trustee with due care, who may or may not be Bond Counsel, and any advice from such counsel with respect to compliance with the provisions of this Indenture shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder, reasonably and in good faith, in accordance with such advice.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, 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 be entitled to conclusively rely upon the foregoing as sufficient evidence of the facts set forth herein. The execution of any City Certificate shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent thereto have occurred.

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

**Section 9.6. Compensation.**

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable

expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, which, with respect to ordinary fees and expenses incurred prior to an Event of Default hereunder, shall be transferred pursuant to a City Certificate and subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by such City Certificate, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund prior to any Bonds Similarly Secured Outstanding. Following an Event of Default, the foregoing limitation on expenses shall not apply, however any such fees or expenses must be reasonable. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund and shall be entitled to a preference therefor over any Bonds Similarly Secured 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 the Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event. The right of the Trustee to fees, expense, and indemnification shall survive the release, discharge, and satisfaction of the Indenture.

#### **Section 9.7. Permitted Acts.**

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

#### **Section 9.8. Resignation of Trustee.**

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bonds Similarly Secured. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

**Section 9.9. Removal of Trustee.**

The Trustee may be removed by giving not fewer than 30 days' notice, specifying the date when such removal shall take effect at any time by (i) the Owners of at least a Quarter in Interest of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such 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 principal amount of Bonds Similarly Secured then Outstanding.

**Section 9.10. Successor Trustee.**

(a) If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

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

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

(d) If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds Similarly Secured may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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

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

#### **Section 9.11. Transfer of Rights and Property to Successor Trustee.**

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor and upon receipt of its outstanding charges, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

#### **Section 9.12. Merger, Conversion or Consolidation of Trustee.**

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

#### **Section 9.13. Trustee To File Continuation Statements.**

The City will cause to be filed all appropriate financing statements. If necessary, the Trustee shall file or cause to be filed, at the City's expense, such continuation statements as may



be delivered to the Trustee and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "*UCC*"), in order to continue perfection of the security interest and rights of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. Unless otherwise notified in writing by the City or an Owner, the Trustee may conclusively rely upon the initial financing statements in filing any continuation statements hereunder. The Trustee shall have no responsibility to file financing statements or continuation statements other than to file continuation statements that are delivered to it.

If applicable, but immediately upon its receipt thereof, the City, or an authorized third-party representative thereof, shall deliver to the Trustee file-stamped copies of each UCC initial financing statement recorded in the jurisdictions applicable thereto.

The Trustee's UCC filing requirements are limited to those responsibilities as set forth in this Section 9.13.

#### **Section 9.14 Offering Documentation.**

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds Similarly Secured and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds Similarly Secured.

#### **Section 9.15 Expenditure of Funds and Risk.**

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured.

#### **Section 9.16 Environmental Hazards.**

The Trustee may inform any Owner of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and in such event, no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

The Trustee shall not be responsible or liable for the environmental condition related to the improvements to any real property or for diminution in value of the same, or for any claims by or on behalf of the owners thereof as the result of any contamination by a hazardous substance, hazardous material, pollutant, or contaminant. The Trustee assumes no duty or obligation to assess the environmental condition of any improvements or with respect to compliance thereof under

State or federal laws pertaining to the transport, storage, treatment, or disposal of hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits, or licenses issued under such laws.

**Section 9.17. Accounts, Periodic Reports and Certificates.**

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

**Section 9.18. Construction of Indenture.**

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds Similarly Secured.

**ARTICLE X**

**MODIFICATION OR AMENDMENT OF THIS INDENTURE**

**Section 10.1. Amendments Permitted.**

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds Similarly Secured may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds Similarly Secured, or with the written consent without a meeting, of the Owners of the Bonds Similarly Secured of at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured at that time and City approval of such modification or amendment. No such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured 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 Similarly Secured, without the express consent of the Owner of such Bond Similarly Secured, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws and this Indenture), or reduce the percentage of Bonds Similarly Secured required for the amendment hereof. Any such amendment shall not modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of qualified counsel addressed and delivered to the Trustee stating that (a) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (b) the execution and delivery of will not adversely affect the exclusion from federal gross income of the interest on the Bonds Similarly Secured, and (c) such

Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

(b) This Indenture and the rights and obligations of the City and of the 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 Applicable Laws, and only for anyone or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds Similarly Secured in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds Similarly Secured; and

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

(c) Notwithstanding anything to the contrary herein, no Supplemental Indenture entered into in accordance with Section 10.1(b) above shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment will not adversely affect the: (i) interests of the Owners in any material respect, or (ii) exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation.

#### **Section 10.2. Owners' Meetings.**

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

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

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, if such consent is required pursuant to Section 10.1, shall be mailed by first class mail, by the Trustee to each Owner of Bonds Similarly Secured from whom consent is required under this

Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Bonds Similarly Secured shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds Similarly Secured and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

#### **Section 10.4. Procedure for Amendment Not Requiring Owner Consent.**

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Owner consent, shall be mailed by first class mail by the Trustee to each Owner of Bonds Similarly Secured, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.4, shall be proof of the matters therein stated until the contrary is proved.

(b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the City, and the Supplemental Indenture shall be deemed conclusively binding upon the City, the Trustee and the Owners of all Bonds Similarly Secured as of the date of such execution and delivery.

**Section 10.5. Effect of Supplemental Indenture.**

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

**Section 10.6. Endorsement or Replacement of Bonds Similarly Secured Issued After Amendments.**

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

**Section 10.7. Amendatory Endorsement of Bonds Similarly Secured.**

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

**Section 10.8. Waiver of Default.**

Subject to Section 10.1, with the written consent of at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured at that time, the 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 10.9. Execution of Supplemental Indenture.**

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

to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

## **ARTICLE XI**

### **DEFAULT AND REMEDIES**

#### **Section 11.1. Events of Default.**

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

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

(ii) The failure of the City to enforce the collection of the Improvement Area #1 Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2;

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture other than a default under (i) above or (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured then Outstanding; and

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

#### **Section 11.2. Immediate Remedies for Default.**

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, then and in every such case the Trustee may proceed, and upon the written request of the Owners of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding hereunder and its receipt of indemnity satisfactory to it shall proceed, to protect and enforce 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 any action for money damages against the City shall be limited to recovery from the Trust Estate may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

(b) PURSUANT TO SECTION 11.7, THE PRINCIPAL OF THE BONDS SIMILARLY SECURED SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

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

(d) In an Event of Default shall have occurred and be continuing, the City, upon demand of the Trustee, shall surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers, and accounts of the City pertaining thereto, and including the rights and the position of the City, and to hold, operate, and manage the same, and from time to time make all needed repairs and improvements, as well as set up proper reserve for the payment of all proper costs and expenses, holding and managing the same, including (i) reasonable compensation to the Trustee, its agents, and counsel, (ii) any reasonable charges of the Trustee hereunder, (iii) any taxes and assessments and other charges prior to the lien of this of Indenture, and (iv) all expenses of such repairs and improvements. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

### **Section 11.3. Restriction on 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 actual knowledge thereof or has been notified in writing as provided in Section 9.3(f), or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own

name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

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

#### **Section 11.4. Application of Revenues and Other Moneys After Default.**

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost, liabilities, advances and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, as follows:

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

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



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

Within thirty (30) days of receipt of such good and available funds, the Trustee may fix a record date and a payment date for any payment to be made to Owners of Bonds Similarly Secured pursuant to this Section 11.4.

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

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

#### **Section 11.5. Effect of Waiver.**

The Trustee may, with the prior written consent of at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured at that time, waive an Event of Default occurring hereunder. No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

#### **Section 11.6. Evidence of Ownership of Bonds Similarly Secured.**

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

(i) The fact and date of the execution of such instruments by any Owner of Bonds Similarly Secured or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of

such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

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

**Section 11.7. No Acceleration.**

In the event of the occurrence of an Event of Default under Section 11.1, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

**Section 11.8. Mailing of Notice.**

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

**Section 11.9. Exclusion of Bonds Similarly Secured.**

Bonds Similarly Secured owned or held by or for the account of the City will not be deemed Outstanding for any purpose. The City shall promptly deliver any such Bonds Similarly Secured to the Trustee for cancellation.

**Section 11.10. Remedies Not Exclusive.**

Subject to Section 11.2, no remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

**Section 11.11. Direction by Owners.**

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

inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

## **ARTICLE XII**

### **GENERAL COVENANTS AND REPRESENTATIONS**

#### **Section 12.1. Representations as to Trust Estate.**

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

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

(c) Subject to Section 7.2(d), the City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Improvement Area #1 Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

#### **Section 12.2. General.**

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

## **ARTICLE XIII**

### **SPECIAL COVENANTS**

#### **Section 13.1. Further Assurances; Due Performance.**

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

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

**Section 13.2. Other Obligations or Other Liens; Refunding Bonds; Future Bonds.**

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

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

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

(d) The City reserves the right to issue Future Bonds for any purpose permitted by the PID Act, pursuant to a separate indenture for any Future Improvement Areas, subject to the conditions of the Financing and Reimbursement Agreement.

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

(i) Notwithstanding anything to the contrary herein, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 13.2 shall be issued and shall be delivered to the purchasers or owners

thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary, of the ordinance or ordinances of the City authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

**Section 13.3. Books of Record.**

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

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture.

**ARTICLE XIV**

**PAYMENT AND CANCELLATION OF THE BONDS SIMILARLY SECURED AND SATISFACTION OF THE INDENTURE**

**Section 14.1. Trust Irrevocable.**

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

**Section 14.2. Satisfaction of Indenture.**

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

### Section 14.3. **Bonds Similarly Secured Deemed Paid.**

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

(b) Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in Sections 14.3(a)(1) or 14.3(a)(2) shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Debt for redemption; (2) the City gives notice of the reservation of that right to the Owners of the Defeased Debt immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of clause (a) of this Section 14.3 with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

## ARTICLE XV

### MISCELLANEOUS

#### Section 15.1. **Benefits of Indenture Limited to Parties.**

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this

Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

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

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

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

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

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

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

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

**Section 15.4. No Waiver of Personal Liability.**

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

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

(a) Except as otherwise expressly provided herein, all notices or other instruments

required or permitted under this Indenture shall be in writing and shall be faxed, delivered by hand, or mailed by first class mail, postage prepaid, and addressed as follows:

If to the City	City of Bastrop, Texas 1311 Chestnut Street Bastrop, Texas 78602 Attn: City Manager Telephone: 512- 332-8800
If to the Trustee Or the Paying Agent/Registrar	BOKF, NA 5956 Sherry Lane, Suite 900 Dallas, Texas 75225 Attn: Rachel Roy Telephone: (713) 470-5467

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

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

(d) The Trustee shall mail to each Owner of a Bond Similarly Secured notice of (1) any substitution of the Trustee; or (2) the redemption or defeasance of all Outstanding Bonds Similarly Secured.

#### Section 15.6. **Partial Invalidity.**

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

#### Section 15.7. **Applicable Laws; Jurisdiction.**

THIS INDENTURE SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS AND THE OBLIGATIONS OF THE PARTIES HERETO ARE AND SHALL BE PERFORMABLE IN THE COUNTY WHEREIN THE PROPERTY IS LOCATED, AND IF LEGAL ACTION IS NECESSARY BY EITHER PARTY WITH RESPECT TO THE ENFORCEMENT OF ANY TERM OF THIS



INDENTURE, EXCLUSIVE VENUE FOR SAME SHALL LIE IN THE COURTS OF BASTROP COUNTY, TEXAS. BY EXECUTING THIS INDENTURE, EACH PARTY HERETO EXPRESSLY (a) CONSENTS AND SUBMITS TO PERSONAL JURISDICTION AND VENUE CONSISTENT WITH THE PREVIOUS SENTENCE, (b) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL CLAIMS AND DEFENSES THAT SUCH JURISDICTION AND VENUE ARE NOT PROPER OR CONVENIENT, AND (c) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW.

**Section 15.8. Payment on Business Day.**

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

**Section 15.9. Counterparts.**

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

**Section 15.10. Boycotts and Foreign Business Engagements.**

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. Notwithstanding anything in this Indenture to the contrary, the Issuer reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any.

(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 15.11. Electronic Storage.**

The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

*[Remainder of page left blank intentionally]*

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

CITY OF BASTROP, TEXAS

By: \_\_\_\_\_  
\_\_\_\_\_, Mayor

Attest:

\_\_\_\_\_  
\_\_\_\_\_, City Secretary

(CITY SEAL)

BOKF, NA,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**DESCRIPTION OF THE PROPERTY WITHIN IMPROVEMENT AREA #1 OF  
THE VALVERDE PUBLIC IMPROVEMENT DISTRICT**

**EXHIBIT B**

**FORM OF CERTIFICATION FOR PAYMENT**

**(Certification for Payment – Valverde)**

**CERTIFICATION FOR PAYMENT FORM NO.**

The undersigned \_\_\_\_\_ (the "**Construction Manager**") requests payment from Improvement Account of the Project Fund from the City of Bastrop (the "**City**") in the amount of \$\_\_\_\_\_ for labor, design, materials, fees, and/or other general costs related to the acquisition or construction of certain Authorized Improvements providing a special benefit to property within Improvement Area #1 of the Valverde Public Improvement District (the "**District**"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Viridian Public Improvement District Financing and Reimbursement Agreement between the Owner and the City (the "**PID Financing Agreement**").

In connection with the above referenced payment, the Construction Manager represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Construction Manager, is qualified to execute this Certification for Payment Form No. \_\_\_\_\_ on behalf of the Construction Manager, and is knowledgeable as to the matters set forth herein.
2. The work described in Attachment A has been completed in the percentages stated therein.
3. The Certification for Payment for the below referenced Authorized Improvements has not been the subject of any prior Certification for Payment submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
4. The amounts listed for Actual Costs of the Authorized Improvements, as set forth in Attachment A, is a true and accurate representation of the Actual Costs associated with the acquisition, design or construction of said Authorized Improvements, and such costs (i) are in compliance with the PID Financing Agreement, and (ii) are consistent with the Service and Assessment Plan.
5. The Construction Manager is in compliance with the terms and provisions of the PID Financing Agreement and the Service and Assessment Plan.
6. The Construction Manager has timely paid all ad valorem taxes and annual installments of Special Assessments it owes or an entity under common control with the

Construction Manager owes, located in the District and has no outstanding delinquencies for such taxes and assessments.

7. The work with respect to the Authorized Improvements referenced below (or its Segment) has been completed, and the City has inspected [and accepted] such Authorized Improvements (or its completed Segment). ***[Include bracketed language if final progress payment for such Authorized Improvement]***

8. No more than ninety-five percent (95%) of the budgeted or contracted hard costs for the Authorized Improvements identified may be paid until the work with respect to such Authorized Improvements (or Segment thereof) has been completed and the City has accepted such Authorized Improvements (or Segment thereof). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such Authorized Improvements (or Segment thereof).

9. [Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.]***[Include bracketed language if final progress payment for such Authorized Improvement]***

10. Attached hereto as Attachment C are invoices, receipts, purchase orders, change orders, and similar instruments, which are in sufficient detail to allow the City to verify the Actual Costs for which payment is requested.

11. Also attached hereto as Attachment D are any lender consents or approvals that the Construction Manager may be required to obtain under any loan documents relating to the District.

Pursuant to the PID Financing Agreement, after receiving this Certification for Payment, the City has inspected [and accepted] the Completed Authorized Improvements and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations. ***[Include bracketed language if final progress payment for such Authorized Improvement]***

*(Signature pages follow)*

I hereby declare that the above representations and warranties are true and correct.

**Continental Homes of Texas L.P.,**  
a Texas limited partnership, as  
Construction Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



JOINDER OF PROJECT ENGINEER

The undersigned Project Engineer joins this Certification for Payment solely for the purposes of certifying that the representations made by Construction Manager in Paragraph 2 above are true and correct in all material respects.

\_\_\_\_\_

By:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVAL OF CERTIFICATION FOR PAYMENT**

The City is in receipt of the attached Certification for Payment Form No. \_\_\_\_, acknowledges the Certification for Payment, acknowledges that the Authorized Improvements (or its Segment) covered by the certificate have been inspected by the City, and otherwise finds the Certification for Payment Form No. \_\_\_\_ to be in order. After reviewing the Certification for Payment Form, the City approves the Certification for Payment Form No. \_\_\_\_ and shall direct the Trustee to make payment from the Improvement Account of the Project Fund to the Construction Manager or to any person designated by the Construction Manager.

**CITY OF BASTROP, TEXAS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT A**

**TO CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_\_**

<u>Segment</u>	<u>Description of Work Completed under this Certification for Payment</u>	<u>Actual Costs</u>
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**ATTACHMENT B**

**TO CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_\_**

***[Include Attachment B bracketed if final progress payment for such Authorized Improvement]***

**[bills paid affidavit and release of liens - attached]**



**ATTACHMENT D**

**TO CERTIFICATION FOR PAYMENT FORM NO. \_\_\_\_\_**

**[lender consents or approvals - attached]**

**APPENDIX B**

**FORM OF SERVICE AND ASSESSMENT PLAN**

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# Valverde Public Improvement District (previously Viridian)

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PRELIMINARY SERVICE AND ASSESSMENT PLAN

JANUARY 28, 2025



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## INTRODUCTION

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

On March 9, 2021, the City passed and approved Resolution No. R-2021-28 authorizing the creation of the Viridian Public Improvement District, which was renamed Valverde Public Improvement District, in accordance with the PID Act, which authorization was effective upon publication as required by the PID Act.

On \_\_\_\_, \_\_\_\_, the City adopted Ordinance No. \_\_\_\_\_ approving this Service and Assessment Plan and the Improvement Area #1 Assessment Roll. The Ordinance also levied Improvement Area #1 Assessments against Improvement Area #1 Assessed Property and established a lien on such properties.

The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 399.878 acres partially located within the limits of the City and the extraterritorial jurisdiction of the City, as described by metes and bounds on **Exhibit J-1** and depicted on **Exhibit A-1**.

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

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

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

## SECTION I: DEFINITIONS

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

- (1) to plan, design, acquire, construct, install, and dedicate such improvements to the City;
- (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings;
- (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals;
- (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals;
- (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and
- (6) to implement, administer, and manage the above-described activities, including a 4.00% construction management fee.

Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

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

**“Administrator”** means the City, or the person or independent firm designated by the City, who shall have the responsibility provided in this Service and Assessment Plan, the Indenture, or any other agreement or document approved by the City Council related to the duties and responsibility of the administration of the District. The current Administrator is P3Works, LLC.

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

- (1) the Administrator and City staff;
- (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City;
- (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments;
- (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates;
- (5) issuing, paying, and redeeming PID Bonds;
- (6) investing or depositing Assessments and Annual Installments;
- (7) complying with this Service and Assessment Plan and the PID Act with respect to the administration of the District, including continuing disclosure requirements; and
- (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel.

Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

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

**“Appraisal District”** means the Bastrop Central Appraisal District.

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

**“Assessment”** means an Assessment levied against a Parcel and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to

reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

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

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

**"Assessment Roll"** means any Assessment Roll, including the Improvement Area #1 Assessment Roll, for Assessed Property within the District as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds, or in connection with any Annual Service Plan Update.

**"Authorized Improvements"** means improvements authorized by Section 372.003 of the PID Act, as described in **Section III**.

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

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

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

**"District"** means the approximately 399.878 acres partially within the corporate limits of the City and in the extraterritorial jurisdiction of the City, as described legally by metes and bounds on **Exhibit J-1** and as depicted by the map on **Exhibit A-1**.

**"Estimated Buildout Value"** means the Estimated Buildout Value of an Assessed Property at the time Assessments are levied, and shall be determined by the Administrator and confirmed by the City Council by considering such factors as density, Lot size, proximity to amenities, view

premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value.

**“First Year Annual Collections Costs”** means the estimated Annual Collection Costs for the first year following the levy of Assessments.

**“Future Improvement Area”** means approximately 295.248 acres located within the District and the extraterritorial jurisdiction of the City, as shown on **Exhibit A-3** and more specifically described in **Exhibit J-3**.

**“Improvement Area”** means specifically defined and designated areas within the District that are developed in phases, including Improvement Area #1, that may be specifically defined and designated as a phase of development.

**“Improvement Area #1”** means approximately 104.052 acres located within the District and within the limits of the City, as shown on **Exhibit A-2** and more specifically described in **Exhibit J-2**.

**“Improvement Area #1 Annual Installment”** means the Annual Installment payment on the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest.

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

**“Improvement Area #1 Assessment”** means an Assessment levied against a Parcel within Improvement Area #1 and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

**“Improvement Area #1 Assessment Roll”** means the Assessment Roll for Improvement Area #1 attached as **Exhibit E**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

**“Improvement Area #1 Bonds”** mean those certain “City of Bastrop, Texas, Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1 Project)”, that are secured by Improvement Area #1 Assessments levied on Improvement Area #1 Assessed Property.



**“Improvement Area #1 Improvements”** means those Authorized Improvements that provide benefit to Improvement Area #1 Assessed Property, as more specifically described in **Section III** and as shown in **Exhibit H**.

**“Improvement Area #1 Projects”** means, collectively (1) the Improvement Area #1 Improvements, (2) applicable Bond Issuance Costs, and (3) applicable First Year Annual Collection Costs.

**“Improvement Area #1 Unplatted Parcel”** means the Improvement Area #1 Assessed Property which has not been sub-divided by final plat. For billing purposes only, until a final plat has been recorded within the Improvement Area #1 Unplatted Parcel, the Annual Installment allocable to the Improvement Area #1 Unplatted Parcel will be billed to each property ID within the Improvement Area #1 Unplatted Parcel based on the Appraisal District acreage.

**“Indenture”** means an Indenture of Trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the City and the Trustee setting forth terms and conditions related to the PID Bonds.

**“Landowner(s)”** means individuals or entities that own a Parcel(s) located within the District at the time of the levy of Assessments and have consented to the levy of Assessment against their Parcel(s) through a Landowner Agreement.

**“Landowner Agreement”** means any Landowner Agreement between the City and a Landowner in which a Landowner agrees to the levy of an Assessment against any Assessed Property located within the District that will be specially benefited by the Authorized Improvements.

**“Lot”** means (1) for any portion of the District for which a subdivision plat has been recorded in the official public records of the City, a tract of land described as a “lot” in such subdivision plat, and (2) for any portion of the District for which a subdivision plat has not been recorded in the official public records of the City, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. lot size, home product, buildout value, etc.), as determined by the Administrator and confirmed and approved by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as calculated by the Administrator and confirmed and approved by the City Council.

**“Lot Type 1”** means a Lot designated as a multi-family unit within Improvement Area #1 by the Owner, as shown on the map attached as **Exhibit I**.

**“Lot Type 2”** means a Lot designated as a 32’ Alley residential lot within Improvement Area #1 by the Owner, as shown on the map attached as **Exhibit I**.

**“Lot Type 3”** means a Lot designated as a 43’ Alley residential lot within Improvement Area #1 by the Owner, as shown on the map attached as **Exhibit I**.

**“Lot Type 4”** means a Lot designated as a 45’ residential lot within Improvement Area #1 by the Owner, as shown on the map attached as **Exhibit I**.

**“Lot Type 5”** means a Lot designated as a 50’ residential lot within Improvement Area #1 by the Owner, as shown on the map attached as **Exhibit I**.

**“Maximum Assessment”** means the amount shown for each Lot Type on **Exhibit G-1**. The Maximum Assessment shall be reduced annually by the principal portion of the Annual Installment.

**“Non-Assessed Property”** means Parcels which benefit from Authorized Improvements, but which do not have an Assessment. The allocable costs of Authorized Improvements which benefit Non-Assessed Property, as shown on **Exhibit G-2**, will be borne by the Owner.

**“Non-Benefited Property”** means Parcels within the boundaries of the District that accrue no special benefit from Authorized Improvements as determined by the City Council.

**“Owner”** means Continental Homes of Texas, LP, a Texas limited partnership, and any successor owner of property within the District, or any portion thereof.

**“Parcel(s)”** means a property within the boundaries of the District, identified by either a tax map identification number assigned by the Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of the City, or by any other means as determined by the City Council.

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

**“PID Bonds”** means any bonds issued in accordance with the PID Act, that are secured by Assessments, including the Improvement Area #1 Bonds.

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

**“Prepayment Costs”** means interest, including Additional Interest (if applicable), and Annual Collection Costs incurred up to the date of Prepayment.

**“Service Plan”** covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

**“Service and Assessment Plan”** means this Service and Assessment Plan, as it may be modified, amended, supplemented and updated from time to time.

**“Taken Property”** shall have the meaning assigned to such term in **Section VI.F**.

**“Taking”** shall have the meaning assigned to such term in **Section VI.F**.

**“Trustee”** means the trustee (or successor trustee) under an Indenture.

## SECTION II: THE DISTRICT

The District includes approximately 399.878 acres partially within the limits of the City and the extraterritorial jurisdiction of the City, as described legally by metes and bounds on **Exhibit J-1** and as depicted by the map on **Exhibit A-1**. Development of the District is anticipated to include 1,399 single-family homes and 250 multi-family units, as well as associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage and utilities to property within the District.

Improvement Area #1 includes approximately 104.052 acres within the limits of the City, as described legally by metes and bounds on **Exhibit J-2** and as depicted by the map on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to include 352 single-family homes and 250 multi-family units, as well as associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage and utilities to property within Improvement Area #1.

The Future Improvement Area includes approximately 295.248 acres within the extraterritorial jurisdiction of the City, as described legally by metes and bounds on **Exhibit J-3** and as depicted by the map on **Exhibit A-3**.

As additional improvement areas are developed this Service and Assessment Plan will be updated to include such improvement areas.

## SECTION III: AUTHORIZED IMPROVEMENTS

The City, based on information provided by the Owner and its engineer and review by the City staff and by third-party consultants retained by the City, determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with City standards and will be owned and operated by the City once accepted unless specifically stated below. The budget for the Authorized Improvements, as well as the allocation of the Actual Costs of the Authorized Improvements, is shown on **Exhibit B**.

### A. Improvement Area #1 Improvements

#### ▪ *Streets*

Improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and street lights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right of way are included. These roadway improvements include streets that will provide street

access to each Lot. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Water*

Improvements include trench excavation and embedment, trench safety, PVC piping, service connections and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvements. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Wastewater*

Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections and testing. These lines will include the necessary appurtenances to be fully operational transmission lines existing wastewater services to the limits of the improvements. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Drainage*

Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels/swales and ponds. These will include the necessary appurtenances to be fully operation to convey stormwater to the limits of the improvement area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

- *Soft Costs*

Includes costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, City permits and fees, engineering, soil testing, survey, construction management, legal, special assessment consulting, district formation expenses and contingency.

## **B. Bond Issuance Costs**

- *Debt Service Reserve Requirement*

Equals the amount required to fund a reserve under the applicable Indenture in connection with the issuance of the applicable series of PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds, and includes a fee for underwriter's counsel.

- *Capitalized Interest*  
Equals the capitalized interest payments on PID Bonds as reflected in an applicable Indenture.
- *Cost of Issuance*  
Costs associated with issuing a series PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of the applicable series of PID Bonds.

### **C. First Year Annual Collection Costs**

Estimated cost of the First Year Annual Collections Costs will be funded from the proceeds of the applicable series of PID Bonds.

## **SECTION IV: SERVICE PLAN**

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the projected costs and annual indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan shall be updated in each Annual Service Plan Update. **Exhibit C** summarizes the Service Plan for the District.

**Exhibit D** summarizes the sources and uses of funds required to construct certain Authorized Improvements, as well as the amounts required to fund the required reserves and pay the Bond Issuance Costs. The sources and uses of funds shown on **Exhibit D** shall be updated in each Annual Service Plan Update.

## **SECTION V: ASSESSMENT PLAN**

The PID Act requires the City to apportion the Actual Costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the governing body may establish by order or order reasonable classifications and

formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Assessed Property within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments levied on the Assessed Property for such Authorized Improvements.

The determination by the City of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owner and all future owners and developers of the Assessed Property.

### **A. Assessment Methodology**

The City Council, acting in its legislative capacity based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, determined that the costs of the Authorized Improvements shall be allocated based on Estimated Buildout Value as further described in **Section VI**. The Improvement Area #1 Projects are allocated 100% to Improvement Area #1 Assessed Property.

### **B. Assessments**

Improvement Area #1 Assessments are allocated among the Improvement Area #1 Assessed Property based on the Estimated Buildout Value, as described in **Section V.A**. The Improvement Area #1 Assessments levied against the Improvement Area #1 Assessed Property are shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit E**. The projected Annual Installments for Improvement Area #1 are shown on **Exhibit F-1**, subject to revisions made during any Annual Service Plan Update.

The Maximum Assessment for each Lot Type is shown on **Exhibit G-1**. In no case will the Assessment for any Lot Type exceed the Maximum Assessment.

### **C. Findings of Special Benefit**

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has found and determined:

- *Improvement Area #1*
  - a. The cost of the Improvement Area #1 Projects equals \$23,293,771 as shown on **Exhibit B**; and
  - b. The Improvement Area #1 Assessed Property receives special benefit equal to or greater than the Improvement Area #1 Projects; and

- c. The Improvement Area #1 Assessed Property is allocated 100% of the Improvement Area #1 Assessments levied for the Improvement Area #1 Bonds, which equals \$11,939,000 as shown on **Exhibit D**; and
- d. The special benefit ( $\geq$  \$23,293,771 ) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Projects is greater than the amount of Improvement Area #1 Assessments ( \$11,939,000 ) levied on the Improvement Area #1 Assessed Property for the Improvement Area #1 Projects; and
- e. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #1 Assessments, the Owner owned 100% of the Improvement Area #1 Assessed Property. In a Landowner Agreement with the City, the Owner acknowledged that the Improvement Area #1 Projects confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for the Actual Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

#### **D. Annual Collection Costs**

The Annual Collection Costs shall be paid for on a pro rata basis by each Assessed Property based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be 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.

#### **E. Additional Interest**

The interest rate on Assessments levied on the Assessed Property may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

## **SECTION VI: TERMS OF THE ASSESSMENTS**

#### **A. Reallocation of Assessments**

1. *Upon Division Prior to Recording of Subdivision Plat*



Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

## *2. Upon Subdivision by a Recorded Subdivision Plat*

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with the same Lot Type

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

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

### *3. Upon Consolidation*

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

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on **Exhibit G-1** for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B**.

#### **B. True-up of Assessments if Maximum Assessment Exceeded**

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment, then (i) the Assessment applicable to each Lot Type exceeding the Maximum Assessment shall be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay to the City the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, prior to the City approving the final plat. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay the amounts referenced in (ii) in the immediately preceding sentence.

#### **C. Mandatory Prepayment of Assessments**

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

#### **D. Reduction of Assessments**

If as a result of cost savings or Authorized Improvements not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, the Trustee shall apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used for purposes of the project fund to redeem outstanding PID Bonds, in accordance with the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

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

#### **E. Prepayment of Assessments**

The owner of any Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Interest costs from the date of Prepayment to the date of redemption of the applicable PID Bonds, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is pre-paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable "Notice of PID Assessment Lien Termination," a form of which is attached as **Exhibit K**.

If an Assessment is pre-paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the Prepayment made.

#### **F. Prepayment as a result of Eminent Domain Proceeding or Taking**

Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a "**Taking**"), the portion of the Assessed Property that was taken or transferred (the "**Taken Property**") shall be reclassified as Non-Benefited Property.

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

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

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

the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection **(F)**, the Assessments shall not, however, be reduced to an amount less than the amount required to pay all outstanding debt service requirement on all outstanding PID Bonds.

#### **G. Payment of Assessment in Annual Installments**

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-1** shows the projected Annual Installments for the Improvement Area #1. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated pro rata among Assessed Properties for which the Assessments remain unpaid in proportion to the amount of the Annual Installments for the Assessed Property. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act. For billing purposes only, until a final plat has been recorded within the Improvement Area #1 Unplatted Parcel, the Annual Installment allocable to the Improvement Area #1 Unplatted Parcel will be billed to each property ID within the Improvement Area #1 Unplatted Parcel based on the Appraisal District acreage.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with the PID Act and the applicable Indenture. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. Failure of an owner of Assessed Property to receive an invoice for an Annual Installment on the property tax bill or

otherwise shall not relieve the owner of Assessed Property of the obligation to pay the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

## **SECTION VII: ASSESSMENT ROLL**

The Improvement Area #1 Assessment Roll is attached as **Exhibit E**. The Administrator shall prepare and submit to the City Council for review, approval and proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel within Improvement Area #1 as part of each Annual Service Plan Update.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Calculation Errors**

If the owner of an Assessed Property claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the sole and exclusive remedy of the owner of Assessed Property shall be to submit a written notice of error to the Administrator by December 1<sup>st</sup> of each year following City Council approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the City Council and the owner within 30 days of such referral. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and within 30 days after adjourning such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, or the applicable Indenture, or is otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

### **B. Amendments**

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

### **C. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after providing an opportunity for all interested parties to be heard at a public meeting of the City Council. Decisions by the City Council shall be final and binding on the owners and developers and their successors and assigns.

### **D. Severability**

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

### **E. Termination of Special Assessments**

Each Special Assessment shall terminate on the date the Special Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After termination of a Special Assessment, the City shall provide the owner of the affected Parcel a recordable “Notice of PID Assessment Lien Termination” a form of which is attached as **Exhibit K**.

### **H. Form of Buyer Disclosure**

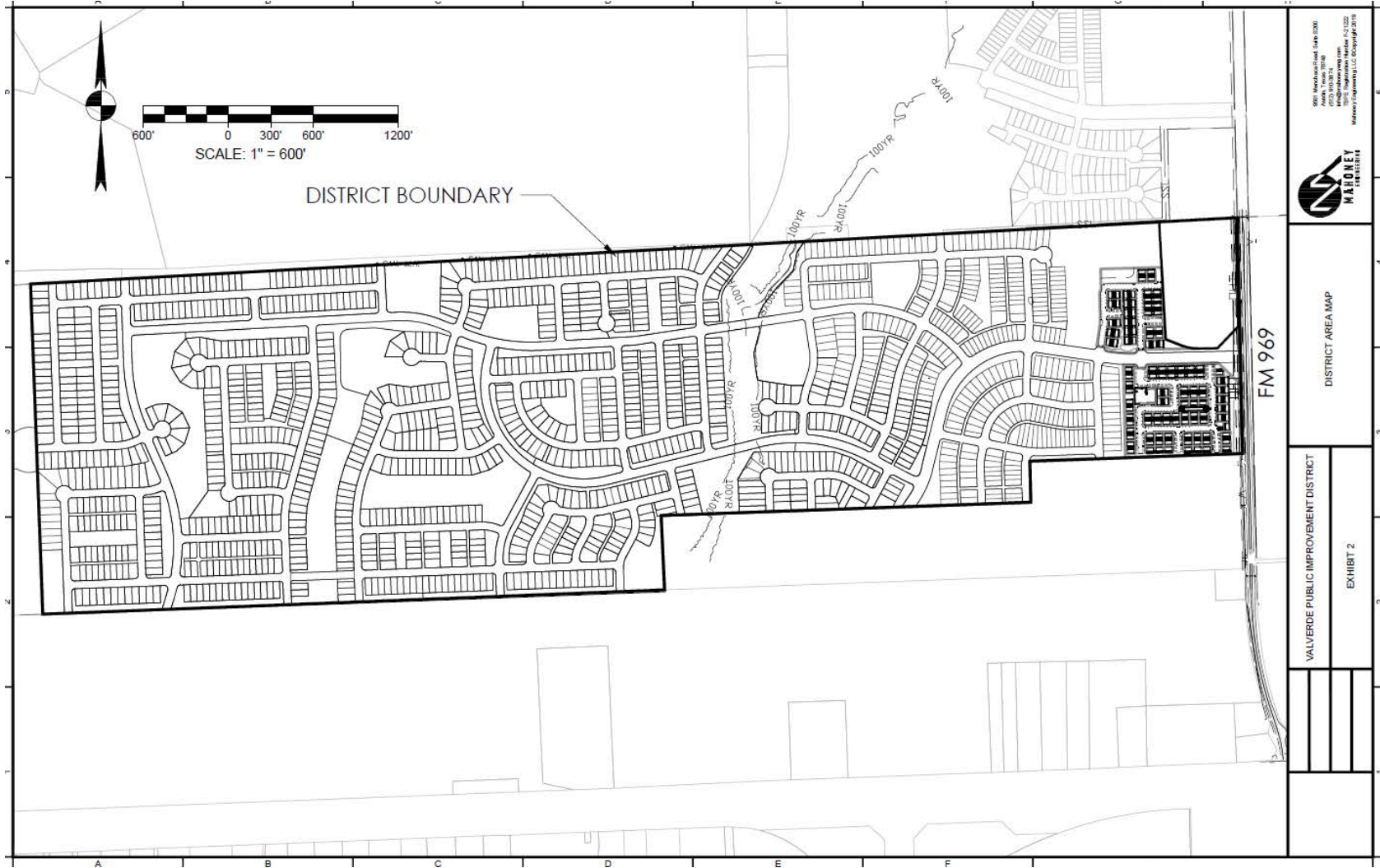
Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The form of buyer disclosures are attached hereto in **Exhibit L**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the City the executed order approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed Ordinance, including any attachments, approving this Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in its entirety.

## LIST OF EXHIBITS

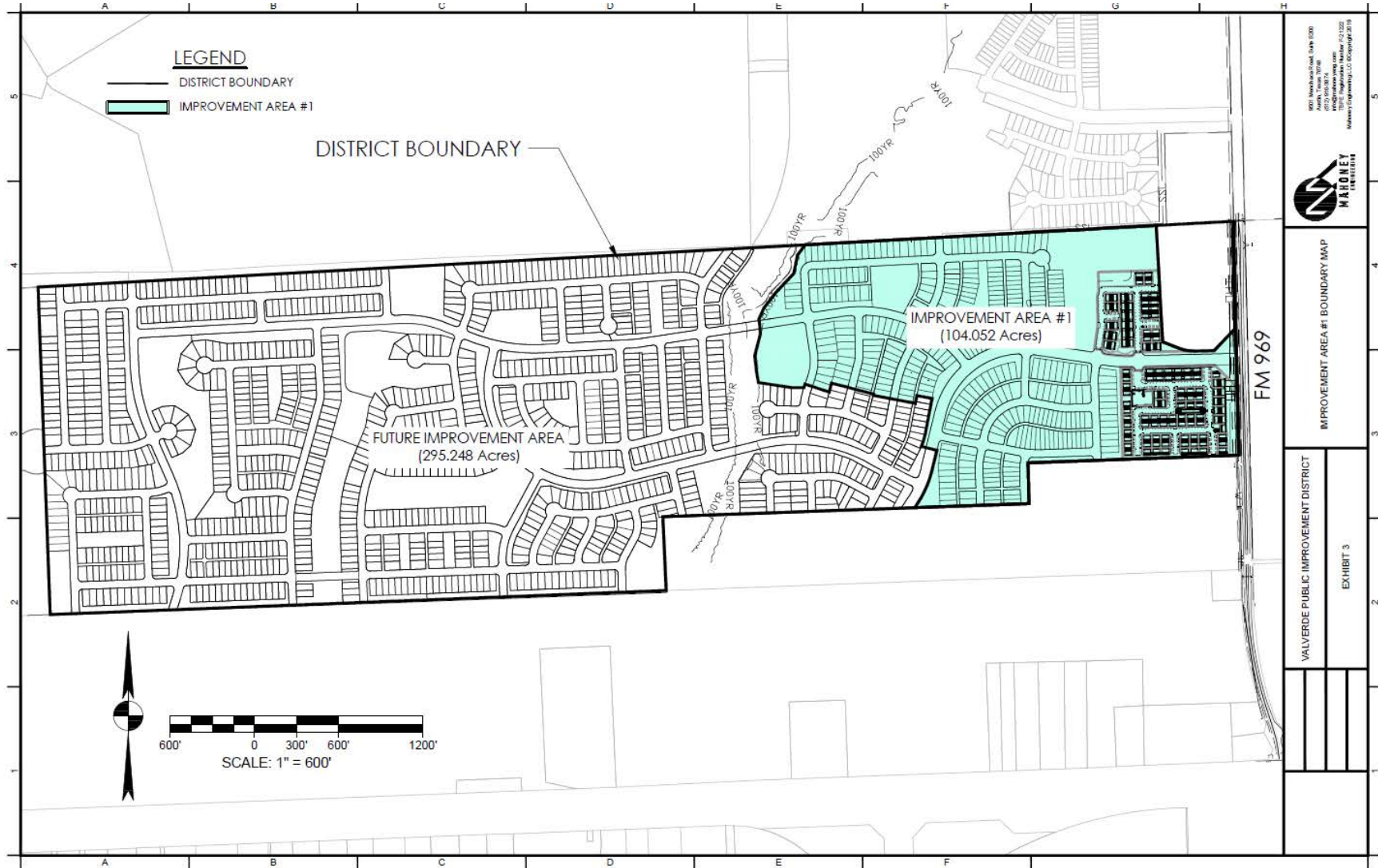
<b>Exhibit A-1</b>	District Boundary Map
<b>Exhibit A-2</b>	Improvement Area #1 Boundary Map
<b>Exhibit A-3</b>	Future Improvement Area Boundary Map
<b>Exhibit B</b>	Authorized Improvements
<b>Exhibit C</b>	Service Plan – Five Year Plan
<b>Exhibit D</b>	Sources and Uses
<b>Exhibit E</b>	Improvement Area #1 Assessment Roll
<b>Exhibit F-1</b>	Improvement Area #1 Annual Installments
<b>Exhibit F-2</b>	Improvement Area #1 Debt Service Schedule
<b>Exhibit G-1</b>	Maximum Assessment per Lot Type
<b>Exhibit G-2</b>	Improvement Area #1 Estimated Buildout Value
<b>Exhibit H</b>	Maps of Authorized Improvements
<b>Exhibit I</b>	Lot Type Classification Map
<b>Exhibit J-1</b>	District Legal Description
<b>Exhibit J-2</b>	Improvement Area #1 Legal Description
<b>Exhibit J-3</b>	Future Improvement Area Legal Description
<b>Exhibit K</b>	Notice of PID Assessment Lien Termination
<b>Exhibit L</b>	Form of Buyer Disclosure
<b>Exhibit M</b>	Engineering Report



# EXHIBIT A-1 – DISTRICT BOUNDARY MAP



# EXHIBIT A-2 – IMPROVEMENT AREA #1 BOUNDARY MAP





## EXHIBIT B – AUTHORIZED IMPROVEMENTS

	Total		Improvement Area #1 [a]		Non-Assessed Property [a]
<i>Improvement Area #1 Improvements</i>					
Streets	\$ 6,637,576	98.59%	\$ 6,544,189	1.41%	\$ 93,387
Water	2,817,287	98.59%	2,777,649	1.41%	39,638
Wastewater	2,079,838	98.59%	2,050,576	1.41%	29,262
Drainage	5,475,303	98.59%	5,398,268	1.41%	77,035
Soft Costs	4,252,501	98.59%	4,192,670	1.41%	59,831
	\$ 21,262,504		\$ 20,963,352		\$ 299,152
<i>Bond Issuance Costs</i>					
Debt Service Reserve Fund	\$ 865,035		\$ 865,035		\$ -
Capitalized Interest	350,874		350,874		-
Underwriter's Discount	358,170		358,170		-
Cost of Issuance	716,340		716,340		-
	\$ 2,290,419		\$ 2,290,419		\$ -
First Year Annual Collection Costs	\$ 40,000		\$ 40,000		\$ -
	\$ 40,000		\$ 40,000		\$ -
<b>Authorized Improvements Totals</b>	<b>\$ 23,592,923</b>		<b>\$ 23,293,771</b>		<b>\$ 299,152</b>

**Notes:**

[a] Improvement Area #1 Improvements are allocated between Improvement Area #1 Assessed Property and Non-Assessed Property based on the Estimated Buildout Value as show on **Exhibit G-2**.

**EXHIBIT C – SERVICE PLAN – FIVE YEAR PLAN**

		<b>Improvement Area #1</b>				
<b>Annual Installments</b>		<b>1/31/2025</b>	<b>1/31/2026</b>	<b>1/31/2027</b>	<b>1/31/2028</b>	<b>1/31/2029</b>
<i>Improvement Area #1 Bonds</i>						
Principal		\$ -	\$ 154,000	\$ 163,000	\$ 172,000	\$ 182,000
Interest		\$ 350,874	\$ 686,493	\$ 677,638	\$ 668,265	\$ 658,375
Capitalized Interest		\$ (350,874)	\$ -	\$ -	\$ -	\$ -
	(1)	\$ -	\$ 840,493	\$ 840,638	\$ 840,265	\$ 840,375
Additional Interest	(2)	\$ -	\$ 59,695	\$ 58,925	\$ 58,110	\$ 57,250
Annual Collection Costs	(3)	\$ -	\$ 40,800	\$ 41,616	\$ 42,448	\$ 43,297
<b>Total Annual Installment</b>	<b>(4) = (1) + (2) + (3)</b>	<b>\$ -</b>	<b>\$ 940,988</b>	<b>\$ 941,179</b>	<b>\$ 940,823</b>	<b>\$ 940,922</b>

## EXHIBIT D – SOURCES AND USES

Sources of Funds		
Improvement Area #1 Bond Par	\$	11,939,000
Owner Contribution <sup>1</sup>	\$	11,653,923
<b>Total Sources</b>	<b>\$</b>	<b>23,592,923</b>

Uses of Funds		
Improvement Area #1 Improvements	\$	21,262,504
	\$	21,262,504

*Bond Issuance Costs*

Debt Service Reserve Fund	\$	865,035
Capitalized Interest		350,874
Underwriter's Discount		358,170
Cost of Issuance		716,340
	\$	2,290,419

First Year Annual Collection Costs	\$	40,000
	\$	40,000

<b>Total Uses</b>	<b>\$</b>	<b>23,592,923</b>
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**Footnotes:**

1) Represents Actual Costs expended or to be expended by the Owner on the Improvement Area #1 Improvements in excess of the Improvement Area #1 Assessment, including costs allocable to the Non-Assessed Property. Not subject to reimbursement to Owner.

**EXHIBIT E – IMPROVEMENT AREA #1 ASSESSMENT ROLL**

Property ID	Lot Type	Outstanding Assessment	Annual Installment due 1/31/25
8733245	Non-Benefited	\$ -	\$ -
8733246	1	\$ 17,747.15	\$ -
8733247	1	\$ 17,747.15	\$ -
8733248	1	\$ 17,747.15	\$ -
8733249	1	\$ 17,747.15	\$ -
8733250	1	\$ 17,747.15	\$ -
8733251	1	\$ 17,747.15	\$ -
8733252	1	\$ 17,747.15	\$ -
8733253	1	\$ 17,747.15	\$ -
8733254	1	\$ 17,747.15	\$ -
8733255	1	\$ 17,747.15	\$ -
8733256	1	\$ 17,747.15	\$ -
8733257	1	\$ 17,747.15	\$ -
8733258	1	\$ 17,747.15	\$ -
8733259	1	\$ 17,747.15	\$ -
8733260	1	\$ 17,747.15	\$ -
8733261	1	\$ 17,747.15	\$ -
8733262	1	\$ 17,747.15	\$ -
8733263	1	\$ 17,747.15	\$ -
8733264	1	\$ 17,747.15	\$ -
8733265	1	\$ 17,747.15	\$ -
8733266	1	\$ 17,747.15	\$ -
8733267	1	\$ 17,747.15	\$ -
8733268	1	\$ 17,747.15	\$ -
8733269	1	\$ 17,747.15	\$ -
8733270	1	\$ 17,747.15	\$ -
8733271	1	\$ 17,747.15	\$ -
8733272	1	\$ 17,747.15	\$ -
8733273	1	\$ 17,747.15	\$ -
8733274	1	\$ 17,747.15	\$ -
8733275	1	\$ 17,747.15	\$ -
8733276	3	\$ 22,341.76	\$ -
8733277	3	\$ 22,341.76	\$ -
8733278	3	\$ 22,341.76	\$ -
8733279	3	\$ 22,341.76	\$ -
8733280	3	\$ 22,341.76	\$ -
8733281	3	\$ 22,341.76	\$ -
8733282	3	\$ 22,341.76	\$ -
8733283	3	\$ 22,341.76	\$ -
8733284	3	\$ 22,341.76	\$ -

Property ID	Lot Type	Outstanding Assessment	Annual Installment due 1/31/25
8733285	3	\$ 22,341.76	\$ -
8733286	3	\$ 22,341.76	\$ -
8733287	3	\$ 22,341.76	\$ -
8733288	3	\$ 22,341.76	\$ -
8733289	3	\$ 22,341.76	\$ -
8733290	3	\$ 22,341.76	\$ -
8733291	3	\$ 22,341.76	\$ -
8733292	1	\$ 17,747.15	\$ -
8733293	1	\$ 17,747.15	\$ -
8733294	1	\$ 17,747.15	\$ -
8733295	1	\$ 17,747.15	\$ -
8733296	1	\$ 17,747.15	\$ -
8733297	1	\$ 17,747.15	\$ -
8733298	1	\$ 17,747.15	\$ -
8733299	1	\$ 17,747.15	\$ -
8733300	1	\$ 17,747.15	\$ -
8733301	1	\$ 17,747.15	\$ -
8733302	1	\$ 17,747.15	\$ -
8733303	1	\$ 17,747.15	\$ -
8733304	1	\$ 17,747.15	\$ -
8733305	1	\$ 17,747.15	\$ -
8733306	1	\$ 17,747.15	\$ -
8733307	1	\$ 17,747.15	\$ -
8733308	1	\$ 17,747.15	\$ -
8733309	1	\$ 17,747.15	\$ -
8733310	1	\$ 17,747.15	\$ -
8733311	1	\$ 17,747.15	\$ -
8733312	1	\$ 17,747.15	\$ -
8733313	1	\$ 17,747.15	\$ -
8733314	1	\$ 17,747.15	\$ -
8733315	1	\$ 17,747.15	\$ -
8733316	1	\$ 17,747.15	\$ -
8733317	Non-Benefited	\$ -	\$ -
8733318	1	\$ 17,747.15	\$ -
8733319	1	\$ 17,747.15	\$ -
8733320	1	\$ 17,747.15	\$ -
8733321	1	\$ 17,747.15	\$ -
8733322	1	\$ 17,747.15	\$ -
8733323	1	\$ 17,747.15	\$ -
8733324	1	\$ 17,747.15	\$ -



Property ID	Lot Type	Outstanding Assessment	Annual Installment due 1/31/25
8733325	Non-Benefited	\$ -	\$ -
8733326	1	\$ 17,747.15	\$ -
8733327	1	\$ 17,747.15	\$ -
8733328	1	\$ 17,747.15	\$ -
8733329	1	\$ 17,747.15	\$ -
8733330	1	\$ 17,747.15	\$ -
8733331	1	\$ 17,747.15	\$ -
8733332	1	\$ 17,747.15	\$ -
8733333	1	\$ 17,747.15	\$ -
8733334	1	\$ 17,747.15	\$ -
8733335	1	\$ 17,747.15	\$ -
8733336	1	\$ 17,747.15	\$ -
8733337	1	\$ 17,747.15	\$ -
8733338	1	\$ 17,747.15	\$ -
8733339	1	\$ 17,747.15	\$ -
8733340	1	\$ 17,747.15	\$ -
8733341	1	\$ 17,747.15	\$ -
8733342	1	\$ 17,747.15	\$ -
8733343	1	\$ 17,747.15	\$ -
8733344	1	\$ 17,747.15	\$ -
8733345	1	\$ 17,747.15	\$ -
8733346	1	\$ 17,747.15	\$ -
8733347	1	\$ 17,747.15	\$ -
8733348	1	\$ 17,747.15	\$ -
8733349	1	\$ 17,747.15	\$ -
8733350	1	\$ 17,747.15	\$ -
8733351	1	\$ 17,747.15	\$ -
8733352	1	\$ 17,747.15	\$ -
8733353	1	\$ 17,747.15	\$ -
8733354	1	\$ 17,747.15	\$ -
8733355	1	\$ 17,747.15	\$ -
8733356	1	\$ 17,747.15	\$ -
8733357	1	\$ 17,747.15	\$ -
8733358	1	\$ 17,747.15	\$ -
8733359	1	\$ 17,747.15	\$ -
8733360	1	\$ 17,747.15	\$ -
8733361	1	\$ 17,747.15	\$ -
8733362	Non-Benefited	\$ -	\$ -
8733363	Non-Benefited	\$ -	\$ -
8733364	Non-Benefited	\$ -	\$ -

Property ID	Lot Type	Outstanding Assessment	Annual Installment due 1/31/25
8733365	Non-Benefited	\$ -	\$ -
8733366	3	\$ 22,341.76	\$ -
8733367	3	\$ 22,341.76	\$ -
8733368	3	\$ 22,341.76	\$ -
8733369	3	\$ 22,341.76	\$ -
8733370	3	\$ 22,341.76	\$ -
8733371	3	\$ 22,341.76	\$ -
8733372	3	\$ 22,341.76	\$ -
8733373	3	\$ 22,341.76	\$ -
8733374	3	\$ 22,341.76	\$ -
8733375	3	\$ 22,341.76	\$ -
8733376	3	\$ 22,341.76	\$ -
8733377	3	\$ 22,341.76	\$ -
8733378	3	\$ 22,341.76	\$ -
8733379	Non-Benefited	\$ -	\$ -
8733380	2	\$ 19,489.86	\$ -
8733381	2	\$ 19,489.86	\$ -
8733382	2	\$ 19,489.86	\$ -
8733383	2	\$ 19,489.86	\$ -
8733384	2	\$ 19,489.86	\$ -
8733385	2	\$ 19,489.86	\$ -
8733386	2	\$ 19,489.86	\$ -
8733387	2	\$ 19,489.86	\$ -
8733388	2	\$ 19,489.86	\$ -
8733389	2	\$ 19,489.86	\$ -
8733390	2	\$ 19,489.86	\$ -
8733391	2	\$ 19,489.86	\$ -
8733392	2	\$ 19,489.86	\$ -
8733393	2	\$ 19,489.86	\$ -
8733394	2	\$ 19,489.86	\$ -
8733395	2	\$ 19,489.86	\$ -
8733396	2	\$ 19,489.86	\$ -
8733397	2	\$ 19,489.86	\$ -
8733398	1	\$ 17,747.15	\$ -
8733399	1	\$ 17,747.15	\$ -
8733400	1	\$ 17,747.15	\$ -
8733401	1	\$ 17,747.15	\$ -
8733402	1	\$ 17,747.15	\$ -
8733403	Non-Benefited	\$ -	\$ -
8733404	2	\$ 19,489.86	\$ -

Property ID	Lot Type	Outstanding Assessment	Annual Installment due 1/31/25
8733405	2	\$ 19,489.86	\$ -
8733406	2	\$ 19,489.86	\$ -
8733407	2	\$ 19,489.86	\$ -
8733408	2	\$ 19,489.86	\$ -
8733409	2	\$ 19,489.86	\$ -
8733410	2	\$ 19,489.86	\$ -
8733411	2	\$ 19,489.86	\$ -
8733412	2	\$ 19,489.86	\$ -
8733413	2	\$ 19,489.86	\$ -
8733414	2	\$ 19,489.86	\$ -
8733415	2	\$ 19,489.86	\$ -
8733416	2	\$ 19,489.86	\$ -
8733417	2	\$ 19,489.86	\$ -
8733418	2	\$ 19,489.86	\$ -
8733441	2	\$ 19,489.86	\$ -
8733442	2	\$ 19,489.86	\$ -
8733443	2	\$ 19,489.86	\$ -
8733444	2	\$ 19,489.86	\$ -
8733445	2	\$ 19,489.86	\$ -
8733446	2	\$ 19,489.86	\$ -
8733447	2	\$ 19,489.86	\$ -
8733448	2	\$ 19,489.86	\$ -
8733449	2	\$ 19,489.86	\$ -
8733450	2	\$ 19,489.86	\$ -
30094	IA#1 Unplatted Parcel [a]	\$ 251,259.23	\$ -
8733214	IA#1 Unplatted Parcel [a]	\$ 280,932.52	\$ -
8733231	IA#1 Unplatted Parcel [a]	\$ 271,652.18	\$ -
8733232	IA#1 Unplatted Parcel [a]	\$ 165,903.91	\$ -
8720280	IA#1 Unplatted Parcel [a]	\$ 7,655,320.70	\$ -
<b>Total</b>		<b>\$ 11,939,000.01</b>	<b>\$ -</b>

**Notes:**

[a] Until a final plat is recorded within the unplatted Parcels of Improvement Area #1, the outstanding Assessment and Annual Installments will be allocated based on acreage.

*Totals may not sum to values shown in Annual Installment tables due to rounding.*

## EXHIBIT F-1 - IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Improvement Area #1 Bonds Annual Installments						
Annual Installments Due 1/31	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection	Total Annual Installment <sup>3</sup>
2025	\$ -	\$ 350,874	\$ (350,874)	\$ -	\$ -	\$ -
2026	154,000	686,493	-	59,695	40,800	940,988
2027	163,000	677,638	-	58,925	41,616	941,179
2028	172,000	668,265	-	58,110	42,448	940,823
2029	182,000	658,375	-	57,250	43,297	940,922
2030	193,000	647,910	-	56,340	44,163	941,413
2031	204,000	636,813	-	55,375	45,046	941,234
2032	216,000	625,083	-	54,355	45,947	941,385
2033	229,000	612,663	-	53,275	46,866	941,804
2034	242,000	599,495	-	52,130	47,804	941,429
2035	256,000	585,580	-	50,920	48,760	941,260
2036	271,000	570,860	-	49,640	49,735	941,235
2037	287,000	555,278	-	48,285	50,730	941,292
2038	304,000	538,775	-	46,850	51,744	941,369
2039	322,000	521,295	-	45,330	52,779	941,404
2040	341,000	502,780	-	43,720	53,835	941,335
2041	361,000	483,173	-	42,015	54,911	941,099
2042	383,000	462,415	-	40,210	56,010	941,635
2043	405,000	440,393	-	38,295	57,130	940,817
2044	430,000	417,105	-	36,270	58,272	941,647
2045	455,000	392,380	-	34,120	59,438	940,938
2046	483,000	366,218	-	31,845	60,627	941,689
2047	512,000	338,445	-	29,430	61,839	941,714
2048	542,000	309,005	-	26,870	63,076	940,951
2049	575,000	277,840	-	24,160	64,337	941,337
2050	610,000	244,778	-	21,285	65,624	941,687
2051	646,000	209,703	-	18,235	66,937	940,874
2052	685,000	172,558	-	15,005	68,275	940,838
2053	727,000	133,170	-	11,580	69,641	941,391
2054	771,000	91,368	-	7,945	71,034	941,346
2055	818,000	47,035	-	4,090	72,454	941,579
Total	\$ 11,939,000	\$ 13,823,756	\$ (350,874)	\$ 1,171,555	\$ 1,655,178	\$ 28,238,615

**Footnotes:**

- 1) The interest rate is shown at a 5.75% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.

**EXHIBIT F-2 – IMPROVEMENT AREA #1 DEBT SERVICE SCHEDULE**

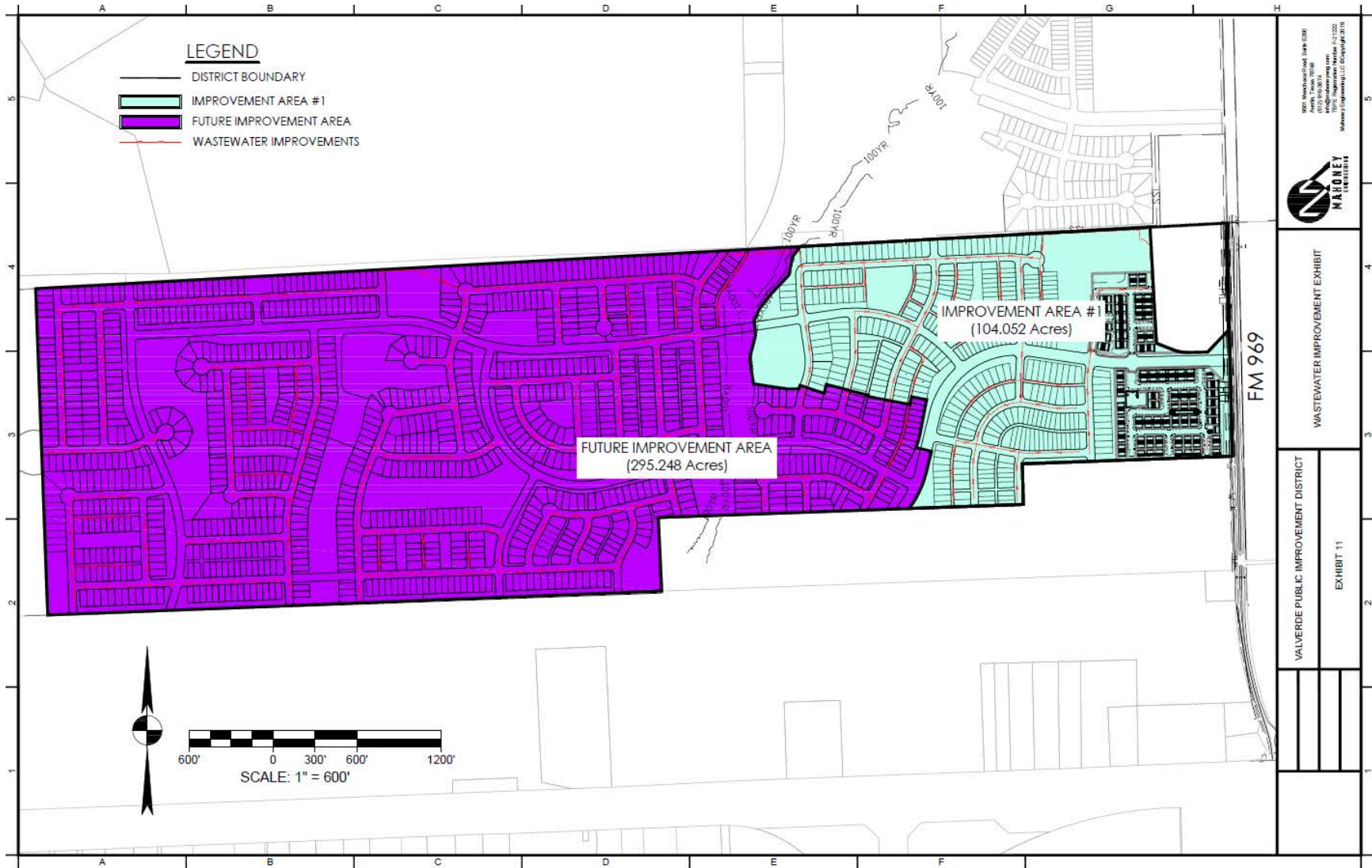
## EXHIBIT G-1 – MAXIMUM ASSESSMENT PER LOT TYPE

Lot Type	Units	Finished Lot		Estimated			IA#1 Total Assessment	Maximum Assessment per Unit <sup>1</sup>	Average Annual Installment	Average Annual Installment per Unit	PID Equivalent Tax Rate
		Value Per Unit	Total Finished Lot Value	Buildout Value Per Unit	Total Estimated Buildout Value						
1 Multi-Family	250	\$ 58,000	\$ 14,500,000	\$ 280,000	\$ 70,000,000	\$ 4,436,788	\$ 17,747.15	\$ 349,802	\$ 1,399.21	\$ 0.4997	
2 32' Alley	153	\$ 66,332	\$ 10,148,796	\$ 307,495	\$ 47,046,735	\$ 2,981,948	\$ 19,489.86	\$ 235,101	\$ 1,536.61	\$ 0.4997	
3 43' Alley	128	\$ 90,172	\$ 11,542,016	\$ 352,490	\$ 45,118,720	\$ 2,859,746	\$ 22,341.76	\$ 225,466	\$ 1,761.46	\$ 0.4997	
4 45' Standard	53	\$ 93,676	\$ 4,964,828	\$ 368,990	\$ 19,556,470	\$ 1,239,542	\$ 23,387.58	\$ 97,727	\$ 1,843.91	\$ 0.4997	
5 50' Standard	18	\$ 106,000	\$ 1,908,000	\$ 368,990	\$ 6,641,820	\$ 420,976	\$ 23,387.58	\$ 33,190	\$ 1,843.91	\$ 0.4997	
<b>Total/Weighted Average</b>	<b>602</b>	<b>\$ 71,534</b>	<b>\$ 43,063,640</b>	<b>\$ 312,897</b>	<b>\$ 188,363,745</b>	<b>\$ 11,939,000</b>	<b>\$ 19,832.23</b>	<b>\$ 941,287</b>	<b>\$ 1,563.60</b>	<b>\$ 0.4997</b>	

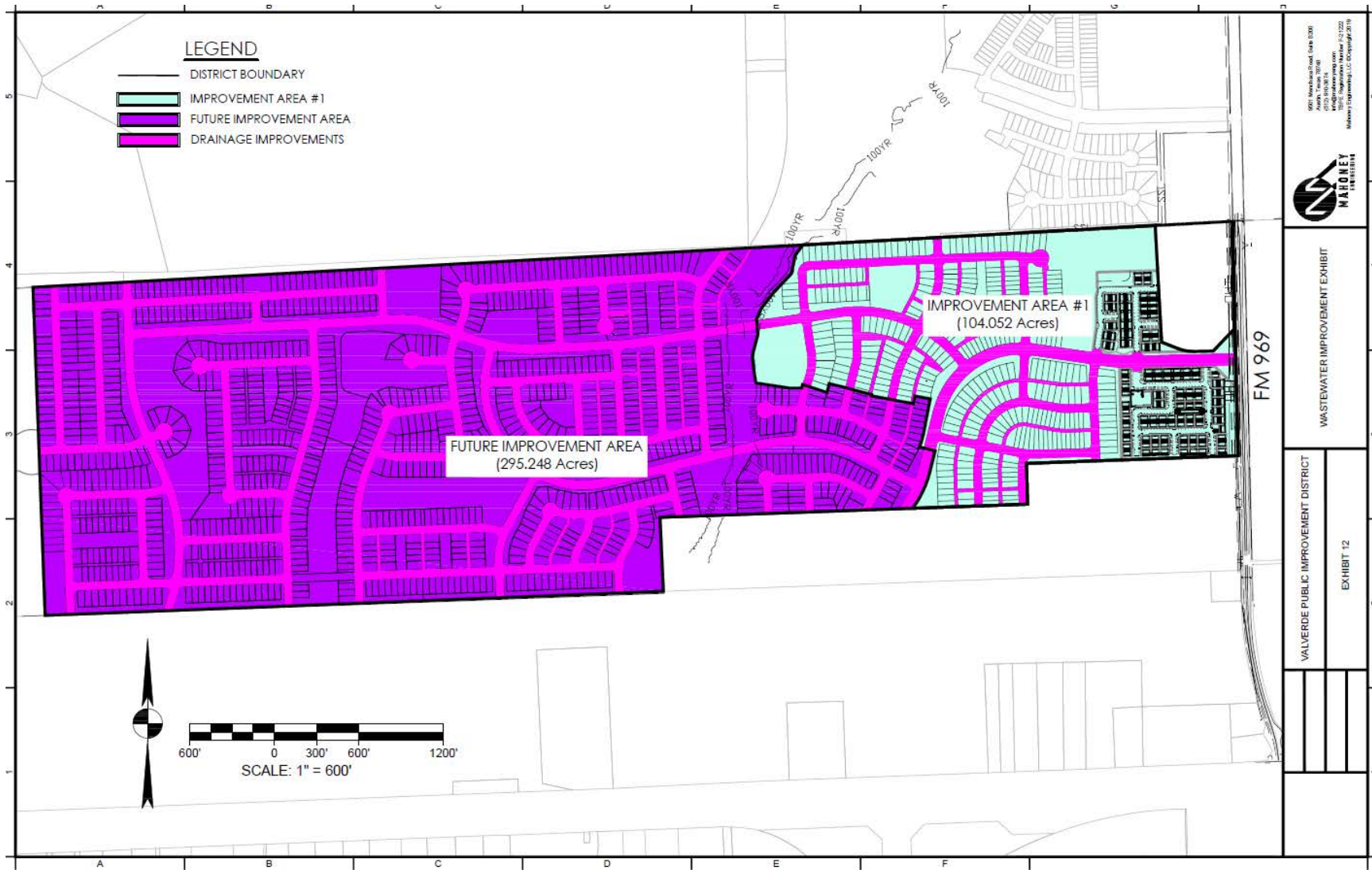
**EXHIBIT G-2 – IMPROVEMENT AREA #1 ESTIMATED BUILDOUT VALUE**

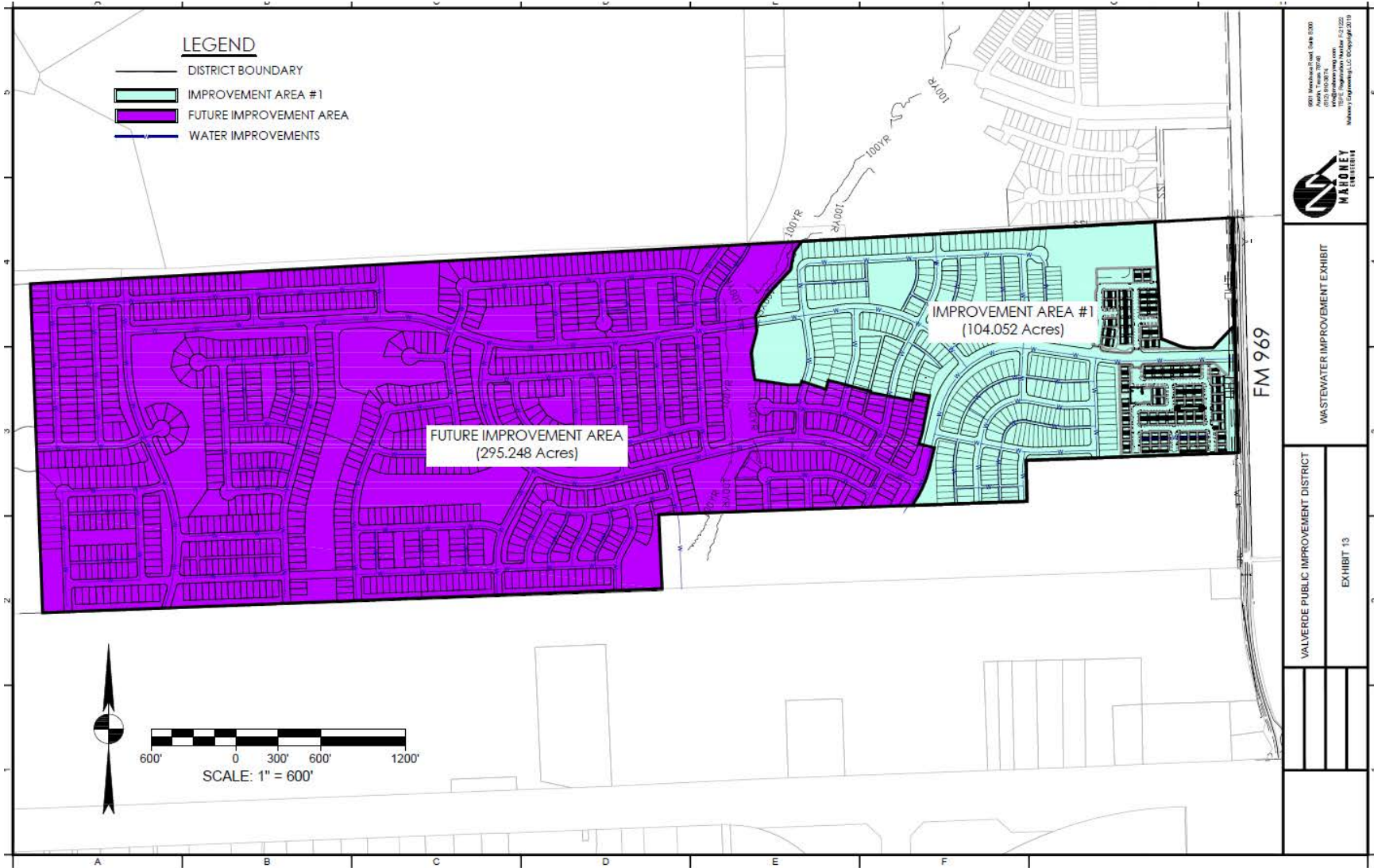
Improvement Area #1	Estimated Buildout Value	Improvement Area #1 Improvements Allocation
Assessed Parcels	\$ 188,363,745	98.59%
Non-Assessed Property	\$ 2,688,000	1.41%
	\$ 191,051,745	100.00%

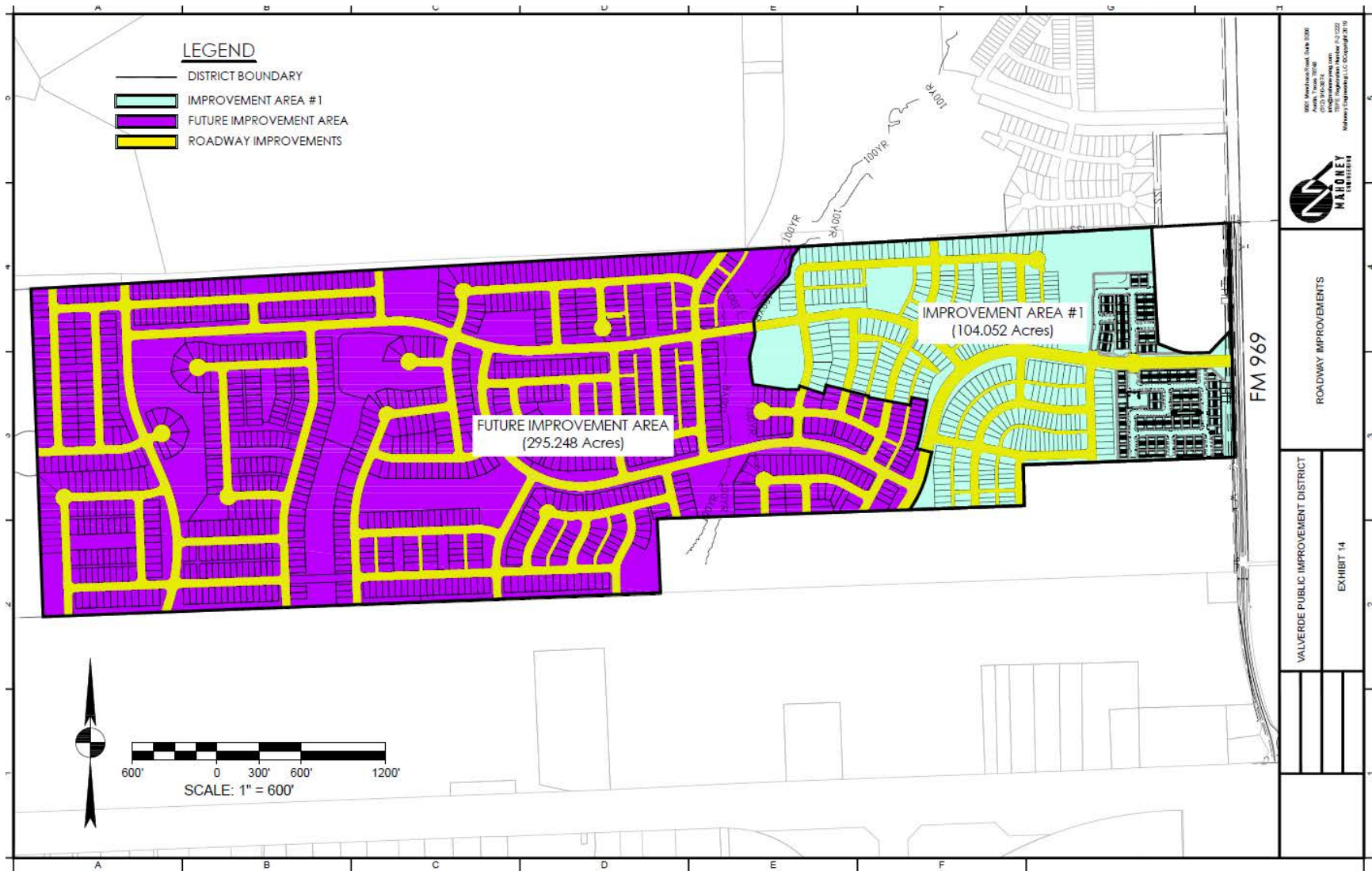
# EXHIBIT H – MAPS OF AUTHORIZED IMPROVEMENTS



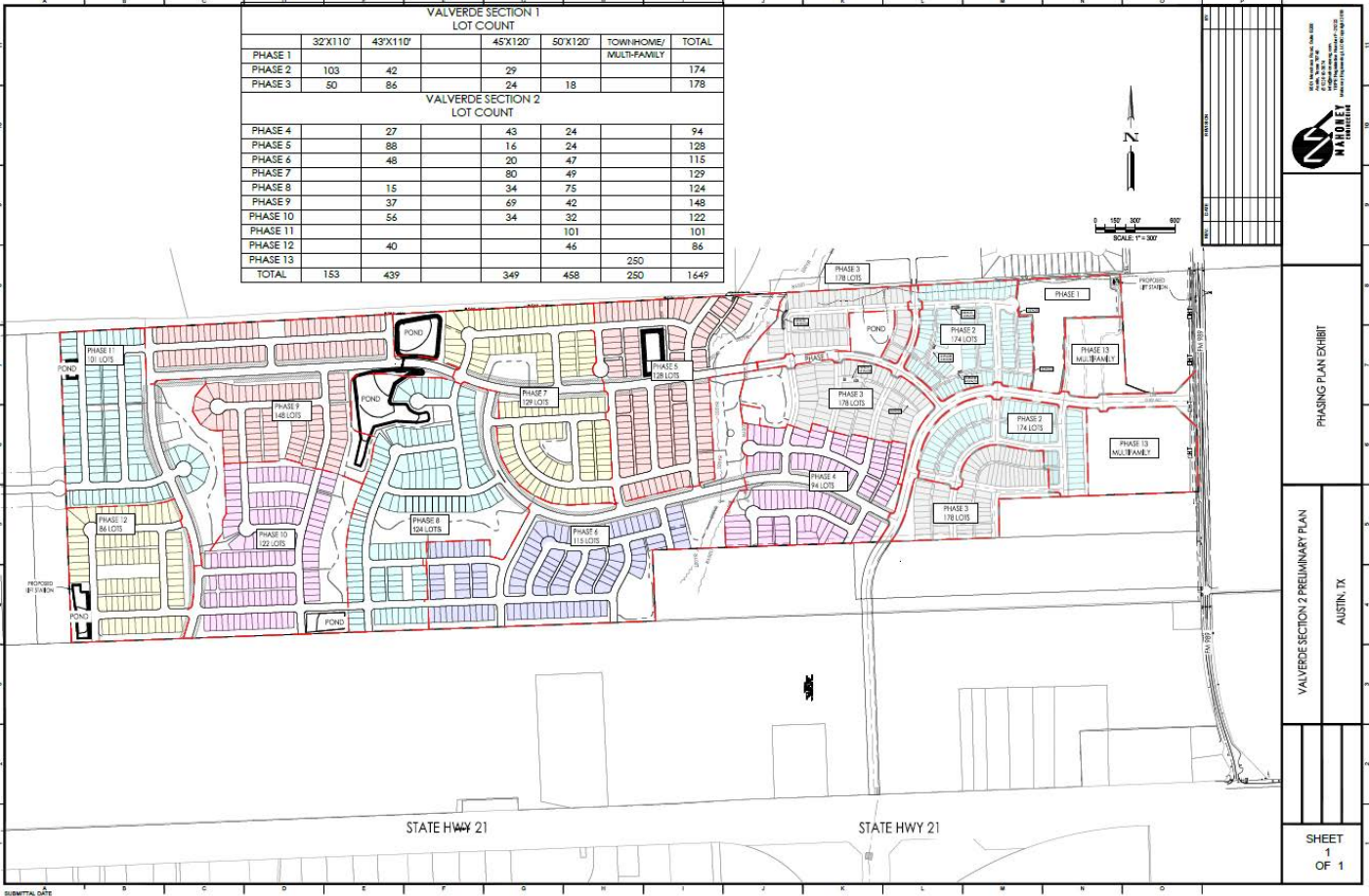








# EXHIBIT I – LOT TYPE CLASSIFICATION MAP



## EXHIBIT J-1 – DISTRICT LEGAL DESCRIPTION

EXHIBIT \_\_\_\_\_

DR Horton  
399.878 Acres  
Job No. 8732-00

### METES AND BOUNDS DESCRIPTION

FIELD NOTES FOR A 399.878 ACRE TRACT OF LAND IN THE NANCY BLAKEY SURVEY, ABSTRACT NO. 98, SITUATED IN BASTROP COUNTY, TEXAS; BEING ALL OF A CALLED 399.878 ACRE TRACT OF LAND AS CONVEYED UNTO CONTINENTAL HOMES OF TEXAS, L.P. IN DOCUMENT NUMBER 202022279 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS; SAID 399.878 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING AT A POINT OF REFERENCE**, a 1/2-inch iron rod found on the westerly right-of-way line of Farm to Market (F.M.) 969 (R.O.W. ~ 80') as shown on the plat of The Colony MUD 1A, Section 1, Phase A, as recorded in Cabinet 6, Page 129A of the Plat Records of Bastrop County, Texas, at the southeast corner of a remaining portion of a called 1,258.002 acre tract of land as conveyed unto Hunt Communities Bastrop, LLC in Document Number 201617588 of the Official Public Records of Bastrop County, Texas, being the northeast corner of a called 10.599 acre tract of land as conveyed unto SIS Bastrop, LLC in Document Number 202107639 of the Official Public Records of Bastrop County, Texas; **THENCE**, S 01° 19' 50" E, coincident with the common line of the 10.599 acre tract and the west right-of-way line of said F.M. 969, a distance of 30.02 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a northeast corner and **POINT OF BEGINNING** of the herein described tract;

**THENCE**, S 01° 19' 50" E, coincident with the common line of the 399.878 acre tract and the west right-of-way line of said F.M. 969, a distance of 1,635.71 feet to a 1/2-inch iron rod found at the common corner of the 399.878 acre tract and a called 10.01 acre tract of land as conveyed unto Esmeralda Vences-Maldonado and Fermin Vences-Maldonado in Document Number 201916372 of the Official Public Records of Bastrop County, Texas, for the southeast corner of the herein described tract;

**THENCE**, departing said common line and coincident with the common lines of the 399.878 acre tract and said 10.01 acre tract, the following two (2) courses:

- 1) S 87° 56' 21" W, a distance of 1,503.00 feet to a 1/2-inch iron rod with a cap stamped "RPLS 5548" found at the northwest corner of the 10.01 acre tract, for a re-entrant corner of the 399.878 acre tract and the herein described tract;
- 2) S 01° 19' 22" E, a distance of 290.00 feet to a 1/2-inch iron rod found at the southwest corner of the 10.01 acre tract, on the north line of a called 25.070 acre tract of land as conveyed unto TOCC Land, LLC in Document Number 201900758 of the Official Public Records of Bastrop County, Texas, for a corner of the 399.878 acre tract and the herein described tract;

**THENCE**, S 87° 55' 54" W, coincident with the common line of the 399.878 acre tract, said 25.070 acre tract, and a called 25.071 acre tract of land conveyed unto Bellamont, LLC in Document Number 201810109 of the Official Public Records of Bastrop County, Texas, a distance of

2,610.20 feet to a calculated point at the northwest corner of said 25.071 acre tract, for a re-entrant corner of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found bears N 51° 05' 33" W, a distance of 1.18 feet;

THENCE, S 02° 31' 46" E, coincident with the common line of the 399.878 acre tract and said 25.071 acre tract a distance of 533.70 feet to a 5/8-inch iron rod found at the southwest corner of the 25.071 acre tract, on the north line of a remaining portion of a called 469.652 acre tract of land as conveyed unto Erhard Legacy Partners, LTD in Document Number 201502920 of the Official Public Records of Bastrop County, Texas, for the south corner of 399.878 acre tract and the herein described tract;

THENCE, S 87° 52' 50" W, coincident with the common line of the 399.878 acre tract and said remaining portion of a 469.652 acre tract a distance of 4,392.23 feet to a 1/2-inch iron rod found at the common corner of Lot 32, Block "B, as shown on the plat of The Woodlands, as recorded in Cabinet 2, Page 350A of the Plat Records of Bastrop County, Texas, for the southwest corner of the 399.878 acre tract and the herein described tract;

THENCE, N 02° 07' 09" W, coincident with the common line of the 399.878 acre tract, said Lot 32, the east terminal end of the right-of-way line of Woodlands Drive (R.O.W. ~ 60') as shown on said plat of The Woodlands, and Lot 41, Block "A", as shown on said plat of The Woodlands, passing at a distance of 2,331.72 a 1/2-inch iron rod found, and continuing for a total distance of 2,332.15 feet to a calculated point at the common corner of the 399.878 acre tract, said Lot 41 and on the south line of the aforementioned remaining portion of the 1,258.002 acre tract, for the northwest corner of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found on the north line of said Block "A", at a corner of said remaining portion of the aforementioned 1,258.002 acre tract bears S 86° 51' 05"W, a distance of 2,609.69 feet;

THENCE, N 86° 51' 05" E, coincident with the common line of the 399.878 acre tract, said remaining portion of a 1,258.002, a called 1.00 acre tract of land conveyed unto Hunt Communities Bastrop, LLC in Document Number 201911016 of the Official Public Records of Bastrop County, Texas, the south line of The Colony MUD 1A, Section 1, Phase B, as recorded in Cabinet 6, Page 189A of the Plat Records of Bastrop County, Texas, and the south line of the aforementioned The Colony MUD 1A, Section 1, Phase A, a distance of 7,978.80 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the common corner of the 399.878 acre tract and the aforementioned 10.599 acre tract, for a north corner of the herein described tract;

THENCE, departing said common line, coincident with the common line of the 399.878 acre tract the 10.599 acre tract the following seven (7) courses:

1. S 3°08'55" E, a distance of 829.14 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a re-entrant corner of the herein described tract;
2. S 68°24'20" E, a distance of 127.74 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the beginning of a non-tangent curve of the herein described tract;

3. Curving to the left, with a radius of 271.69 feet, an arc length of 109.81 feet, a central angle of 23°09'30", a chord bearing of S 79°50'37" E, and a chord distance of 109.07 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the end of this curve;
4. N 88°43'07" E, a distance of 140.03 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
5. N 43°41'39" E, a distance of 212.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
6. N 1°19'50" W, a distance of 717.59 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
7. N 24°51'52" E, a distance of 22.65 feet to the **POINT OF BEGINNING** and containing 399.878 acres of land more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE Inc., in November 2020 and are true and correct to the best of my knowledge. Bearing orientation is based on the Texas State Plane Coordinate System, NAD 83, Texas Central Zone 4203. A sketch accompanies this description.



Dion P. Albertson RPLS Number 4963  
 BGE, Inc.  
 7330 San Pedro Ave, Suite 202  
 San Antonio TX 78216  
 Telephone: 210-581-3600  
 TBPLS Licensed Surveying Firm Number 10194490



11/17/2021

Date

Client:  
 Date: November 17, 2021  
 Job No: 8732-00

## EXHIBIT J-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

EXHIBIT \_\_\_\_

DR Horton  
104.052 Acres  
Job No. 8732-00

### METES AND BOUNDS DESCRIPTION

FIELD NOTES FOR A 104.052 ACRE TRACT OF LAND IN THE NANCY BLAKEY SURVEY, ABSTRACT NO. 98, BASTROP COUNTY, TEXAS; BEING A PORTION OF THE REMAINDER OF A CALLED 399.878 ACRE TRACT OF LAND AS CONVEYED UNTO CONTINENTAL HOMES OF TEXAS, L.P. IN DOCUMENT NUMBER 202022279 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS, A PORTION OF THE AMENDED PLAT OF VALVERDE SECTION 1 PHASE 1 & 2 AS RECORDED IN CABINET 8, PAGES 66-B THROUGH 69-B OF THE PLAT RECORDS OF BASTROP COUNTY, TEXAS, AND ALL OF VALVERDE SOUTH SUBDIVISION AS RECORDED IN CABINET 8 PAGES 54-A AND 54-B OF THE PLAT RECORDS OF BASTROP COUNTY, TEXAS; SAID 104.052 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** at a 1/2-inch iron rod with a cap stamped "BGE INC" set on the south line of The Colony MUD 1A, Section 1, Phase A, as recorded in Cabinet 6, Page 129A of the Plat Records of Bastrop County, Texas, at the common corner of said Amended plat of Valverde Section 1 Phase 1 & 2 and a called 10.599 acre tract of land as conveyed unto SIS Bastrop, LLC in Document Number 202107639 of the Official Public Records of Bastrop County, Texas, northeast corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, coincident with the common line of said Amended Plat and said 10.599 acre tract the following six (6) courses:

- 1) S 3°08'55" E, a distance of 829.14 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a re-entrant corner of the herein described tract;
- 2) S 68°24'20" E, a distance of 127.74 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the beginning of a non-tangent curve of the herein described tract;
- 3) Curving to the left, with a radius of 271.69 feet, an arc length of 109.81 feet, a central angle of 23°09'30", a chord bearing of S 79°50'37" E, and a chord distance of 109.07 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the end of this curve;
- 4) N 88°43'07" E, a distance of 140.03 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
- 5) N 43°41'39" E, a distance of 197.90 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the west right-of-way line of F.M. 969 (R.O.W. ~ 100') as dedicated in Cabinet 8, Pages 54-A & 54 B and Cabinet 8 Pages 66-B thru 69-B, both recorded in the Plat Records of Bastrop County, Texas, for the easterly northeast of said Amended Plat and the herein described tract;



THENCE, S 01°19'50" E, coincident with the common line of said Amended Plat, the aforementioned Valverde South Subdivision and said right-of-way line, a distance of 888.06 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the north line of a called 10.01 acre tract of land as conveyed unto Esmeralda Vences-Maldonado and Fermin Vences-Maldonado in Document Number 201916372 of the Official Public Records of Bastrop County Texas, at the southeast corner of said Valverde South Subdivision, for the southeast corner of the herein described tract;

THENCE, S 87°56'21" W, departing said right-of-way line, coincident with the common line of Valverde South Subdivision, said Amended Plat, the aforementioned remainder of the remainder of the 399.878 acre tract and said 10.01 acre tract, a distance of 1,483.00 feet to a 1/2-inch iron rod with a cap stamped "RPLS 5548" found at the northwest corner of the 10.01 acre tract, for a re-entrant corner of said remainder of the remainder of the 399.878 acre tract and the herein described tract;

THENCE, S 01°19'22" E, a distance of 290.00 feet to a 1/2-inch iron rod found at the southwest corner of the 10.01 acre tract, on the north line of a called 25.070 acre tract of land as conveyed unto TOCC Land, LLC in Document Number 201900758 of the Official Public Records of Bastrop County, Texas, for a corner of the remainder of the remainder of the 399.878 acre tract and the herein described tract;

THENCE, S 87°55'54" W, coincident with the common line of the remainder of the 399.878 acre tract and said 25.070 acre tract, a distance of 814.60 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the southeast corner of the right-of-way of Puerto Plata Avenue (R.O.W. ~ 80') as shown on said Amended Plat, for a southerly corner of the herein described tract;

THENCE, departing said common line, coincident with the common line of the remainder of the 399.878 acre tract and said right-of-way line, the following three (3) courses:

- 1) N 33°20'50" E, a distance of 38.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of curvature of the herein described tract;
- 2) Curving to the left, with a radius of 740.00 feet, an arc length of 250.92 feet, a central angle of 19°25'41", a chord bearing of N 23°37'59" E, and a chord distance of 249.72 to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of tangency of the herein described tract;
- 3) N 13°55'08" E, a distance of 152.24 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a re-entrant corner of the herein described tract;

THENCE, N 76°04'52" W, departing said common line, over and across said right-of-way, a distance of 80.00 feet to a calculated point on the common line of the remainder of the 399.878 acre tract and the west right-of-way line of Puerto Plata Avenue, for an angle point of the herein described tract;

THENCE, continuing over and across the remainder of the 399.878 acre tract the following twenty-eight (28) courses:

- 1) N 76°44'36" W, a distance of 34.40 feet to a calculated point for a corner of the herein described tract;
- 2) N 20°55'17" E, a distance of 36.54 feet to a calculated point for an angle point of the herein described tract;
- 3) N 15°39'08" E, a distance of 52.19 feet to a calculated point for an angle point of the herein described tract;
- 4) N 10°53'55" E, a distance of 218.86 feet to a calculated point for a re-entrant corner of the herein described tract;
- 5) N 79°05'37" W, a distance of 109.72 feet to a calculated point for a re-entrant corner of the herein described tract;
- 6) S 11°42'54" W, a distance of 13.50 feet to a calculated point for a corner of the herein described tract;
- 7) N 79°11'39" W, a distance of 130.00 feet to a calculated point for an angle point of the herein described tract;
- 8) N 79°21'54" W, a distance of 55.50 feet to a calculated point for a corner of the herein described tract;
- 9) N 06°21'30" E, a distance of 5.81 feet to a calculated point for a re-entrant corner of the herein described tract;
- 10) N 79°11'39" W, a distance of 119.45 feet to a calculated point for a re-entrant corner of the herein described tract;
- 11) S 18°01'49" W, a distance of 17.35 feet to a calculated point for a corner of the herein described tract;
- 12) N 75°40'25" W, a distance of 188.50 feet to a calculated point for a corner of the herein described tract;
- 13) N 14°19'35" E, a distance of 22.28 feet to a calculated point for a re-entrant corner of the herein described tract;
- 14) N 75°40'25" W, a distance of 120.00 feet to a calculated point for a re-entrant corner of the herein described tract;

- 15) S 14°19'35" W, a distance of 65.69 feet to a calculated point for a corner of the herein described tract;
- 16) N 71°43'22" W, a distance of 181.60 feet to a calculated point for a re-entrant corner of the herein described tract;
- 17) S 18°16'38" W, a distance of 27.25 feet to a calculated point for a corner of the herein described tract;
- 18) N 90°00'00" W, a distance of 88.16 feet to a calculated point for an angle point of the herein described tract;
- 19) N 81°06'35" W, a distance of 238.54 feet to a calculated point for a corner of the herein described tract;
- 20) N 09°33'10" W, a distance of 89.33 feet to a calculated point for an angle point of the herein described tract;
- 21) N 06°16'41" W, a distance of 103.52 feet to a calculated point for an angle point of the herein described tract;
- 22) N 14°35'31" E, a distance of 160.75 feet to a calculated point for an angle point of the herein described tract;
- 23) N 04°59'40" W, a distance of 107.39 feet to a calculated point for an angle point of the herein described tract;
- 24) N 24°20'55" E, a distance of 85.38 feet to a calculated point for an angle point of the herein described tract;
- 25) N 37°48'33" E, a distance of 149.36 feet to a calculated point for an angle point of the herein described tract;
- 26) N 43°42'09" E, a distance of 173.56 feet to a calculated point for an angle point of the herein described tract;
- 27) N 11°34'46" E, a distance of 134.65 feet to a calculated point for an angle point of the herein described tract;
- 28) N 35°04'52" E, a distance of 89.31 feet to a calculated point on the north line of the remainder of the 399.878 acre tract and the south line of a called 1.00 acre tract of land conveyed unto Hunt Communities Bastrop, LLC in Document Number 201911016 of the Official Public Records of Bastrop County, Texas, for the northwest corner of the herein described tract;

THENCE, N 86°51'05" E, coincident with the common line of the remainder of the 399.878 acre tract, said 1.00 acre tract, the south line of The Colony MUD 1A, Section 1, Phase B, as recorded in Cabinet 6, Page 189A of the Plat Records of Bastrop County, Texas, the south line of the aforementioned The Colony MUD 1A, Section 1, Phase A, and the north line of the aforementioned Amended Plat of Valverde Section 1 Phase 1 & 2, a distance of 2,508.39 feet to the **POINT OF BEGINNING** and containing 104.052 acres of land more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE Inc., in May 2024 and are true and correct to the best of my knowledge. Bearing orientation is based on the Texas State Plane Coordinate System, NAD 83, Texas Central Zone 4203. An exhibit plat with like job number and date was prepared in conjunction with this metes and bounds description.



Dion P. Albertson RPLS Number 4963  
BGE, Inc.  
7330 San Pedro Ave, Suite 202  
San Antonio TX 78216  
Telephone: 210-581-3600  
TBPLS Licensed Surveying Firm Number 10194490



8/27/2024  
Date

Date: August 27, 2024  
Job No: 8732-00

## EXHIBIT J-3 – FUTURE IMPROVEMENT AREA LEGAL DESCRIPTION

EXHIBIT \_\_\_\_

DR Horton  
Future Improvements Area  
295.248 Acres  
Job No. 8732-00

### METES AND BOUNDS DESCRIPTION

FIELD NOTES FOR A 295.248 ACRE TRACT OF LAND IN THE NANCY BLAKEY SURVEY, ABSTRACT NO. 98, SITUATED IN BASTROP COUNTY, TEXAS; BEING PARTIALLY OUT OF THE REMAINDER OF CALLED 399.878 ACRE TRACT OF LAND AS CONVEYED UNTO CONTINENTAL HOMES OF TEXAS, L.P. IN DOCUMENT NUMBER 202022279 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS, AND PARTIALLY OUT OF THE RIGHT-OF-WAY OF PUERTO PLATA AVENUE (R.O.W. ~ 80') AS SHOWN ON THE AMENDED PLAT OF VALVERDE SECTION 1 PHASE 1 & 2 AS RECORDED IN CABINET 8, PAGES 66-B THROUGH 69-B OF THE PLAT RECORDS OF BASTROP COUNTY, TEXAS, SAID 295.248 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING** at a 1/2-inch iron rod with a cap stamped "BGE INC" set on the common line of the remainder of said 399.878 acre tract and the The Colony MUD 1A, Section 1, Phase B, as recorded in Cabinet 6, Page 189A of the Plat Records of Bastrop County, Texas, at the northwest corner of the right-of-way of George Neggan Lane (R.O.W. ~ 55.5') as shown on said Amended Plat; **THENCE**, S 86°51'05" W, coincident with the common line of the remainder of the 399.878 acre tract and said The colony MUD 1A, Section 1, Phase B, a distance of 930.00 feet to a calculated point for the northeast corner and **POINT OF BEGINNING** of the herein described tract;

**THENCE**, departing said common line, over and across the remainder of the 399.878 acre tract the following twenty-eight (28) courses:

- 1) S 35°04'52" W, a distance of 89.31 feet to a calculated point for an angle point of the herein described tract;
- 2) S 11°34'46" W, a distance of 134.65 feet to a calculated point for an angle point of the herein described tract;
- 3) S 43°42'09" W, a distance of 173.56 feet to a calculated point for an angle point of the herein described tract;
- 4) S 37°48'33" W, a distance of 149.36 feet to a calculated point for an angle point of the herein described tract;
- 5) S 24°20'55" W, a distance of 85.38 feet to a calculated point for an angle point of the herein described tract;
- 6) S 04°59'40" E, a distance of 107.39 feet to a calculated point for an angle point of the herein described tract;
- 7) S 14°35'31" W, a distance of 160.75 feet to a calculated point for an angle point of the herein described tract;

- 8) S 06°16'41" E, a distance of 103.52 feet to a calculated point for an angle point of the herein described tract;
- 9) S 09°33'10" E, a distance of 89.33 feet to a calculated point for an angle point of the herein described tract;
- 10) S 81°06'35" E, a distance of 238.54 feet to a calculated point for an angle point of the herein described tract;
- 11) N 90°00'00" E, a distance of 88.16 feet to a calculated point for a re-entrant corner of the herein described tract;
- 12) N 18°16'38" E, a distance of 27.25 feet to a calculated point for a corner of the herein described tract;
- 13) S 71°43'22" E, a distance of 181.60 feet to a calculated point for a re-entrant corner of the herein described tract;
- 14) N 14°19'35" E, a distance of 65.69 feet to a calculated point for a corner of the herein described tract;
- 15) S 75°40'25" E, a distance of 120.00 feet to a calculated point for a corner of the herein described tract;
- 16) S 14°19'35" W, a distance of 22.28 feet to a calculated point for a re-entrant corner of the herein described tract;
- 17) S 75°40'25" E, a distance of 188.50 feet to a calculated point for a re-entrant corner of the herein described tract;
- 18) N 18°01'49" E, a distance of 17.35 feet to a calculated point for a corner of the herein described tract;
- 19) S 79°11'39" E, a distance of 119.45 feet to a calculated point for a corner of the herein described tract;
- 20) S 06°21'30" W, a distance of 5.81 feet to a calculated point for a re-entrant corner of the herein described tract;
- 21) S 79°21'54" E, a distance of 55.50 feet to a calculated point for an angle point of the herein described tract;
- 22) S 79°11'39" E, a distance of 130.00 feet to a calculated point for a re-entrant corner of the herein described tract;
- 23) N 11°42'54" E, a distance of 13.50 feet to a calculated point for a re-entrant corner of the herein described tract;

- 24) S 79°05'37" E, a distance of 109.72 feet to a calculated point for a corner of the herein described tract;
- 25) S 10°53'55" W, a distance of 218.86 feet to a calculated point for an angle point of the herein described tract;
- 26) S 15°39'08" W, a distance of 52.19 feet to a calculated point for an angle point of the herein described tract;
- 27) S 20°55'17" W, a distance of 36.54 feet to a calculated point for a re-entrant corner of the herein described tract;
- 28) S 76°44'36" E, a distance of 34.40 feet to a calculated point on the common line of the remainder of the 399.878 acre tract and the west right-of-way line of the aforementioned Puerto Plata Avenue, for an angle point of the herein described tract;

THENCE, S 76°04'52" E, over and across said right-of-way, a distance of 80.00 feet to a calculated point on the common line of the remainder of the 399.878 acre tract and the east line of said right-of-way for a re-entrant corner of the herein described tract;

THENCE, coincident with said common line the following three (3) courses:

- 1) S 13°55'08" W, a distance of 152.24 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of curvature of the herein described tract;
- 2) Curving to the right, with a radius of 740.00 feet, an arc length of 250.92 feet, a central angle of 19°25'41", a chord bearing of S 23°37'59" W, and a chord distance of 249.72 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of tangency of the herein described tract;
- 3) S 33°20'50" W, a distance of 38.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the common line of the remainder of the 399.878 acre tract and a called 25.070 acre tract of land as conveyed unto TOCC Land, LLC in Document Number 201900758 of the Official Public Records of Bastrop County, Texas, for the southeast corner of the herein described tract;

THENCE, S 87°55'54" W, coincident with the common line of the remainder of the 399.878 acre tract, said right-of-way, said 25.070 acre tract, and a called 25.071 acre tract of land as conveyed unto Bellamont, LLC in Document Number 201810109 of the Official Public Records of Bastrop County, Texas, a distance of 1,795.60 feet to a calculated point at the northwest corner of said 25.071 acre tract, for a re-entrant corner of the remainder of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found bears N 51° 05' 33" W, a distance of 1.18 feet;

THENCE, S 02°31'46" E, coincident with the common line of the remainder of the 399.878 acre tract and the 25.071 acre tract a distance of 533.70 feet to a 5/8-inch iron rod found at the southwest corner of the 25.071 acre tract, on the north line of a remaining portion of a called 469.652 acre tract of land as conveyed unto Erhard Legacy Partners, LTD in Document Number 201502920 of the Official Public Records of Bastrop County, Texas, for a south corner of 399.878 acre tract and the herein described tract;

THENCE, S 87°52'50" W, coincident with the common line of the remainder of the 399.878 acre tract and said remaining portion of a 469.652 acre tract a distance of 4,392.23 feet to a 1/2-inch iron rod found at the common corner of Lot 32, Block "B, as shown on the plat of The Woodlands, as recorded in Cabinet 2, Page 350A of the Plat Records of Bastrop County, Texas, for the southwest corner of the remainder of the 399.878 acre tract and the herein described tract;

THENCE, N 02°07'09" W, coincident with the common line of the remainder of the 399.878 acre tract, said Lot 32, the east terminal end of the right-of-way line of Woodlands Drive (R.O.W. ~ 60') as shown on said plat of The Woodlands, and Lot 41, Block "A", as shown on said plat of The Woodlands, passing at a distance of 2,331.72 feet a 1/2-inch iron rod found, and continuing for a total distance of 2,332.15 feet to a calculated point at the common corner of the remainder of the 399.878 acre tract, said Lot 41 and on the south line of the aforementioned remaining portion of the 1,258.002 acre tract, for the northwest corner of the remainder of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found on the north line of said Block "A", at a corner of said remaining portion of the aforementioned 1,258.002 acre tract bears S 86° 51' 05"W, a distance of 2,609.69 feet;

THENCE, N 86°51'05" E, coincident with the common line of the remainder of the 399.878 acre tract, the remaining portion of the 1,258.002, and a called 1.00 acre tract of land conveyed unto Hunt Communities Bastrop, LLC in Document Number 201911016 of the Official Public Records of Bastrop County, Texas, a distance of 5,470.42 feet to the **POINT OF BEGINNING** and containing 295.248 acres of land, more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE Inc., in May 2024 and are true and correct to the best of my knowledge. Bearing orientation is based on the Texas State Plane Coordinate System, NAD 83, Texas Central Zone 4203. An exhibit plat with like job number and date was prepared in conjunction with this metes and bounds description.



Dion P. Albertson RPLS Number 4963  
BGE, Inc.  
7330 San Pedro Ave, Suite 202  
San Antonio TX 78216  
Telephone: 210-581-3600  
TBPLS Licensed Surveying Firm Number 10194490



8/27/2024  
Date

Date: August 27, 2024  
Job No: 8225-01



**EXHIBIT K – NOTICE OF PID ASSESSMENT LIEN TERMINATION**



P3Works, LLC  
9824 Huntington Square, Suite 100  
North Richland Hills, TX 76182

---

[Date]  
City of Bastrop Secretary's Office  
Honorable [City Secretary Name]  
804 Pecan Street  
Bastrop, TX 78602

**Re: City of Bastrop Lien Release documents for filing**

Dear Ms./Mr. [City Secretary Name],

Enclosed is a lien release that the City of Bastrop is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Bastrop  
Attn: [City Secretary]  
804 Pecan Street  
Bastrop, TX 78602

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

Jon Snyder  
P: (817) 393-0353  
admin@p3-works.com

**AFTER RECORDING RETURN TO:**

**[City Secretary Name]  
804 Pecan Street  
Bastrop, TX 78602**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN**

**STATE OF TEXAS**

**§**

**§**

**KNOW ALL MEN BY THESE PRESENTS:**

**CITY OF BASTROP**

**§**

**THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN** (this "Full Release") is executed and delivered as of the Effective Date by the City of Bastrop, Texas.

**RECITALS**

**WHEREAS**, the governing body (hereinafter referred to as the "City Council") of the City of Bastrop, Texas (hereinafter referred to as the "City"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

**WHEREAS**, on or about March 9, 2021, the City Council for the City, approved Resolution No. R-2021-28, creating the Valverde Public Improvement District, which was renamed to Valverde Public Improvement District; and

**WHEREAS**, the Valverde Public Improvement District consists of approximately 399.878 contiguous acres partially located within the City and partially within the extraterritorial jurisdiction of the City; and

**WHEREAS**, on or about \_\_\_\_, \_\_\_\_, the City Council, approved Ordinance No. \_\_\_\_\_, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Valverde Public Improvement District; and



## EXHIBIT L – FORM OF BUYER DISCLOSURE

The following Buyer Disclosures are contained in this Exhibit:

- Lot Type 1
- Lot Type 2
- Lot Type 3
- Lot Type 4
- Lot Type 5
- Improvement Area #1 Unplatted Parcel

**VALVERDE PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 – LOT  
TYPE 1 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the City in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF BASTROP, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
PROPERTY ADDRESS

**LOT TYPE 1 PRINCIPAL ASSESSMENT: \$ 17,747.15**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Bastrop, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Valverde Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Bastrop. The exact amount of each annual installment will be approved each year by the Bastrop City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Bastrop.

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.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.



[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

## ANNUAL INSTALLMENTS - LOT TYPE 1

Annual Installments Due 1/31	Improvement Area #1 Bonds					Total Annual Installment <sup>3</sup>
	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection Costs	
2025	\$ -	\$ 521.57	\$ (521.57)	\$ -	\$ -	\$ -
2026	228.92	1,020.46	-	88.74	60.65	1,398.76
2027	242.30	1,007.30	-	87.59	61.86	1,399.05
2028	255.68	993.37	-	86.38	63.10	1,398.52
2029	270.54	978.66	-	85.10	64.36	1,398.67
2030	286.89	963.11	-	83.75	65.65	1,399.40
2031	303.24	946.61	-	82.31	66.96	1,399.13
2032	321.08	929.18	-	80.80	68.30	1,399.36
2033	340.41	910.71	-	79.19	69.67	1,399.98
2034	359.73	891.14	-	77.49	71.06	1,399.42
2035	380.54	870.46	-	75.69	72.48	1,399.17
2036	402.84	848.58	-	73.79	73.93	1,399.13
2037	426.62	825.41	-	71.77	75.41	1,399.22
2038	451.89	800.88	-	69.64	76.92	1,399.33
2039	478.65	774.90	-	67.38	78.46	1,399.38
2040	506.89	747.38	-	64.99	80.02	1,399.28
2041	536.62	718.23	-	62.45	81.63	1,398.93
2042	569.32	687.37	-	59.77	83.26	1,399.73
2043	602.03	654.64	-	56.92	84.92	1,398.51
2044	639.19	620.02	-	53.91	86.62	1,399.75
2045	676.35	583.27	-	50.72	88.35	1,398.69
2046	717.97	544.38	-	47.34	90.12	1,399.81
2047	761.08	503.09	-	43.75	91.92	1,399.84
2048	805.68	459.33	-	39.94	93.76	1,398.71
2049	854.73	413.01	-	35.91	95.64	1,399.28
2050	906.76	363.86	-	31.64	97.55	1,399.80
2051	960.27	311.72	-	27.11	99.50	1,398.60
2052	1,018.24	256.50	-	22.30	101.49	1,398.54
2053	1,080.68	197.96	-	17.21	103.52	1,399.36
2054	1,146.08	135.82	-	11.81	105.59	1,399.30
2055	1,215.95	69.92	-	6.08	107.70	1,399.64
<b>Total</b>	<b>\$ 17,747.15</b>	<b>\$ 20,548.82</b>	<b>\$ (521.57)</b>	<b>\$ 1,741.50</b>	<b>\$ 2,460.40</b>	<b>\$ 41,976.30</b>

**Footnotes:**

- 1) The interest rate is shown at a 5.75% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**VALVERDE PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 - LOT  
TYPE 2 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the City in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF BASTROP, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
PROPERTY ADDRESS

**LOT TYPE 2 PRINCIPAL ASSESSMENT: \$ 19,489.86**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Bastrop, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Valverde Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Bastrop. The exact amount of each annual installment will be approved each year by the Bastrop City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Bastrop.

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.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

## ANNUAL INSTALLMENTS - LOT TYPE 2

Annual Installments Due 1/31	Improvement Area #1 Bonds						Total Annual Installment <sup>3</sup>
	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection Costs		
2025	\$ -	\$ 572.79	\$ (572.79)	\$ -	\$ -	\$ -	\$ -
2026	251.40	1,120.67	-	97.45	66.60		1,536.12
2027	266.09	1,106.21	-	96.19	67.94		1,536.43
2028	280.78	1,090.91	-	94.86	69.29		1,535.85
2029	297.11	1,074.77	-	93.46	70.68		1,536.01
2030	315.06	1,057.68	-	91.97	72.09		1,536.81
2031	333.02	1,039.57	-	90.40	73.54		1,536.52
2032	352.61	1,020.42	-	88.73	75.01		1,536.77
2033	373.83	1,000.14	-	86.97	76.51		1,537.45
2034	395.05	978.65	-	85.10	78.04		1,536.84
2035	417.91	955.93	-	83.12	79.60		1,536.56
2036	442.39	931.90	-	81.03	81.19		1,536.52
2037	468.51	906.46	-	78.82	82.81		1,536.62
2038	496.27	879.52	-	76.48	84.47		1,536.74
2039	525.65	850.99	-	74.00	86.16		1,536.80
2040	556.67	820.76	-	71.37	87.88		1,536.68
2041	589.32	788.76	-	68.59	89.64		1,536.30
2042	625.23	754.87	-	65.64	91.43		1,537.17
2043	661.14	718.92	-	62.51	93.26		1,535.84
2044	701.95	680.90	-	59.21	95.13		1,537.20
2045	742.77	640.54	-	55.70	97.03		1,536.04
2046	788.47	597.83	-	51.99	98.97		1,537.26
2047	835.82	552.50	-	48.04	100.95		1,537.30
2048	884.79	504.44	-	43.86	102.97		1,536.06
2049	938.66	453.56	-	39.44	105.03		1,536.69
2050	995.80	399.59	-	34.75	107.13		1,537.26
2051	1,054.56	342.33	-	29.77	109.27		1,535.93
2052	1,118.23	281.69	-	24.49	111.46		1,535.87
2053	1,186.79	217.39	-	18.90	113.69		1,536.78
2054	1,258.62	149.15	-	12.97	115.96		1,536.70
2055	1,335.35	76.78	-	6.68	118.28		1,537.08
<b>Total</b>	<b>\$ 19,489.86</b>	<b>\$ 22,566.64</b>	<b>\$ (572.79)</b>	<b>\$ 1,912.51</b>	<b>\$ 2,702.00</b>		<b>\$ 46,098.22</b>

**Footnotes:**

- 1) The interest rate is shown at a 5.75% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment



**VALVERDE PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 - LOT  
TYPE 3 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the City in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF BASTROP, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
PROPERTY ADDRESS

**LOT TYPE 3 PRINCIPAL ASSESSMENT: \$ 22,341.76**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Bastrop, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Valverde Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Bastrop. The exact amount of each annual installment will be approved each year by the Bastrop City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Bastrop.

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.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

### ANNUAL INSTALLMENTS - LOT TYPE 3

Annual Installments Due 1/31	Improvement Area #1 Bonds					Total Annual Installment <sup>3</sup>
	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection Costs	
2025	\$ -	\$ 656.60	\$ (656.60)	\$ -	\$ -	\$ -
2026	288.18	1,284.65	-	111.71	76.35	1,760.89
2027	305.03	1,268.08	-	110.27	77.88	1,761.25
2028	321.87	1,250.54	-	108.74	79.43	1,760.59
2029	340.58	1,232.03	-	107.13	81.02	1,760.77
2030	361.17	1,212.45	-	105.43	82.64	1,761.69
2031	381.75	1,191.68	-	103.62	84.30	1,761.36
2032	404.21	1,169.73	-	101.72	85.98	1,761.64
2033	428.53	1,146.49	-	99.69	87.70	1,762.42
2034	452.86	1,121.85	-	97.55	89.46	1,761.72
2035	479.06	1,095.81	-	95.29	91.25	1,761.40
2036	507.13	1,068.27	-	92.89	93.07	1,761.36
2037	537.07	1,039.11	-	90.36	94.93	1,761.46
2038	568.88	1,008.22	-	87.67	96.83	1,761.61
2039	602.57	975.51	-	84.83	98.77	1,761.67
2040	638.12	940.87	-	81.81	100.74	1,761.54
2041	675.55	904.17	-	78.62	102.76	1,761.10
2042	716.72	865.33	-	75.25	104.81	1,762.11
2043	757.89	824.12	-	71.66	106.91	1,760.58
2044	804.67	780.54	-	67.87	109.05	1,762.13
2045	851.45	734.27	-	63.85	111.23	1,760.80
2046	903.85	685.31	-	59.59	113.45	1,762.21
2047	958.12	633.34	-	55.07	115.72	1,762.25
2048	1,014.26	578.25	-	50.28	118.04	1,760.83
2049	1,076.01	519.93	-	45.21	120.40	1,761.55
2050	1,141.51	458.06	-	39.83	122.80	1,762.20
2051	1,208.88	392.42	-	34.12	125.26	1,760.68
2052	1,281.86	322.91	-	28.08	127.77	1,760.61
2053	1,360.45	249.20	-	21.67	130.32	1,761.65
2054	1,442.79	170.98	-	14.87	132.93	1,761.57
2055	1,530.74	88.02	-	7.65	135.59	1,762.00
<b>Total</b>	<b>\$ 22,341.76</b>	<b>\$ 25,868.76</b>	<b>\$ (656.60)</b>	<b>\$ 2,192.36</b>	<b>\$ 3,097.38</b>	<b>\$ 52,843.66</b>

**Footnotes:**

- 1) The interest rate is shown at a 5.75% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.

**VALVERDE PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 - LOT  
TYPE 4 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the City in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF BASTROP, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
PROPERTY ADDRESS

**LOT TYPE 4 PRINCIPAL ASSESSMENT: \$ 23,387.58**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Bastrop, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Valverde Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Bastrop. The exact amount of each annual installment will be approved each year by the Bastrop City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Bastrop.

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.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County when updating for the Current Information of Obligation to Pay Improvement District Assessment.



[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

## ANNUAL INSTALLMENTS - LOT TYPE 4

Annual Installments Due 1/31	Improvement Area #1 Bonds					Total Annual Installment <sup>3</sup>
	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection Costs	
2025	\$ -	\$ 687.33	\$ (687.33)	\$ -	\$ -	\$ -
2026	301.67	1,344.79	-	116.94	79.92	1,843.32
2027	319.30	1,327.44	-	115.43	81.52	1,843.70
2028	336.93	1,309.08	-	113.83	83.15	1,843.00
2029	356.52	1,289.71	-	112.15	84.82	1,843.19
2030	378.07	1,269.21	-	110.37	86.51	1,844.16
2031	399.62	1,247.47	-	108.48	88.24	1,843.80
2032	423.13	1,224.49	-	106.48	90.01	1,844.10
2033	448.59	1,200.16	-	104.36	91.81	1,844.92
2034	474.06	1,174.36	-	102.12	93.64	1,844.19
2035	501.48	1,147.11	-	99.75	95.52	1,843.86
2036	530.87	1,118.27	-	97.24	97.43	1,843.81
2037	562.21	1,087.75	-	94.59	99.38	1,843.92
2038	595.51	1,055.42	-	91.78	101.36	1,844.07
2039	630.77	1,021.18	-	88.80	103.39	1,844.14
2040	667.99	984.91	-	85.64	105.46	1,844.00
2041	707.17	946.50	-	82.30	107.57	1,843.54
2042	750.27	905.84	-	78.77	109.72	1,844.59
2043	793.36	862.69	-	75.02	111.91	1,842.99
2044	842.34	817.08	-	71.05	114.15	1,844.61
2045	891.31	768.64	-	66.84	116.43	1,843.22
2046	946.16	717.39	-	62.38	118.76	1,844.70
2047	1,002.97	662.99	-	57.65	121.14	1,844.75
2048	1,061.74	605.32	-	52.64	123.56	1,843.25
2049	1,126.38	544.27	-	47.33	126.03	1,844.01
2050	1,194.94	479.50	-	41.70	128.55	1,844.69
2051	1,265.46	410.79	-	35.72	131.12	1,843.10
2052	1,341.86	338.03	-	29.39	133.75	1,843.03
2053	1,424.14	260.87	-	22.68	136.42	1,844.11
2054	1,510.33	178.98	-	15.56	139.15	1,844.02
2055	1,602.40	92.14	-	8.01	141.93	1,844.48
<b>Total</b>	<b>\$ 23,387.58</b>	<b>\$ 27,079.67</b>	<b>\$ (687.33)</b>	<b>\$ 2,294.99</b>	<b>\$ 3,242.36</b>	<b>\$ 55,317.26</b>

**Footnotes:**

- 1) The interest rate is shown at a 5.75% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.

**VALVERDE PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 - LOT  
TYPE 5 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the City in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF BASTROP, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
PROPERTY ADDRESS

**LOT TYPE 5 PRINCIPAL ASSESSMENT: \$ 23,387.58**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Bastrop, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Valverde Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Bastrop. The exact amount of each annual installment will be approved each year by the Bastrop City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Bastrop.

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.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.



[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

## ANNUAL INSTALLMENTS - LOT TYPE 5

Annual Installments Due 1/31	Improvement Area #1 Bonds					Total Annual Installment <sup>3</sup>
	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection Costs	
2025	\$ -	\$ 687.33	\$ (687.33)	\$ -	\$ -	\$ -
2026	301.67	1,344.79	-	116.94	79.92	1,843.32
2027	319.30	1,327.44	-	115.43	81.52	1,843.70
2028	336.93	1,309.08	-	113.83	83.15	1,843.00
2029	356.52	1,289.71	-	112.15	84.82	1,843.19
2030	378.07	1,269.21	-	110.37	86.51	1,844.16
2031	399.62	1,247.47	-	108.48	88.24	1,843.80
2032	423.13	1,224.49	-	106.48	90.01	1,844.10
2033	448.59	1,200.16	-	104.36	91.81	1,844.92
2034	474.06	1,174.36	-	102.12	93.64	1,844.19
2035	501.48	1,147.11	-	99.75	95.52	1,843.86
2036	530.87	1,118.27	-	97.24	97.43	1,843.81
2037	562.21	1,087.75	-	94.59	99.38	1,843.92
2038	595.51	1,055.42	-	91.78	101.36	1,844.07
2039	630.77	1,021.18	-	88.80	103.39	1,844.14
2040	667.99	984.91	-	85.64	105.46	1,844.00
2041	707.17	946.50	-	82.30	107.57	1,843.54
2042	750.27	905.84	-	78.77	109.72	1,844.59
2043	793.36	862.69	-	75.02	111.91	1,842.99
2044	842.34	817.08	-	71.05	114.15	1,844.61
2045	891.31	768.64	-	66.84	116.43	1,843.22
2046	946.16	717.39	-	62.38	118.76	1,844.70
2047	1,002.97	662.99	-	57.65	121.14	1,844.75
2048	1,061.74	605.32	-	52.64	123.56	1,843.25
2049	1,126.38	544.27	-	47.33	126.03	1,844.01
2050	1,194.94	479.50	-	41.70	128.55	1,844.69
2051	1,265.46	410.79	-	35.72	131.12	1,843.10
2052	1,341.86	338.03	-	29.39	133.75	1,843.03
2053	1,424.14	260.87	-	22.68	136.42	1,844.11
2054	1,510.33	178.98	-	15.56	139.15	1,844.02
2055	1,602.40	92.14	-	8.01	141.93	1,844.48
<b>Total</b>	<b>\$ 23,387.58</b>	<b>\$ 27,079.67</b>	<b>\$ (687.33)</b>	<b>\$ 2,294.99</b>	<b>\$ 3,242.36</b>	<b>\$ 55,317.26</b>

**Footnotes:**

- 1) The interest rate is shown at a 5.75% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.

**VALVERDE PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1**  
**UNPLATTED PARCEL BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the City in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF BASTROP, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
PROPERTY ADDRESS

**IMPROVEMENT AREA #1 UNPLATTED PARCEL PRINCIPAL ASSESSMENT:**  
**\$ 8,625,068.53**

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Bastrop, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within *Valverde Public Improvement District* (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Bastrop. The exact amount of each annual installment will be approved each year by the Bastrop City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Bastrop.

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.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER]<sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

CITY OF BASTROP

§

The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

## ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 UNPLATTED PARCEL

Annual Installments Due 1/31	Improvement Area #1 Bonds					Total Annual Installment <sup>3</sup>
	Principal	Interest <sup>1</sup>	Capitalized Interest	Additional Interest <sup>2</sup>	Annual Collection Costs	
2025	\$ -	\$ 253,481.18	\$ (253,481.18)	\$ -	\$ -	\$ -
2026	111,253.92	495,941.44	-	43,125.34	29,475.06	679,795.77
2027	117,755.77	489,544.34	-	42,569.07	30,064.57	679,933.75
2028	124,257.63	482,773.38	-	41,980.29	30,665.86	679,677.16
2029	131,481.91	475,628.57	-	41,359.01	31,279.17	679,748.66
2030	139,428.61	468,068.36	-	40,701.60	31,904.76	680,103.33
2031	147,375.32	460,051.21	-	40,004.45	32,542.85	679,973.84
2032	156,044.46	451,577.13	-	39,267.58	33,193.71	680,082.88
2033	165,436.02	442,604.58	-	38,487.35	33,857.58	680,385.54
2034	174,827.59	433,092.01	-	37,660.17	34,534.74	680,114.51
2035	184,941.58	423,039.42	-	36,786.04	35,225.43	679,992.47
2036	195,778.00	412,405.28	-	35,861.33	35,929.94	679,974.55
2037	207,336.85	401,148.04	-	34,882.44	36,648.54	680,015.87
2038	219,618.13	389,226.17	-	33,845.75	37,381.51	680,071.57
2039	232,621.83	376,598.13	-	32,747.66	38,129.14	680,096.77
2040	246,347.97	363,222.38	-	31,584.55	38,891.72	680,046.62
2041	260,796.53	349,057.37	-	30,352.81	39,669.56	679,876.27
2042	276,689.94	334,061.57	-	29,048.83	40,462.95	680,263.29
2043	292,583.36	318,151.90	-	27,665.38	41,272.21	679,672.85
2044	310,644.06	301,328.35	-	26,202.47	42,097.65	680,272.53
2045	328,704.76	283,466.32	-	24,649.25	42,939.60	679,759.93
2046	348,932.75	264,565.80	-	23,005.72	43,798.40	680,302.66
2047	369,883.16	244,502.16	-	21,261.06	44,674.36	680,320.75
2048	391,556.00	223,233.88	-	19,411.64	45,567.85	679,769.38
2049	415,396.13	200,719.41	-	17,453.86	46,479.21	680,048.61
2050	440,681.11	176,834.13	-	15,376.88	47,408.79	680,300.92
2051	466,688.52	151,494.97	-	13,173.48	48,356.97	679,713.93
2052	494,863.22	124,660.38	-	10,840.03	49,324.11	679,687.74
2053	525,205.19	96,205.74	-	8,365.72	50,310.59	680,087.24
2054	556,992.03	66,006.45	-	5,739.69	51,316.80	680,054.97
2055	590,946.15	33,979.40	-	2,954.73	52,343.14	680,223.42
<b>Total</b>	<b>\$ 8,625,068.53</b>	<b>\$ 9,986,669.46</b>	<b>\$ (253,481.18)</b>	<b>\$ 846,364.20</b>	<b>\$ 1,195,746.75</b>	<b>\$ 20,400,367.76</b>

**Footnotes:**

- 1) The interest rate is shown at a 5.75% rate for illustrative purposes.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.



**EXHIBIT M – ENGINEERING REPORT**



# Engineering Report

For

## **Valverde Public Improvement District** **Bastrop, Bastrop County, Texas**

Prepared by:

### **Mahoney Engineering, LLC**

9501 Menchaca Road, Suite B200  
Austin, Texas 78748

October 31, 2024

TBPELS # F-21222



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## 1.0 INTRODUCTION

The Valverde Development is a proposed Single-Family Residential community located in the City of Bastrop, Texas located approximately 0.50-miles north of the intersection at Farm to Market Road 969 and State Highway 71. The Development is within the Viridian Public Improvement District, and it encompasses approximately a 400-acre tract of land that allows for construction of up to approximately 1,399 Single-Family Residential units and 250 attached Multi-Family units for a total of 1,649 residential units. A site location map has been included in **Exhibit 1**.

This report includes supporting documentation for the formation of the Viridian Public Improvement District and the issuance of bonds by the City. The bonds are anticipated to be used to finance public infrastructure projects vital for the Valverde development within the Viridian PID.

## 2.0 DEVELOPMENT COST

An Engineer's Opinion of Probable Cost (Engineer's OPC) has been prepared for all off-site and on-site infrastructure. The Engineer's OPC has been provided as **Exhibit 2**.

## 3.0 DEVELOPMENT IMPROVEMENTS

The development improvements consist of 265-acres of Single-Family Residential, 88 acres of Parks and Open Space, 18.20-acres of CORE and 35-acres of Major ROW. A section of the proposed development including 104.052-acres has been annexed into the City Limits, this included Phase 1 which includes Major ROW and associated improvements, Phase 2 which includes 174 Single-Family Lots, Major ROW and associated improvements, Phase 3 which includes 178 Single-Family Lots and associated improvements and 18.20-acres of CORE, per the latest Development Agreement Amendment for the Viridian Development.

The development improvements have been and will continue to be designed and constructed in accordance with City of Bastrop standards and specifications and will be owned and operated by the City unless otherwise indicated. The development improvements include:

### 3.1 STREETS

Improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and streetlights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. These roadway improvements include streets that will provide street access to each lot. These projects will provide access to community roadways and state highways. The street improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.



## 3.2 DRAINAGE

Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, channels / swales and ponds. These will include the necessary appurtenances to be fully operational to convey stormwater to the limits of the improvement area. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

## 3.3 WATER

Improvements include trench excavation and embedment, trench safety, PVC piping, service connections, and testing. These lines will include the necessary appurtenances to be fully operational transmission lines extending water service to the limits of the improvements. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

## 3.4 WASTEWATER

Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, and testing. These lines will include the necessary appurtenances to be fully operational extending wastewater service to the limits of the improvement area. The wastewater improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

The development areas and improvements are depicted within **Exhibit 3** through **Exhibit 7**.

## 4.0 DEVELOPMENT SCHEDULE

### 4.1 DESIGN STAGE

#### Improvement Area #1

The following plans within Improvement Area 1 have been **designed and approved** by City of Bastrop Planning and Development Department:

1. Valverde Phase 1 Public Improvement Plans and Final Drainage Plans:  
*Right of Way and Infrastructure Improvements Only*
2. Valverde Phase 2 Public Improvement Plans and Final Drainage Plans:  
*174 Single-Family Lots*



3. Valverde Phase 3 Public Improvement Plans and Final Drainage Plans:  
*178-Single Family Lots*
4. Valverde Multifamily South:  
*168 Multifamily Units*

For a total of 352 Single-Family Residential Lots and 168 Multifamily Units.

The following plans have been designed and are currently under review by City of Bastrop Planning and Development Department:

1. Valverde Multifamily North:  
*82 Multifamily Units*

#### **Future Improvement Area**

Design and permitting for this area has begun, with the following application being filed with the City of Bastrop Planning and Development Department.

1. Valverde Phase 4 Public Improvement Plans and Final Drainage Plans:  
*94 Lots* | This Phase is currently under review by the City, and it's expected approval is September of 2024.

## **4.2 CONSTRUCTION STAGE**

#### **Improvement Area Phase #1**

The following phases within Improvement Area #1 are currently under construction:

1. Valverde Phase 1 Public Improvement Plans and Final Drainage Plans.  
*Right of Way and Infrastructure Improvements Only* | With an expected Final Completion Date of September 2024.
2. Valverde Phase 2 Public Improvement Plans and Final Drainage Plans.  
*174 Single-Family Lots* | With an expected Final Completion Date of September 2024.
3. Valverde Phase 3 Public Improvement Plans and Final Drainage Plans.  
*178 Single-Family Lots* | With an expected Final Completion Date of February 2025.

For a total of 352 Single-Family Residential Lots.



The following plans have been approved and are expected to begin construction soon:

1. Valverde Multifamily South  
*168 Multifamily Units* | Expected construction start date of September 2024.
2. Valverde Multifamily North  
*82 Multifamily Units* | Expected construction start date of September 2024.

### **Future Improvement Area**

The first phase of construction within the Future Improvement Area is Valverde Phase 4, with an expected construction start date of September 2024. This whole area of development is expected to be completed between 2028 and 2036.



# APPENDIX

**EXHIBIT 1. SITE LOCATION MAP ..... ii**

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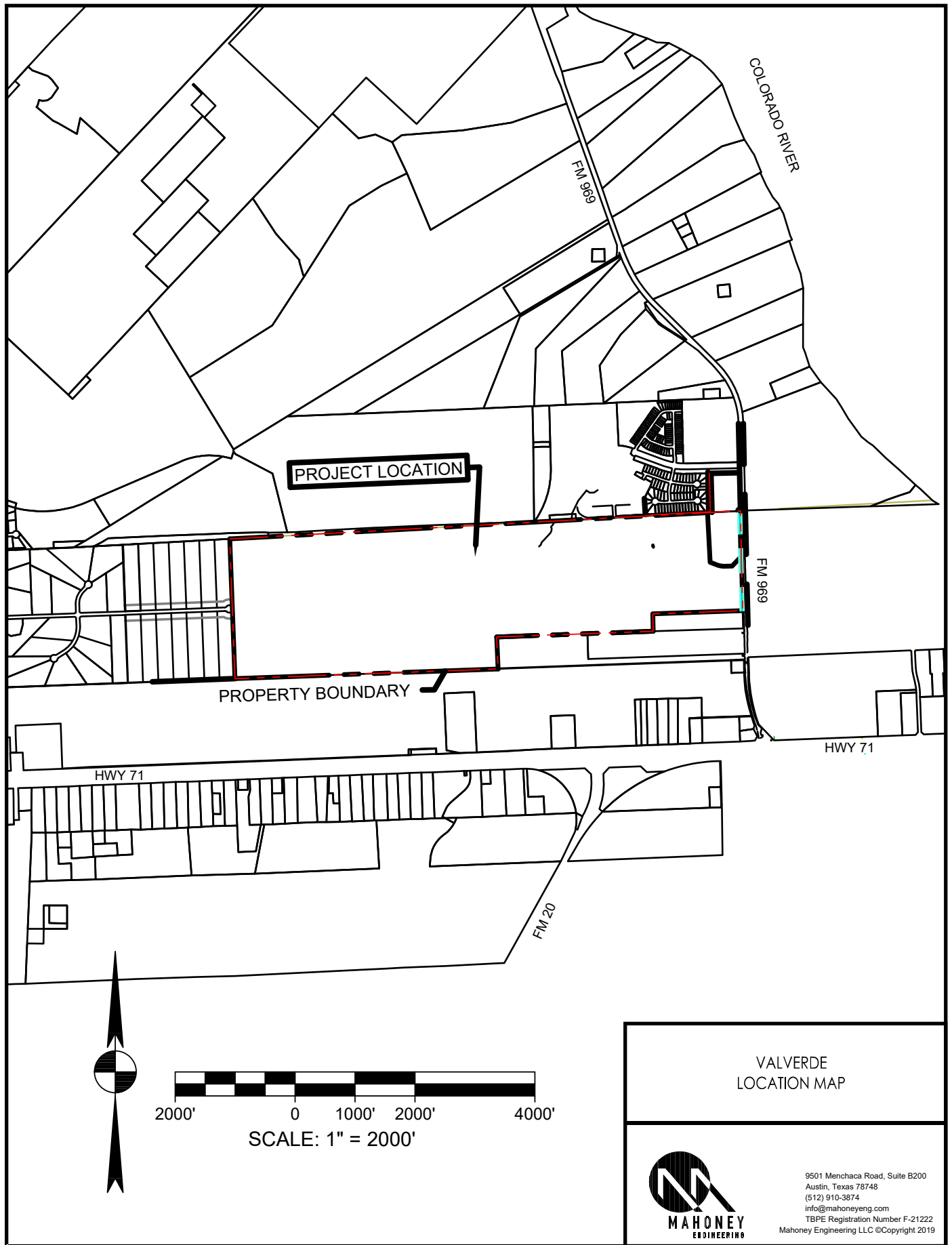
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## **EXHIBIT 1. SITE LOCATION MAP**



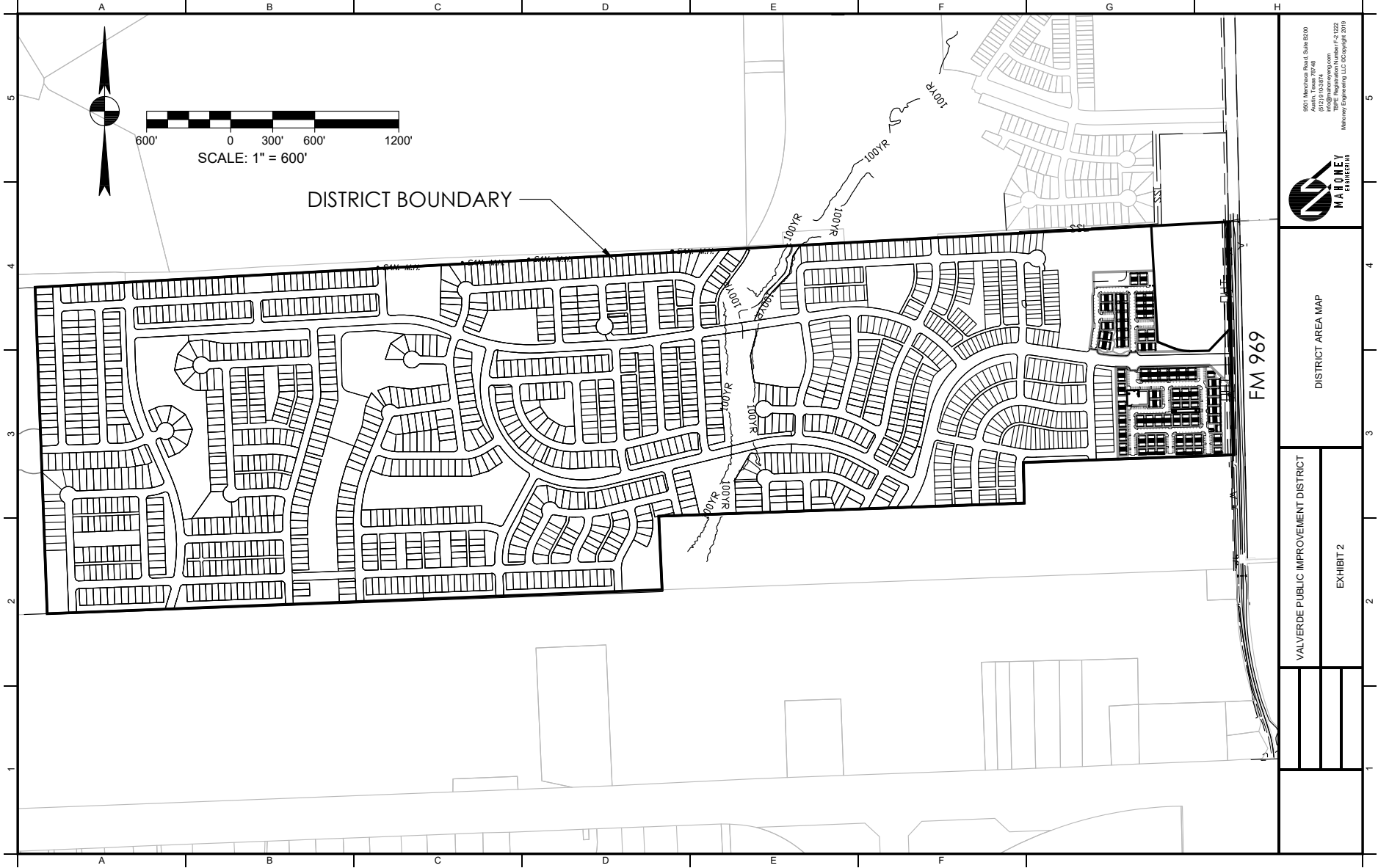
VALVERDE  
LOCATION MAP



9501 Menchaca Road, Suite B200  
Austin, Texas 78748  
(512) 910-3874  
info@mahoneyeng.com  
TBPE Registration Number F-21222  
Mahoney Engineering LLC ©Copyright 2019



## **EXHIBIT 2. DISTRICT BOUNDARY MAP**



9021 Microton Road, Suite 1000  
 Dallas, Texas 75243  
 Tel: (972) 933-3824  
 Fax: (972) 933-3824  
 www.mikroton.com  
 Project No. 2024-0817-01  
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DISTRICT AREA MAP

VALVERDE PUBLIC IMPROVEMENT DISTRICT

EXHIBIT 2

FM 969



## **EXHIBIT 3. IMPROVEMENT AREA #1 BOUNDARY MAP AND IMPROVEMENTS**





## **EXHIBIT 4. FUTURE IMPROVEMENT AREA BOUNDARY MAP AND IMPROVEMENTS**







## **EXHIBIT 5. DISTRICT LEGAL DESCRIPTION**

METES AND BOUNDS DESCRIPTION

FIELD NOTES FOR A 399.878 ACRE TRACT OF LAND IN THE NANCY BLAKEY SURVEY, ABSTRACT NO. 98, SITUATED IN BASTROP COUNTY, TEXAS; BEING ALL OF A CALLED 399.878 ACRE TRACT OF LAND AS CONVEYED UNTO CONTINENTAL HOMES OF TEXAS, L.P. IN DOCUMENT NUMBER 202022279 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS; SAID 399.878 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING AT A POINT OF REFERENCE**, a 1/2-inch iron rod found on the westerly right-of-way line of Farm to Market (F.M.) 969 (R.O.W. ~ 80') as shown on the plat of The Colony MUD 1A, Section 1, Phase A, as recorded in Cabinet 6, Page 129A of the Plat Records of Bastrop County, Texas, at the southeast corner of a remaining portion of a called 1,258.002 acre tract of land as conveyed unto Hunt Communities Bastrop, LLC in Document Number 201617588 of the Official Public Records of Bastrop County, Texas, being the northeast corner of a called 10.599 acre tract of land as conveyed unto SIS Bastrop, LLC in Document Number 202107639 of the Official Public Records of Bastrop County, Texas; THENCE, S 01° 19' 50" E, coincident with the common line of the 10.599 acre tract and the west right-of-way line of said F.M. 969, a distance of 30.02 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a northeast corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, S 01° 19' 50" E, coincident with the common line of the 399.878 acre tract and the west right-of-way line of said F.M. 969, a distance of 1,635.71 feet to a 1/2-inch iron rod found at the common corner of the 399.878 acre tract and a called 10.01 acre tract of land as conveyed unto Esmeralda Vences-Maldonado and Fermin Vences-Maldonado in Document Number 201916372 of the Official Public Records of Bastrop County, Texas, for the southeast corner of the herein described tract;

THENCE, departing said common line and coincident with the common lines of the 399.878 acre tract and said 10.01 acre tract, the following two (2) courses:

- 1) S 87° 56' 21" W, a distance of 1,503.00 feet to a 1/2-inch iron rod with a cap stamped "RPLS 5548" found at the northwest corner of the 10.01 acre tract, for a re-entrant corner of the 399.878 acre tract and the herein described tract;
- 2) S 01° 19' 22" E, a distance of 290.00 feet to a 1/2-inch iron rod found at the southwest corner of the 10.01 acre tract, on the north line of a called 25.070 acre tract of land as conveyed unto TOCC Land, LLC in Document Number 201900758 of the Official Public Records of Bastrop County, Texas, for a corner of the 399.878 acre tract and the herein described tract;

THENCE, S 87° 55' 54" W, coincident with the common line of the 399.878 acre tract, said 25.070 acre tract, and a called 25.071 acre tract of land conveyed unto Bellamont, LLC in Document Number 201810109 of the Official Public Records of Bastrop County, Texas, a distance of

2,610.20 feet to a calculated point at the northwest corner of said 25.071 acre tract, for a re-entrant corner of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found bears N 51° 05' 33" W, a distance of 1.18 feet;

THENCE, S 02° 31' 46" E, coincident with the common line of the 399.878 acre tract and said 25.071 acre tract a distance of 533.70 feet to a 5/8-inch iron rod found at the southwest corner of the 25.071 acre tract, on the north line of a remaining portion of a called 469.652 acre tract of land as conveyed unto Erhard Legacy Partners, LTD in Document Number 201502920 of the Official Public Records of Bastrop County, Texas, for the south corner of 399.878 acre tract and the herein described tract;

THENCE, S 87° 52' 50" W, coincident with the common line of the 399.878 acre tract and said remaining portion of a 469.652 acre tract a distance of 4,392.23 feet to a 1/2-inch iron rod found at the common corner of Lot 32, Block "B, as shown on the plat of The Woodlands, as recorded in Cabinet 2, Page 350A of the Plat Records of Bastrop County, Texas, for the southwest corner of the 399.878 acre tract and the herein described tract;

THENCE, N 02° 07' 09" W, coincident with the common line of the 399.878 acre tract, said Lot 32, the east terminal end of the right-of-way line of Woodlands Drive (R.O.W. ~ 60') as shown on said plat of The Woodlands, and Lot 41, Block "A", as shown on said plat of The Woodlands, passing at a distance of 2,331.72 a 1/2-inch iron rod found, and continuing for a total distance of 2,332.15 feet to a calculated point at the common corner of the 399.878 acre tract, said Lot 41 and on the south line of the aforementioned remaining portion of the 1,258.002 acre tract, for the northwest corner of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found on the north line of said Block "A", at a corner of said remaining portion of the aforementioned 1,258.002 acre tract bears S 86° 51' 05"W, a distance of 2,609.69 feet;

THENCE, N 86° 51' 05" E, coincident with the common line of the 399.878 acre tract, said remaining portion of a 1,258.002, a called 1.00 acre tract of land conveyed unto Hunt Communities Bastrop, LLC in Document Number 201911016 of the Official Public Records of Bastrop County, Texas, the south line of The Colony MUD 1A, Section 1, Phase B, as recorded in Cabinet 6, Page 189A of the Plat Records of Bastrop County, Texas, and the south line of the aforementioned The Colony MUD 1A, Section 1, Phase A, a distance of 7,978.80 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the common corner of the 399.878 acre tract and the aforementioned 10.599 acre tract, for a north corner of the herein described tract;

THENCE, departing said common line, coincident with the common line of the 399.878 acre tract the 10.599 acre tract the following seven (7) courses:

1. S 3°08'55" E, a distance of 829.14 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a re-entrant corner of the herein described tract;
2. S 68°24'20" E, a distance of 127.74 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the beginning of a non-tangent curve of the herein described tract;

3. Curving to the left, with a radius of 271.69 feet, an arc length of 109.81 feet, a central angle of 23°09'30", a chord bearing of S 79°50'37" E, and a chord distance of 109.07 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the end of this curve;
4. N 88°43'07" E, a distance of 140.03 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
5. N 43°41'39" E, a distance of 212.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
6. N 1°19'50" W, a distance of 717.59 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
7. N 24°51'52" E, a distance of 22.65 feet to the **POINT OF BEGINNING** and containing 399.878 acres of land more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE Inc., in November 2020 and are true and correct to the best of my knowledge. Bearing orientation is based on the Texas State Plane Coordinate System, NAD 83, Texas Central Zone 4203. A sketch accompanies this description.



Dion P. Albertson RPLS Number 4963  
 BGE, Inc.  
 7330 San Pedro Ave, Suite 202  
 San Antonio TX 78216  
 Telephone: 210-581-3600  
 TBPLS Licensed Surveying Firm Number 10194490



11/17/2021

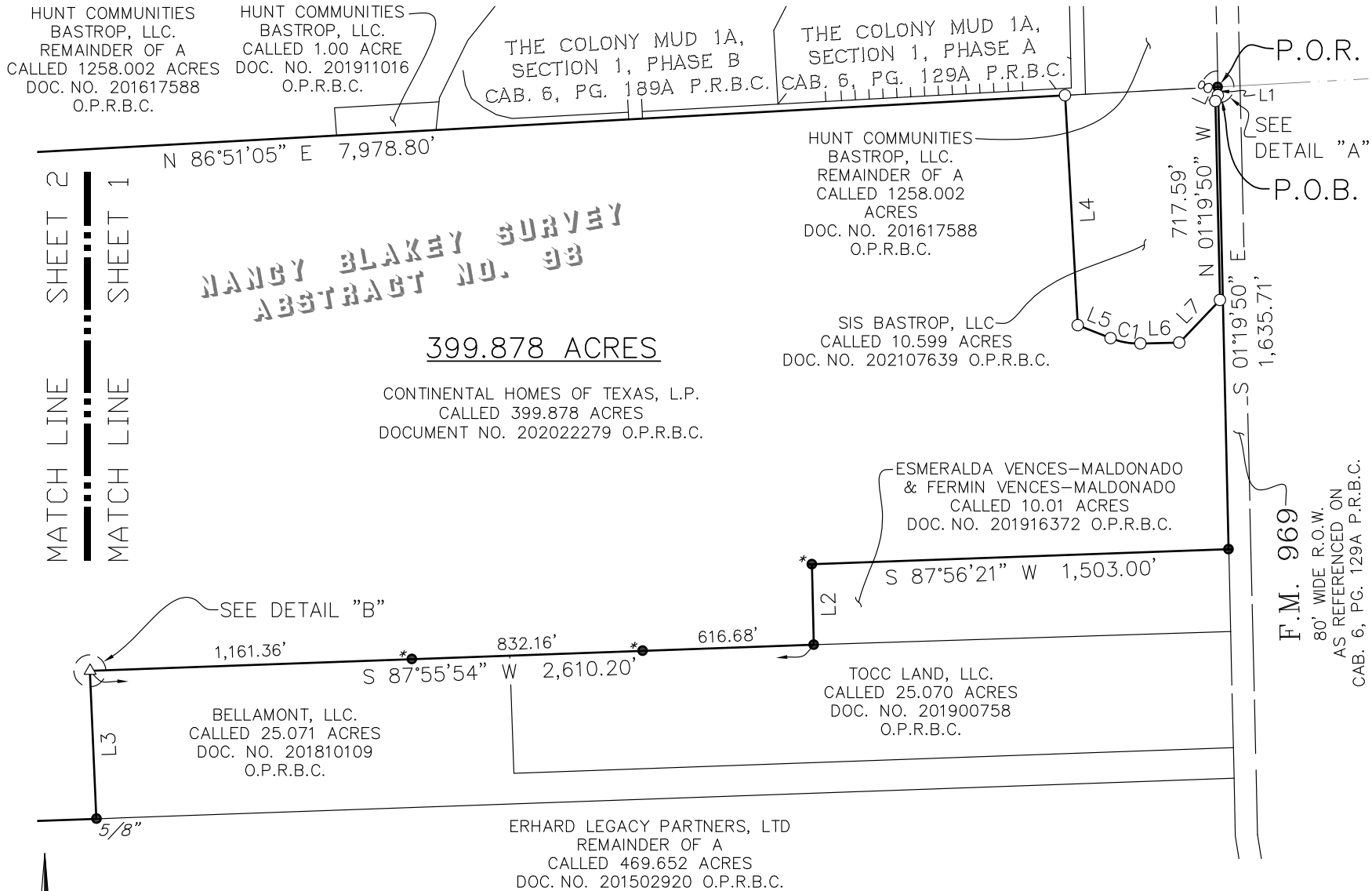
Date

Client:

Date: November 17, 2021

Job No: 8732-00

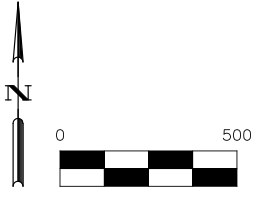
# SKETCH TO ACCOMPANY LEGAL DESCRIPTION



**NANCY BLAKEY SURVEY  
 ABSTRACT NO. 93**

**399.878 ACRES**

CONTINENTAL HOMES OF TEXAS, L.P.  
 CALLED 399.878 ACRES  
 DOCUMENT NO. 202022279 O.P.R.B.C.



**BGE, Inc.**  
 7330 San Pedro Ave., Suite 202, San Antonio, TX 78216  
 Tel: 210-581-3600 • www.bgeinc.com  
 TBPELS Licensed Surveying Firm No. 10194490

SCALE: 1"=500'	
SHEET	4
OF	6

# SKETCH TO ACCOMPANY LEGAL DESCRIPTION

HUNT COMMUNITIES BASTROP, LLC.  
REMAINDER OF A  
CALLED 1258.002 ACRES  
DOC. NO. 201617588  
O.P.R.B.C.

N 86°51'05" E 7,978.80'

SEE DETAIL "C"

**NANCY BLAKEY SURVEY  
ABSTRACT NO. 98**

399.878 ACRES

CONTINENTAL HOMES OF TEXAS, L.P.  
CALLED 399.878 ACRES  
DOCUMENT NO. 202022279 O.P.R.B.C.

MATCH LINE SHEET 2  
MATCH LINE SHEET 1

THE WOODLANDS  
CAB. 2, PG. 350A P.R.B.C.

N 02°07'09" W 2,332.15'

SEE DETAIL "B"

L3

5/8"

S 87°52'50" W 4,392.23'

ERHARD LEGACY PARTNERS, LTD  
REMAINDER OF A  
CALLED 469.652 ACRES  
DOC. NO. 201502920  
O.P.R.B.C.



**BGE, Inc.**  
7330 San Pedro Ave., Suite 202, San Antonio, TX 78216  
Tel: 210-581-3600 • www.bgeinc.com  
TBPELS Licensed Surveying Firm No. 10194490

SCALE: 1"=500'

SHEET 5

OF 6

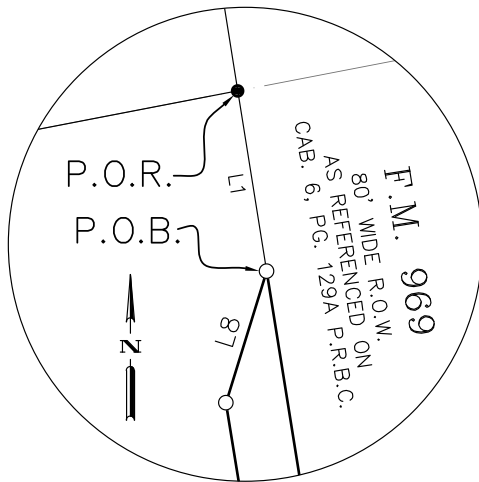
## SKETCH TO ACCOMPANY LEGAL DESCRIPTION

LINE TABLE		
NUMBER	BEARING	DISTANCE
L1	S 01°19'50" E	30.02'
L2	S 01°19'22" E	290.00'
L3	S 02°31'46" E	533.70'
L4	S 03°08'55" E	829.14'
L5	S 68°24'20" E	127.74'
L6	N 88°43'07" E	140.03'
L7	N 43°41'39" E	212.04'
L8	N 24°51'52" E	22.65'

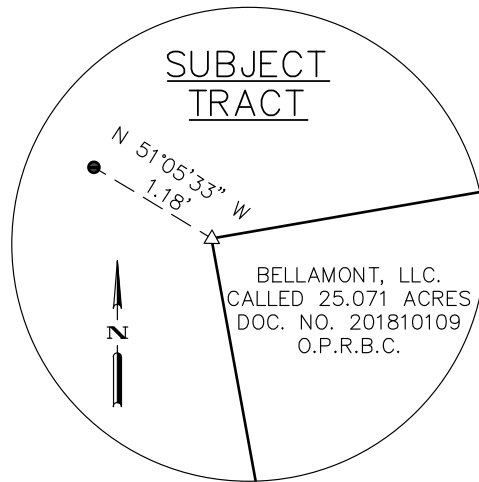
CURVE TABLE					
NUMBER	ARC LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD DISTANCE
C1	109.81'	271.69'	23°09'30"	S 79°50'37" E	109.07'

### LEGEND

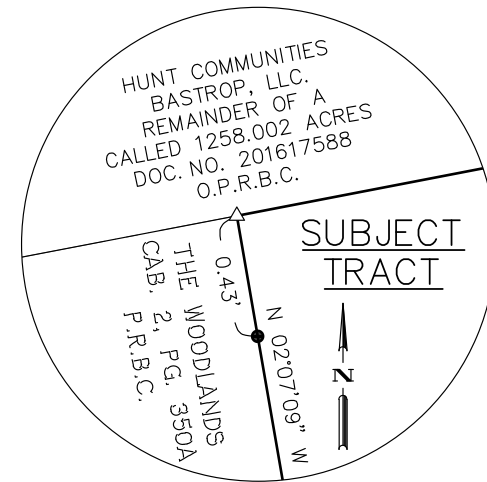
- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>CAB. CABINET</li> <li>O.P.R.B.C. OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY</li> <li>O.R.B.C. OFFICIAL RECORDS OF BASTROP COUNTY</li> <li>P.O.B. POINT OF BEGINNING</li> <li>P.O.R. POINT OF REFERENCE</li> <li>R.O.W. RIGHT-OF-WAY</li> <li>VOL. VOLUME</li> <li>● FOUND 1/2" IRON ROD (UNLESS NOTED OTHERWISE)</li> <li>* ● FOUND 1/2" IRON ROD W/CAP "RPLS 5548"</li> <li>"CBD" ● FOUND 1/2" IRON ROD W/CAP "CBD"</li> <li>○ SET 1/2" IRON ROD W/CAP "BGE INC"</li> <li>△ CALCULATED POINT</li> </ul> |  |
|--|--|



DETAIL "A"  
NOT TO SCALE



DETAIL "B"  
NOT TO SCALE



DETAIL "C"  
NOT TO SCALE

BEARING ORIENTATION IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83. DISTANCES SHOWN ARE IN SURFACE VALUES. COMBINED SCALE FACTOR IS 0.99998269.



**BGE, Inc.**  
7330 San Pedro Ave., Suite 202, San Antonio, TX 78216  
Tel: 210-581-3600 • www.bgeinc.com  
TBPELS Licensed Surveying Firm No. 10194490

SCALE:	~
SHEET	6
OF	6



## **EXHIBIT 6. IMPROVEMENT AREA #1 LEGAL DESCRIPTION**



METES AND BOUNDS DESCRIPTION

FIELD NOTES FOR A 104.052 ACRE TRACT OF LAND IN THE NANCY BLAKEY SURVEY, ABSTRACT NO. 98, BASTROP COUNTY, TEXAS; BEING A PORTION OF THE REMAINDER OF A CALLED 399.878 ACRE TRACT OF LAND AS CONVEYED UNTO CONTINENTAL HOMES OF TEXAS, L.P. IN DOCUMENT NUMBER 202022279 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS, A PORTION OF THE AMENDED PLAT OF VALVERDE SECTION 1 PHASE 1 & 2 AS RECORDED IN CABINET 8, PAGES 66-B THROUGH 69-B OF THE PLAT RECORDS OF BASTROP COUNTY, TEXAS, AND ALL OF VALVERDE SOUTH SUBDIVISION AS RECORDED IN CABINET 8 PAGES 54-A AND 54-B OF THE PLAT RECORDS OF BASTROP COUNTY, TEXAS; SAID 104.052 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** at a 1/2-inch iron rod with a cap stamped "BGE INC" set on the south line of The Colony MUD 1A, Section 1, Phase A, as recorded in Cabinet 6, Page 129A of the Plat Records of Bastrop County, Texas, at the common corner of said Amended plat of Valverde Section 1 Phase 1 & 2 and a called 10.599 acre tract of land as conveyed unto SIS Bastrop, LLC in Document Number 202107639 of the Official Public Records of Bastrop County, Texas, northeast corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, coincident with the common line of said Amended Plat and said 10.599 acre tract the following six (6) courses:

- 1) S 3°08'55" E, a distance of 829.14 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a re-entrant corner of the herein described tract;
- 2) S 68°24'20" E, a distance of 127.74 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the beginning of a non-tangent curve of the herein described tract;
- 3) Curving to the left, with a radius of 271.69 feet, an arc length of 109.81 feet, a central angle of 23°09'30", a chord bearing of S 79°50'37" E, and a chord distance of 109.07 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the end of this curve;
- 4) N 88°43'07" E, a distance of 140.03 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
- 5) N 43°41'39" E, a distance of 197.90 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the west right-of-way line of F.M. 969 (R.O.W. ~ 100') as dedicated in Cabinet 8, Pages 54-A & 54 B and Cabinet 8 Pages 66-B thru 69-B, both recorded in the Plat Records of Bastrop County, Texas, for the easterly northeast of said Amended Plat and the herein described tract;

THENCE, S 01°19'50" E, coincident with the common line of said Amended Plat, the aforementioned Valverde South Subdivision and said right-of-way line, a distance of 888.06 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the north line of a called 10.01 acre tract of land as conveyed unto Esmeralda Vences-Maldonado and Fermin Vences-Maldonado in Document Number 201916372 of the Official Public Records of Bastrop County Texas, at the southeast corner of said Valverde South Subdivision, for the southeast corner of the herein described tract;

THENCE, S 87°56'21" W, departing said right-of-way line, coincident with the common line of Valverde South Subdivision, said Amended Plat, the aforementioned remainder of the remainder of the 399.878 acre tract and said 10.01 acre tract, a distance of 1,483.00 feet to a 1/2-inch iron rod with a cap stamped "RPLS 5548" found at the northwest corner of the 10.01 acre tract, for a re-entrant corner of said remainder of the remainder of the 399.878 acre tract and the herein described tract;

THENCE, S 01°19'22" E, a distance of 290.00 feet to a 1/2-inch iron rod found at the southwest corner of the 10.01 acre tract, on the north line of a called 25.070 acre tract of land as conveyed unto TOCC Land, LLC in Document Number 201900758 of the Official Public Records of Bastrop County, Texas, for a corner of the remainder of the remainder of the 399.878 acre tract and the herein described tract;

THENCE, S 87°55'54" W, coincident with the common line of the remainder of the 399.878 acre tract and said 25.070 acre tract, a distance of 814.60 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the southeast corner of the right-of-way of Puerto Plata Avenue (R.O.W. ~ 80') as shown on said Amended Plat, for a southerly corner of the herein described tract;

THENCE, departing said common line, coincident with the common line of the remainder of the 399.878 acre tract and said right-of-way line, the following three (3) courses:

- 1) N 33°20'50" E, a distance of 38.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of curvature of the herein described tract;
- 2) Curving to the left, with a radius of 740.00 feet, an arc length of 250.92 feet, a central angle of 19°25'41", a chord bearing of N 23°37'59" E, and a chord distance of 249.72 to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of tangency of the herein described tract;
- 3) N 13°55'08" E, a distance of 152.24 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a re-entrant corner of the herein described tract;

THENCE, N 76°04'52" W, departing said common line, over and across said right-of-way, a distance of 80.00 feet to a calculated point on the common line of the remainder of the 399.878 acre tract and the west right-of-way line of Puerto Plata Avenue, for an angle point of the herein described tract;

THENCE, continuing over and across the remainder of the 399.878 acre tract the following twenty-eight (28) courses:

- 1) N 76°44'36" W, a distance of 34.40 feet to a calculated point for a corner of the herein described tract;
- 2) N 20°55'17" E, a distance of 36.54 feet to a calculated point for an angle point of the herein described tract;
- 3) N 15°39'08" E, a distance of 52.19 feet to a calculated point for an angle point of the herein described tract;
- 4) N 10°53'55" E, a distance of 218.86 feet to a calculated point for a re-entrant corner of the herein described tract;
- 5) N 79°05'37" W, a distance of 109.72 feet to a calculated point for a re-entrant corner of the herein described tract;
- 6) S 11°42'54" W, a distance of 13.50 feet to a calculated point for a corner of the herein described tract;
- 7) N 79°11'39" W, a distance of 130.00 feet to a calculated point for an angle point of the herein described tract;
- 8) N 79°21'54" W, a distance of 55.50 feet to a calculated point for a corner of the herein described tract;
- 9) N 06°21'30" E, a distance of 5.81 feet to a calculated point for a re-entrant corner of the herein described tract;
- 10) N 79°11'39" W, a distance of 119.45 feet to a calculated point for a re-entrant corner of the herein described tract;
- 11) S 18°01'49" W, a distance of 17.35 feet to a calculated point for a corner of the herein described tract;
- 12) N 75°40'25" W, a distance of 188.50 feet to a calculated point for a corner of the herein described tract;
- 13) N 14°19'35" E, a distance of 22.28 feet to a calculated point for a re-entrant corner of the herein described tract;
- 14) N 75°40'25" W, a distance of 120.00 feet to a calculated point for a re-entrant corner of the herein described tract;

- 15) S 14°19'35" W, a distance of 65.69 feet to a calculated point for a corner of the herein described tract;
- 16) N 71°43'22" W, a distance of 181.60 feet to a calculated point for a re-entrant corner of the herein described tract;
- 17) S 18°16'38" W, a distance of 27.25 feet to a calculated point for a corner of the herein described tract;
- 18) N 90°00'00" W, a distance of 88.16 feet to a calculated point for an angle point of the herein described tract;
- 19) N 81°06'35" W, a distance of 238.54 feet to a calculated point for a corner of the herein described tract;
- 20) N 09°33'10" W, a distance of 89.33 feet to a calculated point for an angle point of the herein described tract;
- 21) N 06°16'41" W, a distance of 103.52 feet to a calculated point for an angle point of the herein described tract;
- 22) N 14°35'31" E, a distance of 160.75 feet to a calculated point for an angle point of the herein described tract;
- 23) N 04°59'40" W, a distance of 107.39 feet to a calculated point for an angle point of the herein described tract;
- 24) N 24°20'55" E, a distance of 85.38 feet to a calculated point for an angle point of the herein described tract;
- 25) N 37°48'33" E, a distance of 149.36 feet to a calculated point for an angle point of the herein described tract;
- 26) N 43°42'09" E, a distance of 173.56 feet to a calculated point for an angle point of the herein described tract;
- 27) N 11°34'46" E, a distance of 134.65 feet to a calculated point for an angle point of the herein described tract;
- 28) N 35°04'52" E, a distance of 89.31 feet to a calculated point on the north line of the remainder of the 399.878 acre tract and the south line of a called 1.00 acre tract of land conveyed unto Hunt Communities Bastrop, LLC in Document Number 201911016 of the Official Public Records of Bastrop County, Texas, for the northwest corner of the herein described tract;

THENCE, N 86°51'05" E, coincident with the common line of the remainder of the 399.878 acre tract, said 1.00 acre tract, the south line of The Colony MUD 1A, Section 1, Phase B, as recorded in Cabinet 6, Page 189A of the Plat Records of Bastrop County, Texas, the south line of the aforementioned The Colony MUD 1A, Section 1, Phase A, and the north line of the aforementioned Amended Plat of Valverde Section 1 Phase 1 & 2, a distance of 2,508.39 feet to the **POINT OF BEGINNING** and containing 104.052 acres of land more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE Inc., in May 2024 and are true and correct to the best of my knowledge. Bearing orientation is based on the Texas State Plane Coordinate System, NAD 83, Texas Central Zone 4203. An exhibit plat with like job number and date was prepared in conjunction with this metes and bounds description.



Dion P. Albertson RPLS Number 4963  
BGE, Inc.  
7330 San Pedro Ave, Suite 202  
San Antonio TX 78216  
Telephone: 210-581-3600  
TBPLS Licensed Surveying Firm Number 10194490



8/27/2024  
Date

Date: August 27, 2024  
Job No: 8732-00

# EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION

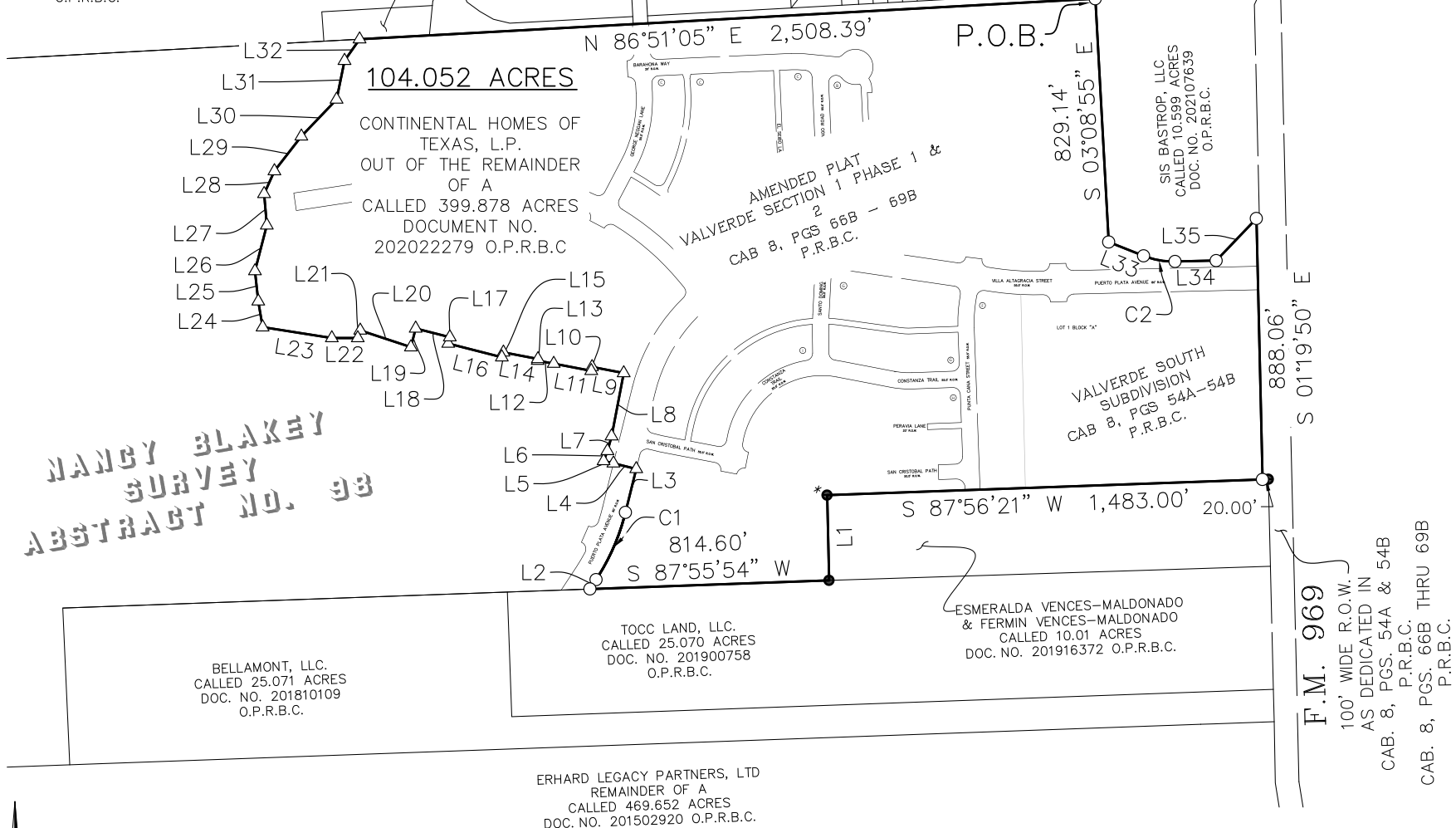
HUNT COMMUNITIES BASTROP, LLC.  
REMAINDER OF A  
CALLED 1258.002 ACRES  
DOC. NO. 201617588  
O.P.R.B.C.

HUNT COMMUNITIES BASTROP, LLC.  
CALLED 1.00 ACRE  
DOC. NO. 201911016  
O.P.R.B.C.

THE COLONY MUD 1A, SECTION 1, PHASE B  
CAB. 6, PG. 189A P.R.B.C.

THE COLONY MUD 1A, SECTION 1, PHASE A  
CAB. 6, PG. 129A P.R.B.C.

HUNT COMMUNITIES BASTROP, LLC.  
REMAINDER OF A  
CALLED 1258.002 ACRES  
DOC. NO. 201617588  
O.P.R.B.C.



**NANCY BLAKEY SURVEY ABSTRACT NO. 93**

BELLAMONT, LLC.  
CALLED 25.071 ACRES  
DOC. NO. 201810109  
O.P.R.B.C.

TOCC LAND, LLC.  
CALLED 25.070 ACRES  
DOC. NO. 201900758  
O.P.R.B.C.

ESMERALDA VENCES-MALDONADO & FERMIN VENCES-MALDONADO  
CALLED 10.01 ACRES  
DOC. NO. 201916372 O.P.R.B.C.

ERHARD LEGACY PARTNERS, LTD  
REMAINDER OF A  
CALLED 469.652 ACRES  
DOC. NO. 201502920 O.P.R.B.C.

SIS BASTROP, LLC  
CALLED 10.599 ACRES  
DOC. NO. 202107639  
O.P.R.B.C.

VALVERDE SOUTH SUBDIVISION  
CAB. 8, PGS 54A-54B  
P.R.B.C.

**F.M. 969**  
100' WIDE R.O.W.  
AS DEDICATED IN  
CAB. 8, PGS. 54A & 54B  
P.R.B.C.  
CAB. 8, PGS. 66B THRU 69B  
P.R.B.C.

SCALE: 1"=500'  
SHEET **6**  
OF 7

C:\00008225-01\SV\04\_Final\Drawings\8732-00 Improvement Area 1A\_104.630\_AC.dwg, 8/27/2024 10:06 AM, Tyler Sperry



**BGE, Inc.**  
7330 San Pedro Ave., Suite 202, San Antonio, TX 78216  
Tel: 210-581-3600 • www.bgeinc.com  
TBPELS Licensed Surveying Firm No. 10194490

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## EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION

LINE TABLE		
NUMBER	BEARING	DISTANCE
L1	S 01°19'22" E	290.00'
L2	N 33°20'50" E	38.04'
L3	N 13°55'08" E	152.24'
L4	N 76°04'52" W	80.00'
L5	N 76°44'36" W	34.40'
L6	N 20°55'17" E	36.54'
L7	N 15°39'08" E	52.19'
L8	N 10°53'55" E	218.86'
L9	N 79°05'37" W	109.72'
L10	S 11°42'54" W	13.50'
L11	N 79°11'39" W	130.00'
L12	N 79°21'54" W	55.50'
L13	N 06°21'30" E	5.81'
L14	N 79°11'39" W	119.45'
L15	S 18°01'49" W	17.35'

LINE TABLE		
NUMBER	BEARING	DISTANCE
L16	N 75°40'25" W	188.50'
L17	N 14°19'35" E	22.28'
L18	N 75°40'25" W	120.00'
L19	S 14°19'35" W	65.69'
L20	N 71°43'22" W	181.60'
L21	S 18°16'38" W	27.25'
L22	N 90°00'00" W	88.16'
L23	N 81°06'35" W	238.54'
L24	N 09°33'10" W	89.33'
L25	N 06°16'41" W	103.52'
L26	N 14°35'31" E	160.75'
L27	N 04°59'40" W	107.39'
L28	N 24°20'55" E	85.38'
L29	N 37°48'33" E	149.36'
L30	N 43°42'09" E	173.56'

LINE TABLE		
NUMBER	BEARING	DISTANCE
L31	N 11°34'46" E	134.65'
L32	N 35°04'52" E	89.31'
L33	S 68°24'20" E	127.74'
L34	N 88°43'07" E	140.03'
L35	N 43°41'39" E	197.90'

### LEGEND

- |            |  |
|------------|--|
| CAB.       | CABINET                                      |
| O.P.R.B.C. | OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY    |
| O.R.B.C.   | OFFICIAL RECORDS OF BASTROP COUNTY           |
| P.O.B.     | POINT OF BEGINNING                           |
| R.O.W.     | RIGHT-OF-WAY                                 |
| VOL.       | VOLUME                                       |
| ●          | FOUND 1/2" IRON ROD (UNLESS NOTED OTHERWISE) |
| * ●        | FOUND 1/2" IRON ROD W/CAP "RPLS 5548"        |
| "CBD" ●    | FOUND 1/2" IRON ROD W/CAP "CBD"              |
| ○          | SET 1/2" IRON ROD W/CAP "BGE INC"            |
| △          | CALCULATED POINT                             |

CURVE TABLE					
NUMBER	ARC LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD DISTANCE
C1	250.92'	740.00'	19°25'41"	N 23°37'59" E	249.72'
C2	109.81'	271.69'	23°09'30"	S 79°50'37" E	109.07'

BEARING ORIENTATION IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83. DISTANCES SHOWN ARE IN SURFACE VALUES. COMBINED SCALE FACTOR IS 0.99998269.



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 TBPELS Licensed Surveying Firm No. 10194490

SCALE:	~
SHEET	7
OF	7



## **EXHIBIT 7. FUTURE IMPROVEMENT AREA LEGAL DESCRIPTION**



METES AND BOUNDS DESCRIPTION

FIELD NOTES FOR A 295.248 ACRE TRACT OF LAND IN THE NANCY BLAKEY SURVEY, ABSTRACT NO. 98, SITUATED IN BASTROP COUNTY, TEXAS; BEING PARTIALLY OUT OF THE REMAINDER OF CALLED 399.878 ACRE TRACT OF LAND AS CONVEYED UNTO CONTINENTAL HOMES OF TEXAS, L.P. IN DOCUMENT NUMBER 202022279 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS, AND PARTIALLY OUT OF THE RIGHT-OF-WAY OF PUERTO PLATA AVENUE (R.O.W. ~ 80') AS SHOWN ON THE AMENDED PLAT OF VALVERDE SECTION 1 PHASE 1 & 2 AS RECORDED IN CABINET 8, PAGES 66-B THROUGH 69-B OF THE PLAT RECORDS OF BASTROP COUNTY, TEXAS, SAID 295.248 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING** at a 1/2-inch iron rod with a cap stamped "BGE INC" set on the common line of the remainder of said 399.878 acre tract and the The Colony MUD 1A, Section 1, Phase B, as recorded in Cabinet 6, Page 189A of the Plat Records of Bastrop County, Texas, at the northwest corner of the right-of-way of George Neggan Lane (R.O.W. ~ 55.5') as shown on said Amended Plat; **THENCE**, S 86°51'05" W, coincident with the common line of the remainder of the 399.878 acre tract and said The colony MUD 1A, Section 1, Phase B, a distance of 930.00 feet to a calculated point for the northeast corner and **POINT OF BEGINNING** of the herein described tract;

**THENCE**, departing said common line, over and across the remainder of the 399.878 acre tract the following twenty-eight (28) courses:

- 1) S 35°04'52" W, a distance of 89.31 feet to a calculated point for an angle point of the herein described tract;
- 2) S 11°34'46" W, a distance of 134.65 feet to a calculated point for an angle point of the herein described tract;
- 3) S 43°42'09" W, a distance of 173.56 feet to a calculated point for an angle point of the herein described tract;
- 4) S 37°48'33" W, a distance of 149.36 feet to a calculated point for an angle point of the herein described tract;
- 5) S 24°20'55" W, a distance of 85.38 feet to a calculated point for an angle point of the herein described tract;
- 6) S 04°59'40" E, a distance of 107.39 feet to a calculated point for an angle point of the herein described tract;
- 7) S 14°35'31" W, a distance of 160.75 feet to a calculated point for an angle point of the herein described tract;

- 8) S 06°16'41" E, a distance of 103.52 feet to a calculated point for an angle point of the herein described tract;
- 9) S 09°33'10" E, a distance of 89.33 feet to a calculated point for an angle point of the herein described tract;
- 10) S 81°06'35" E, a distance of 238.54 feet to a calculated point for an angle point of the herein described tract;
- 11) N 90°00'00" E, a distance of 88.16 feet to a calculated point for a re-entrant corner of the herein described tract;
- 12) N 18°16'38" E, a distance of 27.25 feet to a calculated point for a corner of the herein described tract;
- 13) S 71°43'22" E, a distance of 181.60 feet to a calculated point for a re-entrant corner of the herein described tract;
- 14) N 14°19'35" E, a distance of 65.69 feet to a calculated point for a corner of the herein described tract;
- 15) S 75°40'25" E, a distance of 120.00 feet to a calculated point for a corner of the herein described tract;
- 16) S 14°19'35" W, a distance of 22.28 feet to a calculated point for a re-entrant corner of the herein described tract;
- 17) S 75°40'25" E, a distance of 188.50 feet to a calculated point for a re-entrant corner of the herein described tract;
- 18) N 18°01'49" E, a distance of 17.35 feet to a calculated point for a corner of the herein described tract;
- 19) S 79°11'39" E, a distance of 119.45 feet to a calculated point for a corner of the herein described tract;
- 20) S 06°21'30" W, a distance of 5.81 feet to a calculated point for a re-entrant corner of the herein described tract;
- 21) S 79°21'54" E, a distance of 55.50 feet to a calculated point for an angle point of the herein described tract;
- 22) S 79°11'39" E, a distance of 130.00 feet to a calculated point for a re-entrant corner of the herein described tract;
- 23) N 11°42'54" E, a distance of 13.50 feet to a calculated point for a re-entrant corner of the herein described tract;

- 24) S 79°05'37" E, a distance of 109.72 feet to a calculated point for a corner of the herein described tract;
- 25) S 10°53'55" W, a distance of 218.86 feet to a calculated point for an angle point of the herein described tract;
- 26) S 15°39'08" W, a distance of 52.19 feet to a calculated point for an angle point of the herein described tract;
- 27) S 20°55'17" W, a distance of 36.54 feet to a calculated point for a re-entrant corner of the herein described tract;
- 28) S 76°44'36" E, a distance of 34.40 feet to a calculated point on the common line of the remainder of the 399.878 acre tract and the west right-of-way line of the aforementioned Puerto Plata Avenue, for an angle point of the herein described tract;

THENCE, S 76°04'52" E, over and across said right-of-way, a distance of 80.00 feet to a calculated point on the common line of the remainder of the 399.878 acre tract and the east line of said right-of-way for a re-entrant corner of the herein described tract;

THENCE, coincident with said common line the following three (3) courses:

- 1) S 13°55'08" W, a distance of 152.24 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of curvature of the herein described tract;
- 2) Curving to the right, with a radius of 740.00 feet, an arc length of 250.92 feet, a central angle of 19°25'41", a chord bearing of S 23°37'59" W, and a chord distance of 249.72 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of tangency of the herein described tract;
- 3) S 33°20'50" W, a distance of 38.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the common line of the remainder of the 399.878 acre tract and a called 25.070 acre tract of land as conveyed unto TOCC Land, LLC in Document Number 201900758 of the Official Public Records of Bastrop County, Texas, for the southeast corner of the herein described tract;

THENCE, S 87°55'54" W, coincident with the common line of the remainder of the 399.878 acre tract, said right-of-way, said 25.070 acre tract, and a called 25.071 acre tract of land as conveyed unto Bellamont, LLC in Document Number 201810109 of the Official Public Records of Bastrop County, Texas, a distance of 1,795.60 feet to a calculated point at the northwest corner of said 25.071 acre tract, for a re-entrant corner of the remainder of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found bears N 51° 05' 33" W, a distance of 1.18 feet;

THENCE, S 02°31'46" E, coincident with the common line of the remainder of the 399.878 acre tract and the 25.071 acre tract a distance of 533.70 feet to a 5/8-inch iron rod found at the southwest corner of the 25.071 acre tract, on the north line of a remaining portion of a called 469.652 acre tract of land as conveyed unto Erhard Legacy Partners, LTD in Document Number 201502920 of the Official Public Records of Bastrop County, Texas, for a south corner of 399.878 acre tract and the herein described tract;

THENCE, S 87°52'50" W, coincident with the common line of the remainder of the 399.878 acre tract and said remaining portion of a 469.652 acre tract a distance of 4,392.23 feet to a 1/2-inch iron rod found at the common corner of Lot 32, Block "B, as shown on the plat of The Woodlands, as recorded in Cabinet 2, Page 350A of the Plat Records of Bastrop County, Texas, for the southwest corner of the remainder of the 399.878 acre tract and the herein described tract;

THENCE, N 02°07'09" W, coincident with the common line of the remainder of the 399.878 acre tract, said Lot 32, the east terminal end of the right-of-way line of Woodlands Drive (R.O.W. ~ 60') as shown on said plat of The Woodlands, and Lot 41, Block "A", as shown on said plat of The Woodlands, passing at a distance of 2,331.72 feet a 1/2-inch iron rod found, and continuing for a total distance of 2,332.15 feet to a calculated point at the common corner of the remainder of the 399.878 acre tract, said Lot 41 and on the south line of the aforementioned remaining portion of the 1,258.002 acre tract, for the northwest corner of the remainder of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found on the north line of said Block "A", at a corner of said remaining portion of the aforementioned 1,258.002 acre tract bears S 86° 51' 05"W, a distance of 2,609.69 feet;

THENCE, N 86°51'05" E, coincident with the common line of the remainder of the 399.878 acre tract, the remaining portion of the 1,258.002, and a called 1.00 acre tract of land conveyed unto Hunt Communities Bastrop, LLC in Document Number 201911016 of the Official Public Records of Bastrop County, Texas, a distance of 5,470.42 feet to the **POINT OF BEGINNING** and containing 295.248 acres of land, more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE Inc., in May 2024 and are true and correct to the best of my knowledge. Bearing orientation is based on the Texas State Plane Coordinate System, NAD 83, Texas Central Zone 4203. An exhibit plat with like job number and date was prepared in conjunction with this metes and bounds description.



Dion P. Albertson RPLS Number 4963  
BGE, Inc.  
7330 San Pedro Ave, Suite 202  
San Antonio TX 78216  
Telephone: 210-581-3600  
TBPLS Licensed Surveying Firm Number 10194490



8/27/2024  
Date

Date: August 27, 2024  
Job No: 8225-01

# EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION

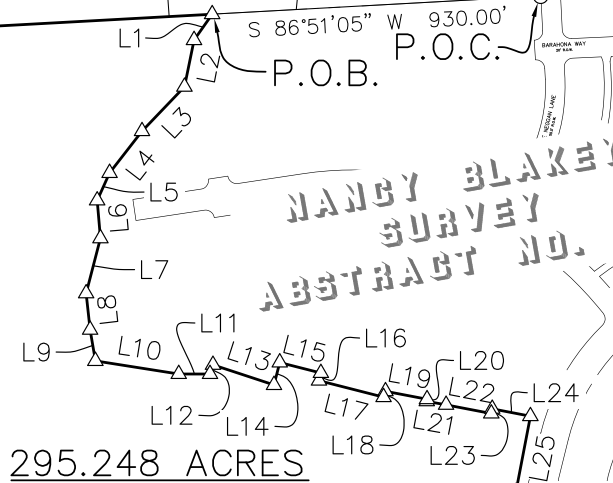
HUNT COMMUNITIES  
BASTROP, LLC.  
REMAINDER OF A  
CALLED 1258.002 ACRES  
DOC. NO. 201617588  
O.P.R.B.C.

HUNT COMMUNITIES  
BASTROP, LLC.  
CALLED 1.00 ACRE  
DOC. NO. 201911016  
O.P.R.B.C.

THE COLONY MUD 1A,  
SECTION 1, PHASE B  
CAB. 6, PG. 189A P.R.B.C.

THE COLONY MUD 1A,  
SECTION 1, PHASE A  
CAB. 6, PG. 129A P.R.B.C.

SIS BASTROP, LLC  
CALLED 10.599 ACRES  
DOC. NO. 202107639  
O.P.R.B.C.



295.248 ACRES

CONTINENTAL HOMES OF TEXAS, L.P.  
OUT OF THE REMAINDER OF A  
CALLED 399.878 ACRES  
DOCUMENT NO. 202022279 O.P.R.B.C.

SEE DETAIL "A"

S 87°55'54" W 1,795.60'

BELLAMONT, LLC.  
CALLED 25.071 ACRES  
DOC. NO. 201810109  
O.P.R.B.C.

TOCC LAND, LLC.  
CALLED 25.070 ACRES  
DOC. NO. 201900758  
O.P.R.B.C.

ESMERALDA VENCES-MALDONADO  
& FERMIN VENCES-MALDONADO  
CALLED 10.01 ACRES  
DOC. NO. 201916372 O.P.R.B.C.

ERHARD LEGACY PARTNERS, LTD  
REMAINDER OF A  
CALLED 469.652 ACRES  
DOC. NO. 201502920 O.P.R.B.C.

MATCH LINE SHEET 2  
MATCH LINE SHEET 1

F.M. 969  
80' WIDE R.O.W.  
AS REFERENCED ON  
CAB. 6, PG. 129A P.R.B.C.

SCALE: 1"=500'  
SHEET 5  
OF 8

O:\00008225-01\SV\04\_Final\Drawings\8732-00 Master Improvements Area\_295.248\_AC.dwg, 8/26/2024 3:39 PM, Tyler Sperry



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TBPELS Licensed Surveying Firm No. 10194490

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# EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION

HUNT COMMUNITIES BASTROP, LLC.  
 REMAINDER OF A  
 CALLED 1258.002 ACRES  
 DOC. NO. 201617588  
 O.P.R.B.C.

N 86°51'05" E 5,470.42'

SEE DETAIL "B"

**NANCY BLAKEY SURVEY  
 ABSTRACT NO. 98**

295.248 ACRES

CONTINENTAL HOMES OF TEXAS, L.P.  
 OUT OF THE REMAINDER OF A  
 CALLED 399.878 ACRES  
 DOCUMENT NO. 202022279 O.P.R.B.C.

MATCH LINE SHEET 2  
 MATCH LINE SHEET 1

THE WOODLANDS  
 CAB. 2, PG. 350A P.R.B.C.

N 02°07'09" W 2,332.15'

SEE DETAIL "A"

L32  
 5/8"

S 87°52'50" W 4,392.23'

ERHARD LEGACY PARTNERS, LTD  
 REMAINDER OF A  
 CALLED 469.652 ACRES  
 DOC. NO. 201502920  
 O.P.R.B.C.



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 TBPELS Licensed Surveying Firm No. 10194490

SCALE: 1"=500'

SHEET 6

OF 8

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## EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION

LINE TABLE		
NUMBER	BEARING	DISTANCE
L1	S 35°04'52" W	89.31'
L2	S 11°34'46" W	134.65'
L3	S 43°42'09" W	173.56'
L4	S 37°48'33" W	149.36'
L5	S 24°20'55" W	85.38'
L6	S 04°59'40" E	107.39'
L7	S 14°35'31" W	160.75'
L8	S 06°16'41" E	103.52'
L9	S 09°33'10" E	89.33'
L10	S 81°06'35" E	238.54'
L11	N 90°00'00" E	88.16'
L12	N 18°16'38" E	27.25'
L13	S 71°43'22" E	181.60'

LINE TABLE		
NUMBER	BEARING	DISTANCE
L14	N 14°19'35" E	65.69'
L15	S 75°40'25" E	120.00'
L16	S 14°19'35" W	22.28'
L17	S 75°40'25" E	188.50'
L18	N 18°01'49" E	17.35'
L19	S 79°11'39" E	119.45'
L20	S 06°21'30" W	5.81'
L21	S 79°21'54" E	55.50'
L22	S 79°11'39" E	130.00'
L23	N 11°42'54" E	13.50'
L24	S 79°05'37" E	109.72'
L25	S 10°53'55" W	218.86'
L26	S 15°39'08" W	52.19'

LINE TABLE		
NUMBER	BEARING	DISTANCE
L27	S 20°55'17" W	36.54'
L28	S 76°44'36" E	34.40'
L29	S 76°04'52" E	80.00'
L30	S 13°55'08" W	152.24'
L31	S 33°20'50" W	38.04'
L32	S 02°31'46" E	533.70'

CURVE TABLE					
NUMBER	ARC LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD DISTANCE
C1	250.92'	740.00'	19°25'41"	S 23°37'59" W	249.72'

BEARING ORIENTATION IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83. DISTANCES SHOWN ARE IN SURFACE VALUES. COMBINED SCALE FACTOR IS 0.99998269.



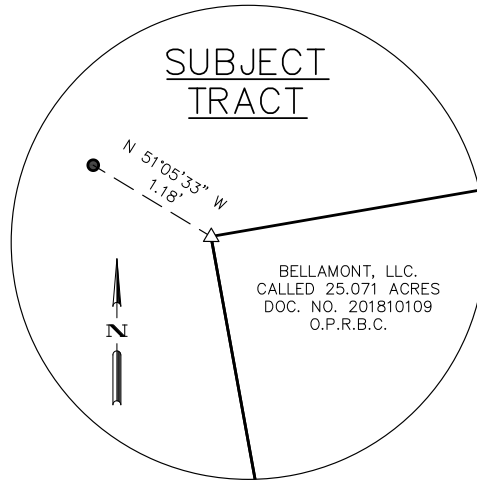
**BGE, Inc.**  
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 Tel: 210-581-3600 • www.bgeinc.com  
 TBPELS Licensed Surveying Firm No. 10194490

SCALE:	~
SHEET	7
OF	8

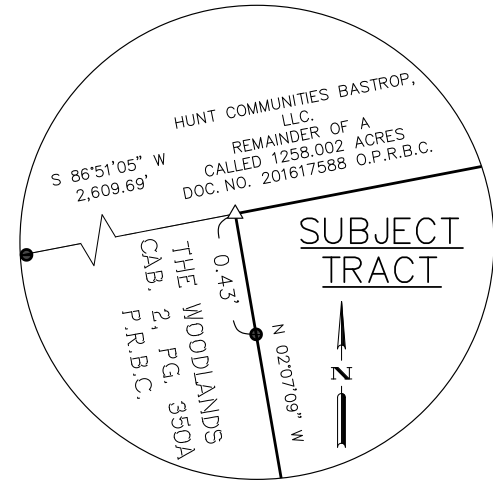
# EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION

## LEGEND

CAB.	CABINET
O.P.R.B.C.	OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY
O.R.B.C.	OFFICIAL RECORDS OF BASTROP COUNTY
P.O.B.	POINT OF BEGINNING
P.O.C.	POINT OF COMMENCING
R.O.W.	RIGHT-OF-WAY
VOL.	VOLUME
●	FOUND 1/2" IRON ROD (UNLESS NOTED OTHERWISE)
* ●	FOUND 1/2" IRON ROD W/CAP "RPLS 5548"
"CBD" ●	FOUND 1/2" IRON ROD W/CAP "CBD"
○	SET 1/2" IRON ROD W/CAP "BGE INC"
△	CALCULATED POINT



DETAIL "A"  
NOT TO SCALE



DETAIL "B"  
NOT TO SCALE

BEARING ORIENTATION IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83. DISTANCES SHOWN ARE IN SURFACE VALUES. COMBINED SCALE FACTOR IS 0.99998269.



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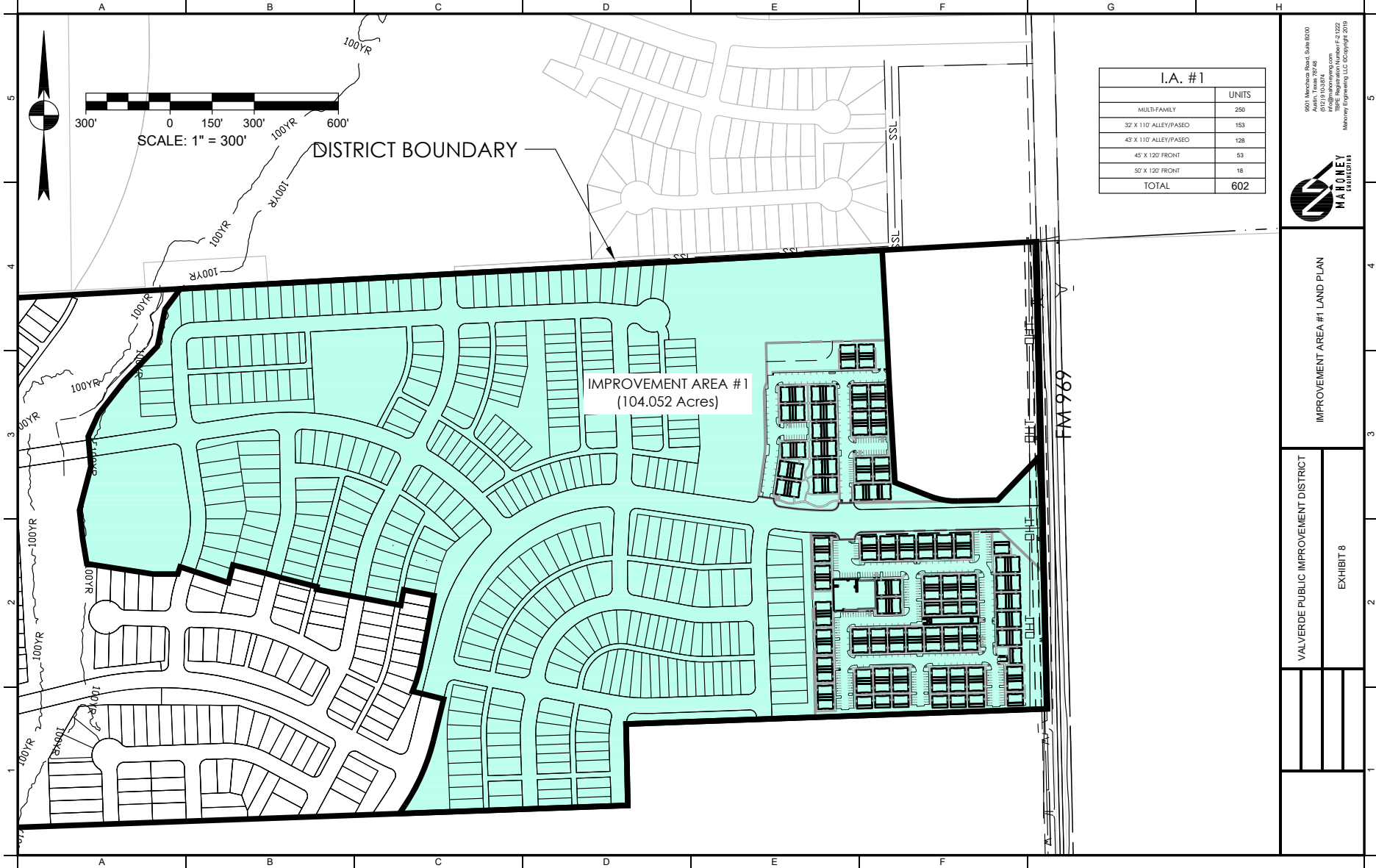
SCALE:	~
SHEET	8
OF	8

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## **EXHIBIT 8. IMPROVEMENT AREA #1 IMPROVEMENT AREA LOT TYPES**



I.A. #1	
	UNITS
MULTI-FAMILY	250
32' X 110' ALLEY/PASEO	153
45' X 110' ALLEY/PASEO	128
45' X 120' FRONT	53
50' X 120' FRONT	18
<b>TOTAL</b>	<b>602</b>

9021 Nevostra Road, Suite B200  
 Houston, Texas 77036  
 (832) 933-3274  
 www.mmcivil.com  
 Project No. 2024-0817  
 McKinney Engineering LLC Copyright 2019



IMPROVEMENT AREA #1 LAND PLAN

VALVERDE PUBLIC IMPROVEMENT DISTRICT

EXHIBIT 8

FM 969



## **EXHIBIT 9. ENGINEERS' OPINION OF PROBABLE COST**

**ENGINEERS PRELIMINARY OPINION  
OF PROBABLE CONSTRUCTION COSTS  
FOR PID FINANCING**

**PROJECT:** Valverde Development

**BASED ON:** Concept Plan

Phase	IMPROVEMENT AREA 1				FUTURE				TOTAL	# LOTS
	Streets	Water	Wastewater	Drainage	Streets	Water	Wastewater	Drainage		
PHASE 1	\$ 2,894,670.75	\$ 1,062,192.00	\$ 561,530.75	\$ 3,511,153.50					\$ 8,029,547.00	-
PHASE 2	\$ 1,723,434.25	\$ 902,580.00	\$ 689,072.25	\$ 807,862.00					\$ 4,122,948.50	174
PHASE 3	\$ 2,019,471.25	\$ 852,515.00	\$ 829,234.75	\$ 1,156,287.00					\$ 4,857,508.00	178
PHASE 4					\$ 1,989,237.86	\$ 696,989.57	\$ 638,053.02	\$ 1,228,289.55	\$ 4,552,570.00	94
PHASE 5					\$ 4,165,827.23	\$ 934,069.38	\$ 852,747.56	\$ 1,460,955.83	\$ 7,413,600.00	128
PHASE 6					\$ 3,997,833.21	\$ 858,928.56	\$ 787,233.33	\$ 1,453,684.90	\$ 7,097,680.00	115
PHASE 7					\$ 1,825,111.76	\$ 972,521.73	\$ 892,762.19	\$ 1,844,884.32	\$ 5,535,280.00	129
PHASE 8					\$ 1,680,690.45	\$ 946,449.31	\$ 870,554.90	\$ 1,730,755.34	\$ 5,228,450.00	124
PHASE 9					\$ 3,381,607.76	\$ 1,100,729.38	\$ 1,008,167.53	\$ 1,958,745.33	\$ 7,449,250.00	148
PHASE 10					\$ 1,119,978.28	\$ 808,965.31	\$ 697,947.34	\$ 1,740,451.27	\$ 4,367,342.20	122
PHASE 11					\$ 468,000.00	\$ 794,395.93	\$ 734,183.76	\$ 1,484,221.70	\$ 3,480,801.38	101
PHASE 12					\$ 468,000.00	\$ 647,203.04	\$ 593,914.01	\$ 1,077,484.98	\$ 2,786,602.03	86
PHASE 13										250
<b>TOTAL</b>	<b>\$ 6,637,576.25</b>	<b>\$ 2,817,287.00</b>	<b>\$ 2,079,837.75</b>	<b>\$ 5,475,302.50</b>	<b>\$ 19,096,286.54</b>	<b>\$ 7,760,252.21</b>	<b>\$ 7,075,563.63</b>	<b>\$ 13,979,473.23</b>	<b>\$ 64,921,579.12</b>	<b>1,649</b>

**Notes:**

Landscape and Street Lighting costs not included

Above cost estimate is preliminary and shall not be used for construction purposes

\*\*\*Does not include dry utilities



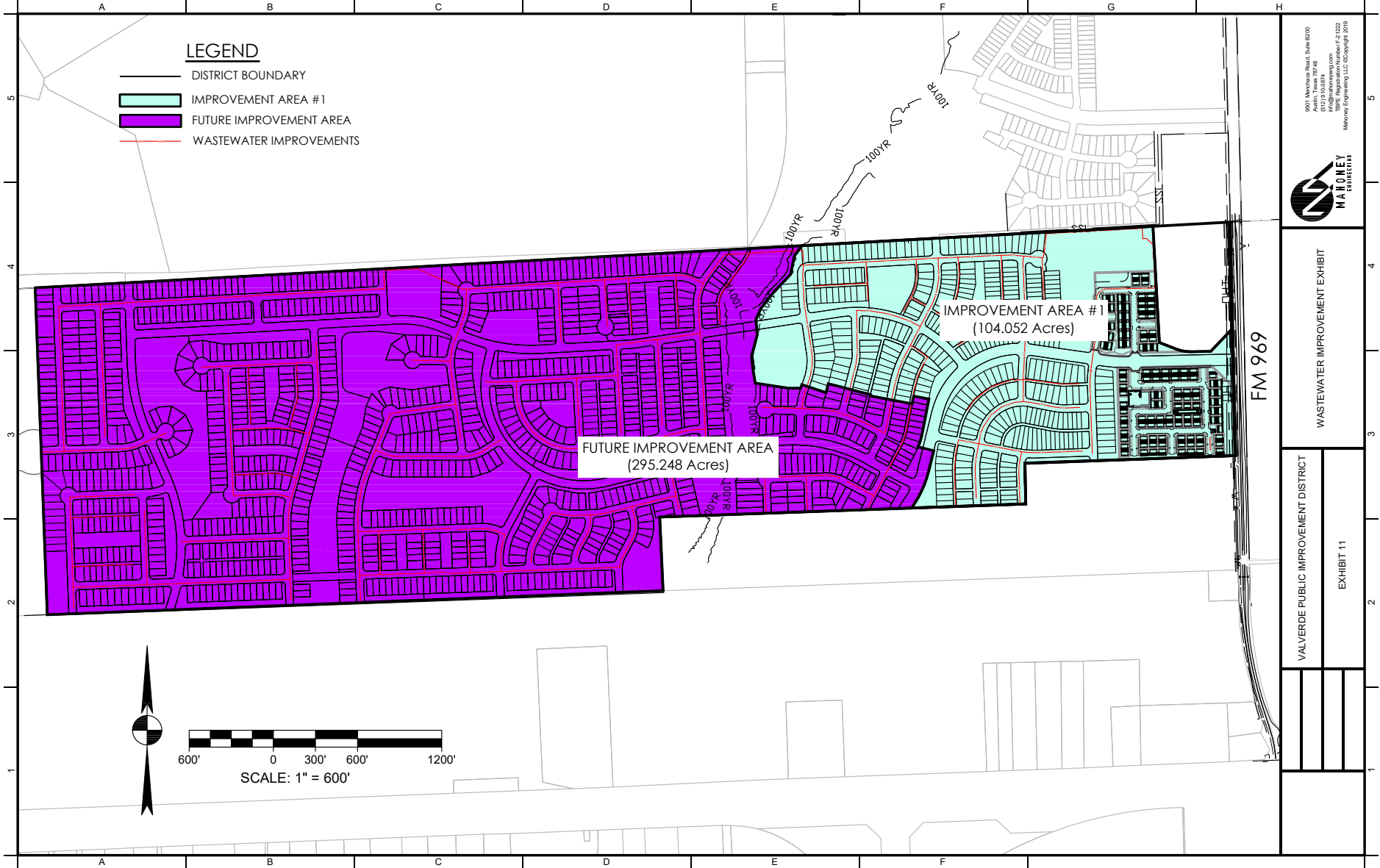
## **EXHIBIT 10.OVERALL IMPROVEMENTS AREA MAP**







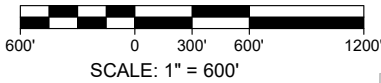


## **EXHIBIT 11.OVERALL IMPROVEMENTS MAP: WASTEWATER**

P:\1188\1000\1\CAD\Phase 1\_Valverde\EXHIBIT\PID\_20540812\CAD\CAD\Overall\_Landplan.dwg 10/31/2024 4:21:41 PM



- LEGEND**
-  DISTRICT BOUNDARY
  -  IMPROVEMENT AREA #1
  -  FUTURE IMPROVEMENT AREA
  -  WASTEWATER IMPROVEMENTS



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WASTEWATER IMPROVEMENT EXHIBIT

VALVERDE PUBLIC IMPROVEMENT DISTRICT

EXHIBIT 11

FM 969

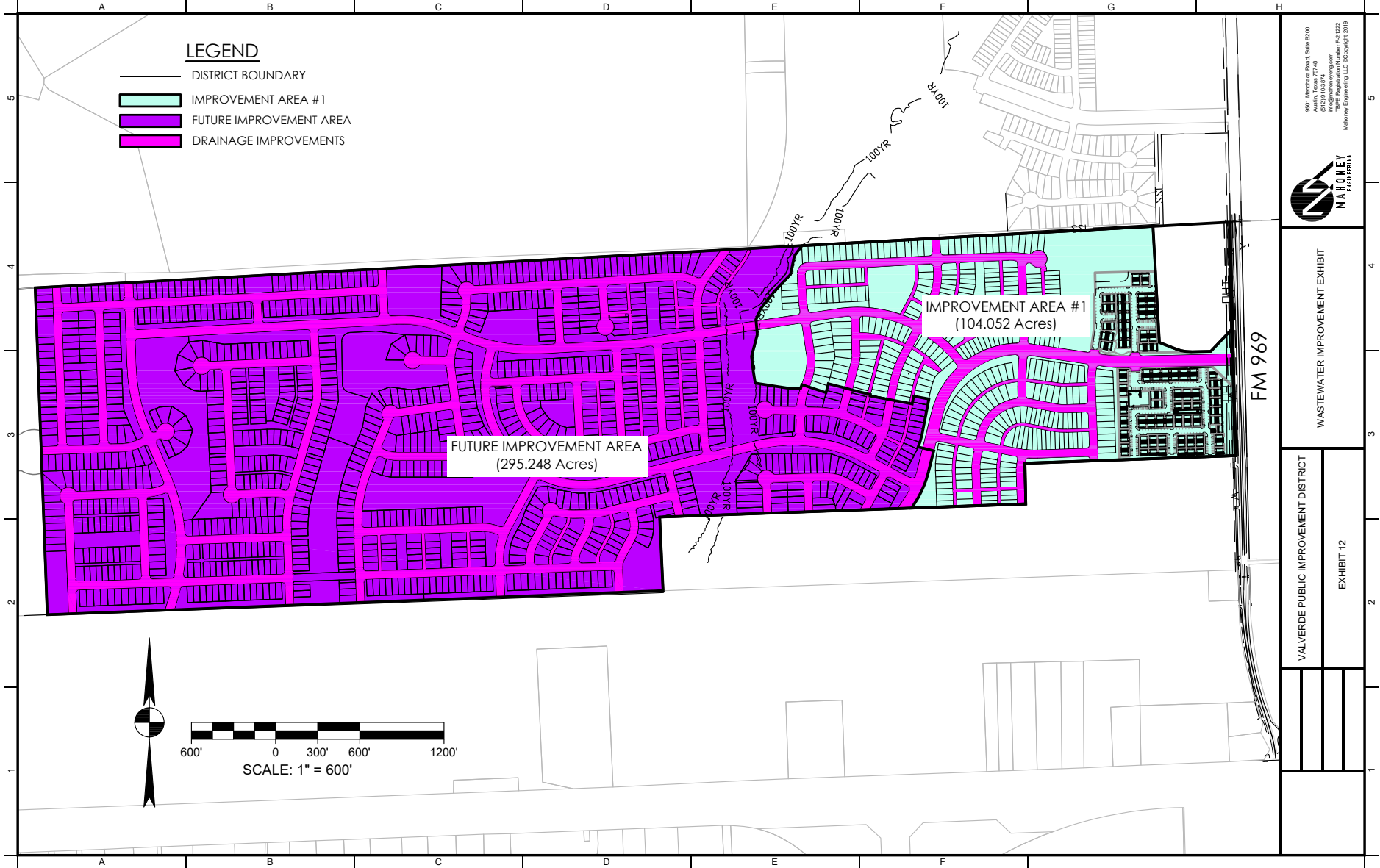
FUTURE IMPROVEMENT AREA  
 (295.248 Acres)

IMPROVEMENT AREA #1  
 (104.052 Acres)







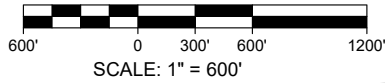


## **EXHIBIT 12.OVERALL IMPROVEMENT MAPS: DRAINAGE**



**LEGEND**

-  DISTRICT BOUNDARY
-  IMPROVEMENT AREA #1
-  FUTURE IMPROVEMENT AREA
-  DRAINAGE IMPROVEMENTS



9001 N. Rockwell Road, Suite 1000  
 Dallas, Texas 75246  
 Tel: (214) 343-8274  
 Fax: (214) 343-8275  
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IMPROVEMENT AREA #1  
(104.052 Acres)

FUTURE IMPROVEMENT AREA  
(295.248 Acres)

WASTEWATER IMPROVEMENT EXHIBIT

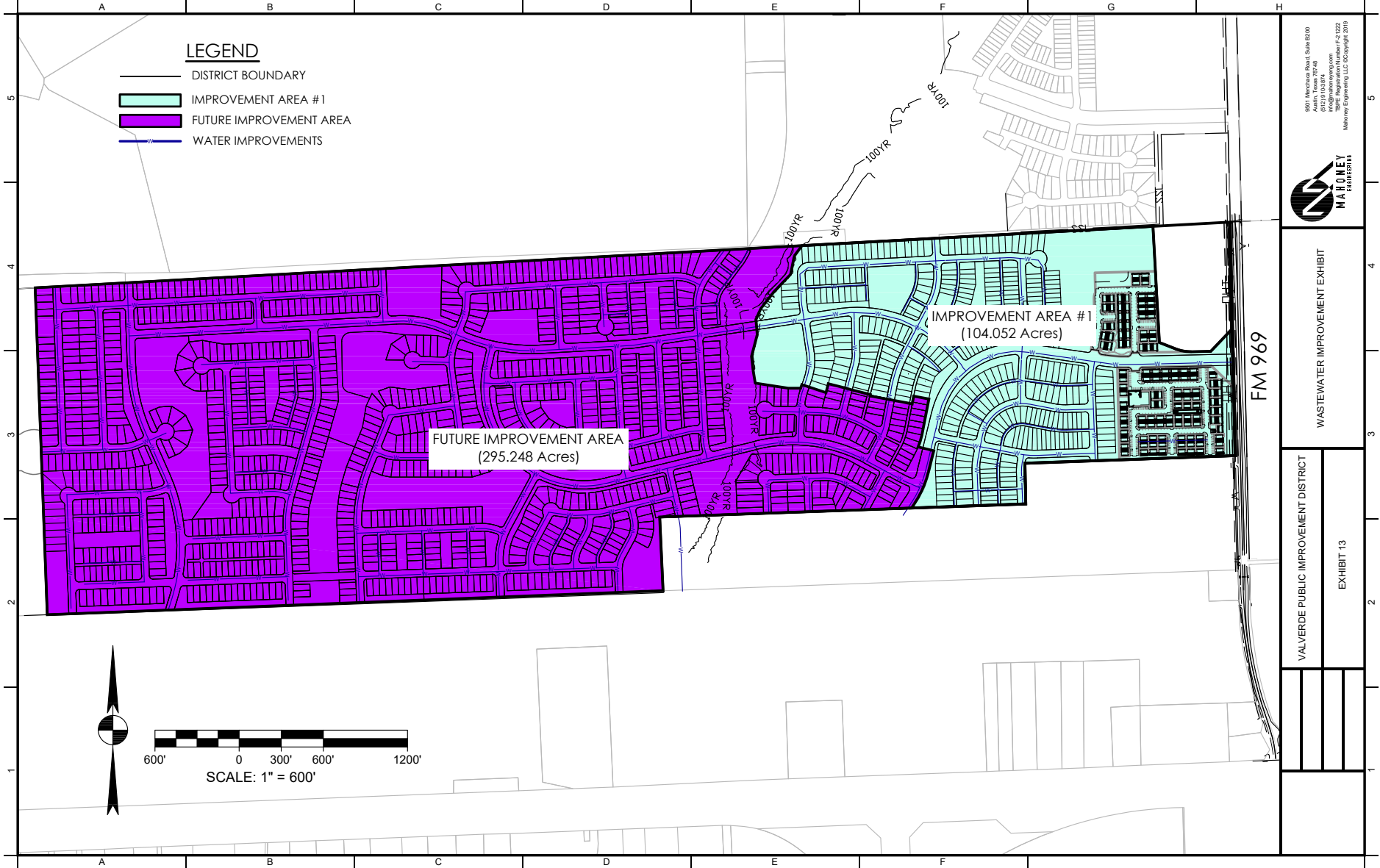
VALVERDE PUBLIC IMPROVEMENT DISTRICT

EXHIBIT 12







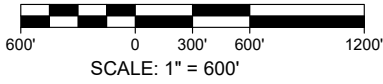
## **EXHIBIT 13.OVERALL IMPROVEMENTS MAP: POTABLE WATER**

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**LEGEND**

-  DISTRICT BOUNDARY
-  IMPROVEMENT AREA #1
-  FUTURE IMPROVEMENT AREA
-  WATER IMPROVEMENTS



FUTURE IMPROVEMENT AREA  
(295.248 Acres)

IMPROVEMENT AREA #1  
(104.052 Acres)

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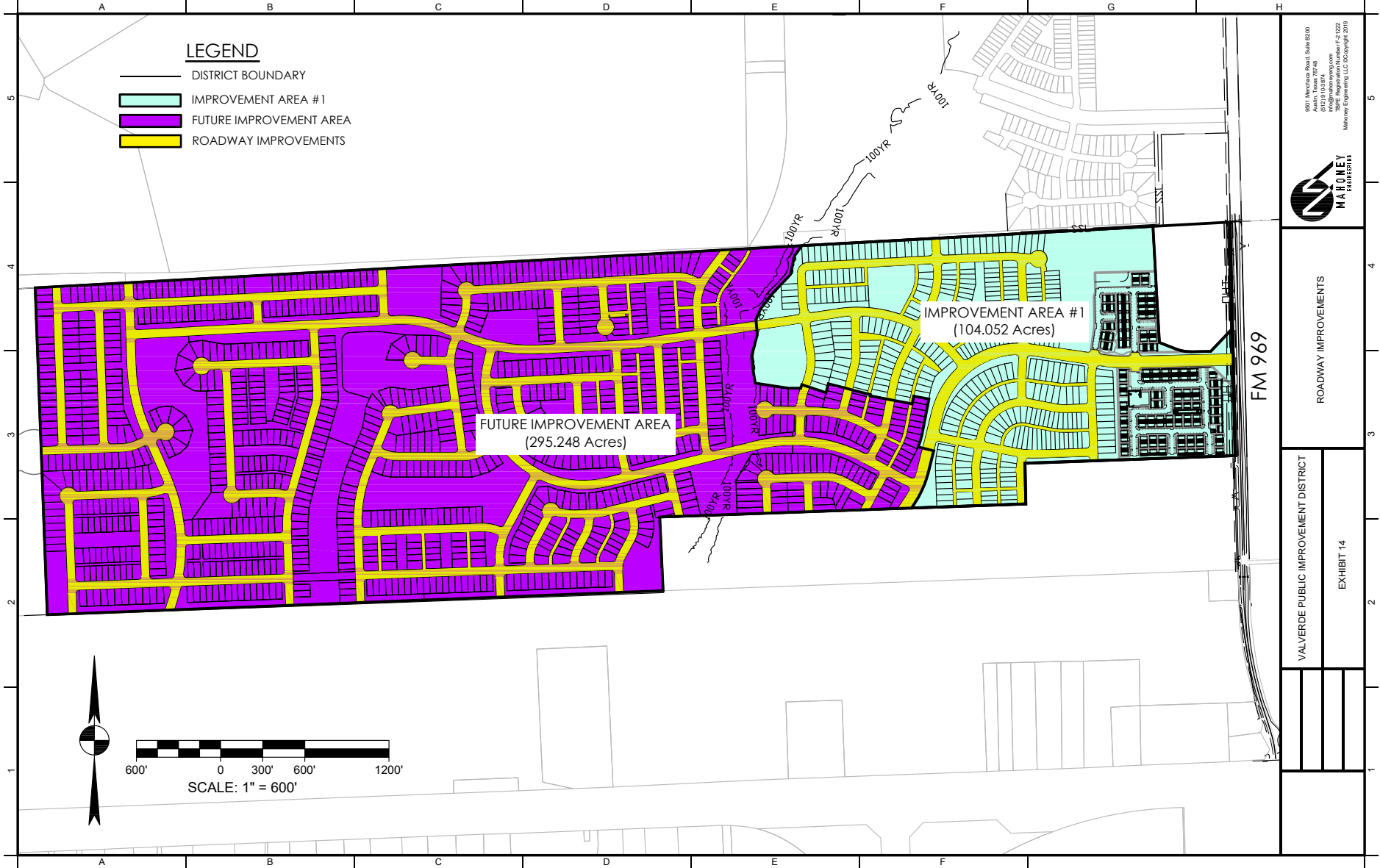
WASTEWATER IMPROVEMENT EXHIBIT

VALVERDE PUBLIC IMPROVEMENT DISTRICT





EXHIBIT 13



## **EXHIBIT 14.OVERALL IMPROVEMENTS MAP: STREETS**



**LEGEND**

-  DISTRICT BOUNDARY
-  IMPROVEMENT AREA #1
-  FUTURE IMPROVEMENT AREA
-  ROADWAY IMPROVEMENTS

FUTURE IMPROVEMENT AREA  
(295.248 Acres)

IMPROVEMENT AREA #1  
(104.052 Acres)

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SCALE: 1" = 600'

9601 N. Valencia Road, Suite 1000  
 Houston, Texas 77036  
 Tel: 281.460.0000  
 Fax: 281.460.0001  
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ROADWAY IMPROVEMENTS

VALVERDE PUBLIC IMPROVEMENT DISTRICT

EXHIBIT 14

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

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*[An opinion in substantially the following form will be delivered by McCall,  
Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the  
Bonds, assuming no material changes in facts or law.]*

\_\_\_\_\_, 2025

**CITY OF BASTROP, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(VALVERDE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1)  
IN THE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_**

AS BOND COUNSEL for the City of Bastrop, in Bastrop County, Texas (the "Issuer"), we have examined into the legality and validity of the issue of the bonds described above (the "Bonds"), which bear interest from the dates and mature on the dates stated on the face of the Bonds, all in accordance with the Ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") and the Trust Indenture (as defined below).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and have examined and relied upon a transcript of certified proceedings of the Issuer and other pertinent instruments furnished by the Issuer relating to the authorization, issuance and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Issuer upon which certificates and documents we rely as to certain matters stated below. We have also examined one executed Bond which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, and have been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, (i) the Bonds constitute valid and legally binding obligations of the Issuer which are payable as to principal and interest from the sources provided in the Bond Ordinance and the Indenture of Trust between the Issuer and BOKF, NA, dated as of April 1, 2025, (the "Trust Indenture"), (ii) the covenants and agreements in the Trust Indenture constitute valid and binding obligations of the Issuer, (iii) the Bonds constitute valid and legally binding special obligations of the Issuer secured as Bonds under the Trust Indenture, and (iv) the Bonds are payable in accordance with the priorities established in the Trust Indenture from the sources provided therein.

THE ISSUER has reserved the right, subject to the restrictions stated in the Trust Indenture, to amend the Trust Indenture in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in principal amount of all outstanding bonds affected by such amendment and secured by the Trust Indenture.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Trust Indenture.



IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Issuer with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed, and refinanced, therewith. In expressing the aforementioned opinions, we have relied on certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the



Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds. Our role in connection with the Issuer's Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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**APPENDIX D-1**

**FORM OF ISSUER DISCLOSURE AGREEMENT**

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**CITY OF BASTROP, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(VALVERDE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF ISSUER**

This Continuing Disclosure Agreement of Issuer, dated as of April 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among the City of Bastrop, Texas (the “Issuer”), (the “Administrator”), and BOKF, NA, acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of April 1, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The initial Administrator is P3Works, LLC.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Collections Report” shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in subsection 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Issuer Report Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Annual Issuer Report Filing Date is currently March 31.

“Annual Service Plan Update” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean Continental Homes of Texas, L.P., a Texas limited partnership.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of April 1, 2025, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the City Manager or Mayor of the Issuer or his or her designee or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean BOKF, NA, 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 Valverde Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.



“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

“Prepayment” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SAP Update” shall have the meaning assigned to such term in subsection 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trust Estate” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall have the meaning assigned to such term in the Indenture.

### SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2025, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Issuer Report Filing Date, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement. The Annual Issuer Report may, but is not required to, include the audited financial statements and the failure to include the audited financial statements as a part of the Annual Issuer Report shall not violate the Issuer’s obligations under this Disclosure Agreement provided the Issuer provides its audited financial statements within twelve (12) months of the most recently ended Fiscal Year or, if the audited financial statements are not available within such twelve-month period, the Issuer provides unaudited financial statements within such twelve-month period, and provides audited financial statements, when and if available. In each case, the Annual Issuer Report may be submitted as

a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5<sup>th</sup>) day before the Annual Issuer Report Filing Date the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Issuer Report Filing Date.

(b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and

(ii) file the Annual Issuer Report 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 Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer verifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

(a) Annual Financial Information. The following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments;

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (together, a “SAP Update”);

(iv) 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. The audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant, *but only if* available by the Annual Issuer Report Filing Date. If the audited financial statements of the Issuer are not available within twelve months after the end of the Fiscal Year, the Issuer shall provide notice that the audited financial statements are not available, file unaudited financial statements within such twelve-month period, and file audited financial statements when prepared and available.

(c) A form for submitting the information described in subsection 4(a) above is attached as Exhibit B hereto. Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

The 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 Issuer Reports under this Section 4.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Issuer Report, if such Annual Collections Report is available when the Annual Issuer Report is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5<sup>th</sup>) day before the Annual Collections Report Filing Date the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A hereto; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1<sup>st</sup>) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the Issuer shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within Improvement Area #1 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 to file a notice of such occurrence with the MSRB. 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.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing,

without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with 30 days' written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.



SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Assessments collected for Annual Collection Costs from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability arising under this Disclosure Agreement, but excluding (i) liabilities due to the Dissemination Agent'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 Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Assessments collected for Annual Collection Costs from the property owners in Improvement Area #1, 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 Dissemination Agent's negligence or willful misconduct and (ii) liabilities resulting from claims made by the Issuer against the Administrator; 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 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, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person’s official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for

its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and Administrator each respectively makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned

subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

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

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

*Signature pages follow.*

CITY OF BASTROP, TEXAS

By: \_\_\_\_\_  
Mayor

BOKF, NA  
(as Dissemination Agent)

By: \_\_\_\_\_  
Authorized Officer

P3WORKS, LLC  
(as Administrator)

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE  
[ANNUAL ISSUER REPORT][ANNUAL COLLECTIONS REPORT]  
[AUDITED/UNAUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Bastrop, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025  
(Valverde Public Improvement District Improvement Area #1  
Project) (the “Bonds”)  
CUSIP Nos. [insert CUSIP NOs.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the City of Bastrop, Texas (the “Issuer”), has not provided [an Annual Issuer Report][an Annual Collections Report][audited/unaudited financial statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of April 1, 2025, by and among the Issuer, P3Works, LLC, as “Administrator,” and BOKF, NA, as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

BOKF, NA,  
on behalf of the City of Bastrop, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Bastrop, Texas



**EXHIBIT B**

**CITY OF BASTROP, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(VALVERDE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

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**ANNUAL FINANCIAL INFORMATION\***

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Nos: [insert CUSIP Nos.]

**DISSEMINATION AGENT**

Name: BOKF, NA  
Address: [\_\_\_\_\_]   
City: [ ]   
Telephone: (\_\_\_\_) \_\_\_\_-\_\_\_\_   
Contact Person: Attn: \_\_\_\_\_

**Section 4(a)(i)(A)**

**BONDS OUTSTANDING**

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				—
				—
<b>Total</b>				

**Section 4(a)(i)(B)**

**INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value <sup>(1)</sup>	Book Value <sup>(1)</sup>	Market Value <sup>(1)</sup>

(1) As such information is provided by the Trustee.

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\*Excluding audited financial statements of the Issuer

**Section 4(a)(i)(C)**

**ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[__]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
<b>Net Position of Trust Estate and Outstanding Bonds and Assessments</b>		A-B+C

September 30, 20[\_\_] Trust Statements:                      Audited                                      Unaudited  
 Accounting Type:                                      Cash                                      Accrual                                      Modified Accrual

**Section 4(a)(ii)**

**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR**

**Debt Service Requirements on the Bonds**

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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**Top [Five] Assessment Payers in Improvement Area #1 <sup>(1)</sup>**

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
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<sup>(1)</sup> Does not include those owing less than one percent (1%) of total Assessments.

**Assessed Value of Improvement Area #1 of the District**

The [YEAR] certified total assessed value for the Assessed Property in Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Bastrop Central Appraisal District.

**Foreclosure History Related to the Assessments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent Assessment Amount not in Foreclosure Proceedings</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
20__	\$		\$		\$
20__					
20__					
20__					
20__					

---

[insert any necessary footnotes]

**Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Total Annual Installment Billed</u>	<u>Parcels Levied<sup>(1)</sup></u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Delinquent Amount as of 9/1</u>	<u>Delinquent % as of 9/1</u>	<u>Total Assessments Collected<sup>(2)</sup></u>
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

<sup>(1)</sup> 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.

<sup>(2)</sup> [Does/does not] include interest and penalties.

**Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due**

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent % as of 9/1</u>	<u>Parcel Numbers</u>
20__	%	
20__		

**History of Prepayment of Assessments for the Past Five Fiscal Years**

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
20__		\$		\$
20__				
20__				
20__				
20__				

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[insert any necessary footnotes]

**ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)**

[Insert a line item for each applicable listing]

**EXHIBIT C**

**CITY OF BASTROP, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(VALVERDE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

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**ANNUAL COLLECTIONS REPORT**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Nos: [insert CUSIP Nos.]

**DISSEMINATION AGENT**

Name: BOKF, NA  
Address: [\_\_\_\_\_] ]  
City: [\_\_\_\_\_, Texas \_\_\_\_\_]  
Telephone: (\_\_\_\_) \_\_\_\_-\_\_\_\_  
Contact Person: Attn: \_\_\_\_\_

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**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO  
THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH  
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL  
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN  
COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE  
AGREEMENT**

**Foreclosure History Related To The Annual Installments<sup>(1)</sup>**

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	<u>Foreclosure</u> <u>Sales</u>	Foreclosure Proceeds <u>Received</u>
20__	\$ _____		\$ _____		\$ _____

(i) Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

**Collection and Delinquency of Annual Installments** <sup>(1)</sup>

<u>Succeeding Fiscal Year</u> 20__	<u>Total Annual Installments Levied</u> \$	<u>Parcels Levied</u> <sup>(2)</sup>	<u>Delinquent Amount as of 3/1</u> \$	<u>Delinquent % as of 3/1</u> %	<u>Total Annual Installments Collected</u> <sup>(3)</sup> \$
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<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

<sup>(2)</sup> 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.

<sup>(3)</sup> [Does/does not] include interest and penalties.

**Prepayment of Assessments** <sup>(1)</sup>

<u>Succeeding Fiscal Year</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u> \$
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<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

## EXHIBIT D

### BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES<sup>1</sup>

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
	15	<p>Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies.</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year.</p> <p>Issuer and Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.</p>
March 1	28/29	Trustee pays bond interest payments to Owners.
April 1	59/60	<p>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 September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency.</p> <p>Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.</p>

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<sup>1</sup> Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33, and 34, Texas Tax Code, as amended (the "Code"), and the Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas, an amendment to the Code, or otherwise, such modifications shall control.

July 1

152/153

**If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full September payment, Issuer and/or Administrator to notify Dissemination Agent in writing for inclusion in the next Annual Report.**

**Preliminary Foreclosure activity commences in accordance with Tax Assessor/Collector's procedures.**

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

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 Tax Assessor/Collector's procedures.**

**Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.**

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

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**APPENDIX D-2**

**FORM OF DEVELOPER DISCLOSURE AGREEMENT**

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**CITY OF BASTROP, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(VALVERDE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER**

This Continuing Disclosure Agreement of Developer dated as of April 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and BOKF, NA, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of April 1, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Affiliate” shall mean an entity that owns property within Improvement Area #1 of the District and is controlled by, controls, or is under common control with the Developer, including any Homebuilder, as applicable.

“Amenities” shall mean playgrounds, public parks, open space, hike and bike trails, and an amenity center which will consist of a building, pool, parking lot, volleyball court, pickleball court, a playscape and trails.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by the Developer or Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Continental Homes of Texas, L.P., a Texas limited partnership, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean BOKF, NA, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean the Valverde Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into an Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Improvements” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Bastrop, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Parcel” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall have the meaning assigned to such term in the Indenture.

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

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning June 30, 2025.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the 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 35 or more of the single family residential lots within Improvement Area #1.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall have the meaning assigned to such term in the Indenture.

### SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with June 30, 2025, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until a Significant Homebuilder

Acknowledgement (as defined herein) with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and direct the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, with a copy to each Reporting Party, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting

Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the information listed in Exhibit A attached 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 Improvement Area #1 on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 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 Improvement Area #1 undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may materially and adversely affect the completion of development of Improvement Area #1, or litigation that may materially and adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Lot Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party.



Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

#### SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 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 acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 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 direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations

assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party's disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit 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 direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) above. Upon any such transfer to a Significant Homebuilder and the Developer's delivery of the Significant Homebuilder Acknowledgment pursuant to this Section 6(b), the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the real 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 35 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the 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 35 or more single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) of this Section 7 and any Termination Notice required by subsection (b) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

**SECTION 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer and any other Reporting Party in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' notice to the Issuer, the Developer, and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each Reporting Party of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be BOKF, NA.

**SECTION 9. Amendment; Waiver.** Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator, and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Developer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of a Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into in accordance with this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent a Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, such Reporting Party shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided on their behalf by a Reporting Party provided hereunder.

SECTION 12. Default. In the event of a failure of any Reporting Party or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and (ii) at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, the Dissemination Agent shall take such actions as may be necessary and appropriate to cause the applicable Reporting Party, and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party, or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by any Reporting Party or

the Administrator. Additionally, a default by any Reporting Party of its obligations under this Disclosure Agreement shall not be deemed a default by any other Reporting Party of under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder, and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence, or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to

the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation, or agreement of any Reporting Party, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, agent, or employee of the Reporting Party, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder, or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act, or action, or part thereof, is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to be effective, operative, made, entered into, or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent,

but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a delivery receipt from the recipient confirming that the e-mail was delivered with such notice. Failure to provide proof of delivery receipt does not constitute a breach or default under this Disclosure Agreement.

If to Developer: Continental Homes of Texas, L.P.  
Attn: Joel Wixson  
10700 Pecan Park Blvd, Suite 400  
Austin, Texas 78750  
Email: JMWixson@drhorton.com

With a copy to: Metcalfe Wolff Stuart & Williams, LLP  
Attn: Talley Williams  
221 W. 6th Street, Suite 1300  
Austin, Texas 78701  
E-mail: twilliams@mwswtexas.com

If to the Dissemination Agent or Trustee: BOKF, NA  
Attn: Jose Gaytan  
5956 Sherry Lane, Suite 900  
Dallas, TX 75225  
Email: Jgaytan@bokf.com

If to Administrator: P3Works, LLC  
9284 Huntington Square, Ste 100  
North Richland Hills, Texas 76182  
E-mail: admin@p3-works.com

If to the Issuer:

City of Bastrop  
Attn: City Secretary  
1311 Chestnut Street  
Bastrop, Texas 78602  
Email: citysec@cityofbastrop.org

If to Participating Underwriter:

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034  
E-mail: Tdavenport@fmsbonds.com

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of this Disclosure Agreement.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

*Signature pages follow.*



BOKF, NA  
Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

DEVELOPER:

Continental Homes of Texas, L.P., a Texas limited partnership

By: CHTEX of Texas, Inc., a Delaware corporation, its General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

P3Works, LLC,  
Administrator

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**CITY OF BASTROP, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(VALVERDE PUBLIC IMPROVEMENT DISTRICT  
IMPROVEMENT AREA #1 PROJECT)**

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**DEVELOPER QUARTERLY REPORT  
[INSERT QUARTERLY ENDING DATE]**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Numbers: [Insert CUSIP Numbers]

**DISSEMINATION AGENT**

Name: BOKF, NA

Address:

City:

Telephone:

Contact Person: Attn:

**I. Expenditures Paid from Accounts under Indenture**

1. TOTAL BUDGETED COSTS REQUIRED TO COMPLETE IMPROVEMENT AREA #1 IMPROVEMENTS: \$ \_\_\_\_\_
2. Of the budgeted costs for Improvement Area #1 Improvements shown in the Service and Assessment Plan:
  - a. Actual costs drawn from the Improvement Area #1 Improvements Account<sup>1</sup>:  
\$ \_\_\_\_\_
  - b. Actual costs drawn from the Major Improvement Account: \$N/A<sup>2</sup>
  - c. Actual costs drawn from the Developer Improvement Account: \$N/A<sup>3</sup>

**II. Status of Improvement Area #1 Improvements**

Projected/actual completion date of the Improvement Area #1 Improvements

1. [Actual/Expected] date of completion of the Improvement Area #1 Improvements:  
[\_\_\_\_\_]
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [\_\_\_\_\_]

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<sup>1</sup> Improvement Area Improvement Account means the account titled \_\_\_\_\_ held under the Project Fund in the Indenture.

<sup>2</sup> Inapplicable

<sup>3</sup> Inapplicable.

**III. Unit Mix in Improvement Area #1**

<b><u>Product Type</u></b>	<b><u>Number of Units</u></b>
Single Family __'	
Single Family __'	

**IV. Lot Status in Improvement Area #1**

Of the 352 single family lots in Improvement Area #1, what is the status:

1. Planned single family lots as of the date of issuance of the Bonds: 352
2. Planned single family lots as of the date of this Quarterly Report: \_\_\_\_\_
3. Single family lots developed: \_\_\_\_\_
4. Single family lots platted: \_\_\_\_\_
5. Expected completion date of all single family lots in Improvement Area #1 (if incomplete): \_\_\_\_\_

**V. Ownership of Lots/Units in Improvement Area #1**

PLANNED SINGLE FAMILY LOTS IN IMPROVEMENT AREA #1: 352

Of the 352 single family lots in Improvement Area #1:

1. Number of single family lots owned by the Developer: \_\_\_\_\_
2. Number of single family lots under contract but not closed to Homebuilder(s): \_\_\_\_\_
3. Number of single family lots owned by all Homebuilder(s): \_\_\_\_\_<sup>4</sup>
  - a. Number of single family lots owned by [*insert name of Homebuilder*]: \_\_\_\_\_<sup>5</sup>
  - b. Number of single family lots owned by [*insert name of Homebuilder*]: \_\_\_\_\_
4. Number of units owned by homeowners: \_\_\_\_\_

**VI. Home Sales Information in Improvement Area #1**

PLANNED SINGLE FAMILY HOMES IN IMPROVEMENT AREA #1: 352

Of the 352 single family homes planned for Improvement Area #1:

1. How many total building permits were issued **during the current quarter?** \_\_\_\_\_
  - a. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: \_\_\_\_\_<sup>2</sup>
  - b. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: \_\_\_\_\_<sup>2</sup>
2. How many total single family homes have closed with homebuyers **during the current quarter?** \_\_\_\_\_
  - a. Number of single family homes closed with homebuyers during the current quarter for [*insert name of Homebuilder*]: \_\_\_\_\_<sup>2</sup>

<sup>4</sup> 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.

<sup>5</sup> Include a line item for each individual Homebuilder.

- b. Number of single family homes closed with homebuyers during the current quarter for *[insert name of Homebuilder]*: \_\_\_\_\_]<sup>6</sup>
- 3. How many total single family homes have closed with homebuyers **cumulatively**?  
 \_\_\_\_\_
  - a. Number of single family homes closed with homebuyers cumulatively for *[insert name of Homebuilder]*: \_\_\_\_\_<sup>3</sup>
  - b. Number of single family homes closed with homebuyers cumulatively for *[insert name of Homebuilder]*: \_\_\_\_\_<sup>3</sup>

**VII. Amenities**<sup>7</sup>

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: \$[\_\_\_\_\_]

Of the \$[\_\_\_\_\_] [expected/actual] costs of the Amenities:

- 1. Amount spent as of Quarterly Ending Date: \$[\_\_\_\_\_]
- 2. [Actual/Expected] completion date of Amenities: [\_\_\_\_\_]

**VIII. Material Changes**

Describe any material changes, if applicable:

- 1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
- 2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
- 3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
- 4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?

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<sup>6</sup> Include a line item for each individual Homebuilder.

<sup>7</sup> Amenities means playgrounds, public parks, open space, hike and bike trails, and an amenity center which will consist of a building, pool, parking lot, volleyball court, pickleball court, a playscape and trails, as well as.

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.

a. **Status of Multifamily (Townhomes) in Improvement Area #1**

<b><u>Expected Number of Townhomes</u></b>	<b><u>Actual/Expected Start Date of Vertical Construction</u></b>	<b><u>Actual/Expected Vertical Construction Completion Date</u></b>

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO  
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Bastrop, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1 Project) (the “Bonds”)  
CUSIP Numbers: [insert CUSIP Numbers]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that \_\_\_\_\_, a \_\_\_\_\_ (the [“Developer<sup>8</sup>”] [“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 Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC, as Administrator, and BOKF, NA, as Dissemination Agent. The [Developer][Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by \_\_\_\_\_.

Dated: \_\_\_\_\_

BOKF, NA,  
on behalf of the Developer,  
as Dissemination Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Bastrop, Texas

\_\_\_\_\_  
<sup>8</sup> If applicable, replace with applicable successor(s)/assign(s).



**EXHIBIT C**

**TERMINATION NOTICE**

[DATE]

Name of Issuer: City of Bastrop, Texas  
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1 Project) (the "Bonds")  
 CUSIP Numbers. [insert CUSIP Numbers]  
 Date of Delivery: \_\_\_\_\_, 20\_\_

FMSbonds, Inc.  
 5 Cowboys Way, Suite 300-25  
 Frisco, Texas 75034

BOKF, NA  
 5956 Sherry Lane, Suite 900  
 Dallas, TX 75225

City of Bastrop, Texas  
 1311 Chestnut Street  
 Bastrop, Texas 78602

Continental Homes of Texas, L.P.  
 10700 Pecan Park Blvd., Suite 400  
 Austin, Texas 78750

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that \_\_\_\_\_, a \_\_\_\_\_ (the ["Developer"<sup>1</sup>] ["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 Continental Homes of Texas, L.P., a Texas limited partnership (the "Developer"), P3Works, LLC, as Administrator, and BOKF, NA, as Dissemination Agent.

Dated: \_\_\_\_\_

P3Works, LLC  
 on behalf of the [Developer] [Significant Homebuilder],  
 as Administrator)

By: \_\_\_\_\_

Title: \_\_\_\_\_

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<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

**EXHIBIT D**

**CERTIFICATION LETTER**

[DATE]

Name of Issuer: City of Bastrop, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1 Project)  
CUSIP Numbers: [insert CUSIP Numbers]  
Quarterly Ending Date: \_\_\_\_\_, 20\_\_

Re: Quarterly Report for Valverde Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among Continental Homes of Texas, L.P., a Texas limited partnership<sup>1</sup> (the “Developer”), P3Works, LLC, as Administrator, and BOKF, NA, as Dissemination Agent, this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][\_\_\_\_\_, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

Continental Homes of Texas, L.P., a Texas limited partnership

By: CHTEX of Texas, a Delaware corporation, its General Partner

By: \_\_\_\_\_  
\_\_\_\_\_

[OR

**SIGNIFICANT HOMEBUILDER**  
(as Significant Homebuilder)

By: \_\_\_\_\_  
Title: \_\_\_\_\_]

<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

**EXHIBIT E**

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT  
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

**Re: Valverde Public Improvement District – Improvement Area #1 – Continuing Disclosure  
Obligation**

Dear \_\_\_\_\_,

Per [*Insert name of applicable agreement*], as of \_\_\_\_\_, 20\_\_, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Improvements or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within Improvement Area #1 of the Valverde Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and BOKF, NA (the “Dissemination Agent”), with respect to the “City of Bastrop, Texas, Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 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,

Continental Homes of Texas, L.P, a Texas limited  
partnership

By: CHTEX of Texas, Inc., a Delaware  
corporation, its General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT  
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

**Re: Valverde Public Improvement District – Improvement Area #1 – Continuing Disclosure  
Obligation**

Dear \_\_\_\_\_,

As of \_\_\_\_\_, 20\_\_\_\_, you own \_\_\_\_\_ lots within Improvement Area of Valverde Public Improvement District (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the “Disclosure Agreement of Developer”) by and among Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and BOKF, NA (the “Dissemination Agent”), with respect to the “City of Bastrop, Texas, Special Assessment Revenue Bonds, Series 2025 (Valverde Public Improvement District Improvement Area #1 Project),” any entity that owns 35 or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(a) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

Continental Homes of Texas, L.P., a Texas limited  
partnership

By: CHTEX of Texas, Inc., a Delaware  
corporation, its General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged by:  
[INSERT ASSIGNEE NAME]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPENDIX E**  
**APPRAISAL**

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**AN APPRAISAL REPORT**  
**OF**  
**VALVERDE PUBLIC IMPROVEMENT DISTRICT**  
**IMPROVEMENT AREA # 1**  
**(PREVIOUSLY VIRIDIAN)**

**LOCATED ALONG THE WEST LINE OF F.M. 969, APPROXIMATELY 0.50 MILE NORTH OF S.H. 21,  
AND APPROXIMATELY 3.30 MILES WEST OF S.H. 95,  
IN BASTROP, BASTROP COUNTY, TEXAS 78602**

**FOR**

**MR. R.R. "TRIPP" DAVENPORT, III**  
**UNDERWRITER**  
**FMSBONDS, INC.**  
**5 COWBOYS WAY, SUITE 300-25**  
**FRISCO, TEXAS 75034**

**BY**

**BARLETTA & ASSOCIATES, INC.**  
**1313 CAMPBELL ROAD, BUILDING C**  
**HOUSTON, TEXAS 77055-6429**

**B&A FILE NUMBER: C8950-03**

**AS OF**

<b>DATE OF APPRAISAL TRANSMITTAL:</b>	<b>NOVEMBER 25, 2024</b>
<b>DATE OF SITE VISIT:</b>	<b>OCTOBER 1, 2024</b>
<b>EFFECTIVE DATES OF VALUE:</b>	<b>OCTOBER 1, 2024; MAY 1, 2025; &amp; DECEMBER 2025</b>

# BARLETTA & ASSOCIATES, INC.

REAL ESTATE APPRAISERS • CONSULTANTS

November 25, 2024

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

Phone: 877-899-2220  
Email: tdavenport@fmsbonds.com

**RE: An Appraisal Report of Improvement Area # 1 ("IA #1") of the Valverde Public Improvement District (the Valverde PID), previously known as the Viridian Public Improvement District, Improvement Area #1 consisting of 602 lots, comprised of 174 finished lots in Phase 1 & Phase 2, Section 1; 178 under-development lots in Phase 3; and 250 attached townhome ("TH") condo regime lots (the condo regime lots will be marketed as Valverde Casitas, legally as Valverde North and Valverde South); located along the west line of F.M. 969, approximately 0.50 mile north of S.H. 21, and approximately 3.30 miles west of S.H. 95, in Bastrop, Bastrop County, Texas 78602.**

**Client: FMSbonds, Inc.  
B&A File No. C8950-03**

Dear Mr. Davenport:

At your request, we have personally visited and prepared an appraisal of the above-captioned subject property, gathered comparable market data, and conducted a study of the market area for the purpose of providing our opinion of the **"As Is" and "Upon Completion" Bulk Market Values** of the subject lots in compliance with FMSbonds, Inc.'s Appraisal Instructions, the Uniform Standards of Professional Appraisal Practice and the Appraisal Institute's Code of Professional Ethics. This appraisal also complies with applicable fair lending and anti-defamation laws including the Equal Credit Opportunity Act (ECOA), the Fair Housing Act (FHA), the Civil Rights Act of 1866, as well as other federal, state or local laws that prohibit discrimination.

**At the request of the client, the "As Is" Market Value of the under-development lots (Phase 3) and attached TH condo regime lots have not been valued herein.**

It is our opinion that the **"As Is" and "Upon Completion" Bulk Market Values** of the fee simple interest in the subject lots, as of the indicated dates, are as follows:

Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value, Phase 1 & 2, Sec. 1	174	32', 43' & 45'	<b>\$11,890,000</b>	10/1/2024
"Upon Completion" Bulk Market Value - Phase 3, Sec. 1	178	32', 43', 45, and 50'	<b>\$14,120,000</b>	5/1/2025
"Upon Completion" Bulk Market Value, Valverde North & Valverde South	250	Attached TH Condo Regime	<b>\$12,800,000</b>	12/1/2025



**For Phase 1 and Phase 2, Section 1, the Bulk Market Values above are derived from a Sum of Retail Revenue of \$6,756,800, or \$65,500 per 32' lot; \$3,702,300, or \$88,150 per 43' lot; and \$2,675,250, or \$92,250 per 45' lot. This equates to a gross sum of \$13,134,350, or \$75,485 per lot.**

**For Phase 3, Section 1, the Bulk Market Values above are derived from a Sum of Retail Revenue of \$3,432,000, or \$68,640 per 32' lot; \$7,932,210, or \$92,235 per 43' lot; \$2,316,600, or \$96,525 per 45' lot; and \$1,930,500, or \$107,250 per 50' lot. This equates to a gross sum of \$15,611,310, or \$87,704 per lot.**

**For the 250 attached TH condo regime lots, the Bulk Market Values above are derived from a Sum of Retail Revenue of \$14,500,000, or \$58,000 per attached TH condo regime lot.**

The estimated prospective **Marketing Period** and historic **Exposure Time** for the subject property at the above concluded value scenarios are estimated within 3 to 6 months, depending on property, based upon discussions with area market participants, and the marketing period for comparable properties that have recently sold.

***The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.***

**Extraordinary Assumptions:**

1.) A portion of the subdivision appraised herein is under-development, with a prospective completion date. In this Appraisal Report, we have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, we have projected the retail valuation of the individual subject lots, absorption period and holding costs based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from that which are expected on the anticipated dates of completion that are reflected in this report. Because actual future market conditions may deviate from that which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sales data that will be available on the prospective date of completion.

2.) The valuation of the subject improvements "Upon Completion" require valuation of the various subject improvements as of the prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically

complete. Therefore, we have relied upon surveys, plats and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value estimate is subject to revision.

3.) This appraisal is subject to all under-development improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.

4.) This appraisal is subject to a final subdivision plat.

5.) This appraisal assumes that D.R. Horton, or comparable production builder/s, will build upon the finished and under-development subject lots, detached single-family units with a projected price from \$307,495 to \$368,990. The attached TH condo regime product will be for lease, with a projected asking rent of \$1,727 to \$1,775 per month.

6.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions: None**

As referenced herein, **Market Value** is defined by FIRREA, as follows:

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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby 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.

(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)

Mr. R.R. "Tripp" Davenport  
November 25, 2024  
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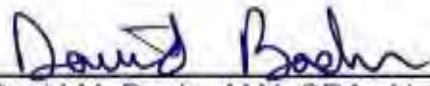
It has been a pleasure serving you. Please call if we may be of further assistance.

Sincerely,

**BARLETTA & ASSOCIATES, INC.**



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



David M. Baehr, MAI, SRA, AI-GRS  
State Certified, TX-1380372-G

## CERTIFICATION

We certify, to the best of our knowledge and belief, the following:

### USPAP Certifications

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 my 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 we have no personal interest with respect to the parties involved.
4. We have provided no real estate 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 acceptance of 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 Appraisal Report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. David M. Baehr, MAI, SRA, AI-GRS made an unaccompanied visit to the subject site on October 1, 2024. Phillip F. Barletta, MAI, SRA did not inspect property, but is very familiar with the market area.
10. No one provided significant real property appraisal assistance to the signer of this appraisal report.
11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. The appraisers have extensive experience in appraising subdivisions, subdivision lots, base master floor plans, master-planned residential subdivisions, multifamily properties and retail properties and are State General Certified; thus, they are well-qualified to appraise the subject property and fully satisfy the Competency Rule of the Uniform Standards of Professional Appraisal Practice.
13. Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS are State Certified General Real Estate Appraisers by the Texas Appraiser Licensing and Certification Board for the State of Texas.

## AI Certifications

1. The reported analyses, opinions and conclusions were developed, and this report has also been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. As of the date of this report, Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS have completed the continuing education program for Designated Members of the Appraisal Institute.

To conclude, the appraisers hereby certify regulatory compliance, and after completing a detailed and thorough analysis of all the relevant market data, the concluded fee simple estate **“As Is” and “Upon Completion” Bulk Market Value** as of the noted effective dates, are as follows:

Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value, Phase 1 & 2, Sec. 1	174	32', 43' & 45'	\$11,890,000	10/1/2024
"Upon Completion" Bulk Market Value - Phase 3, Sec. 1	178	32', 43', 45, and 50'	\$14,120,000	5/1/2025
"Upon Completion" Bulk Market Value, Valverde North & Valverde South	250	Attached TH Condo Regime	\$12,800,000	12/1/2025

**For Phase 1 and 2, Section 1, the Bulk Market Values above are derived from a Sum of Retail Revenue of \$6,756,800, or \$65,500 per 32' lot; \$3,702,300, or \$88,150 per 43' lot; and \$2,675,250, or \$92,250 per 45' lot. This equates to a gross sum of \$13,134,350, or \$75,485 per lot.**

**For Phase 3, Section 1, the Bulk Market Values above are derived from a Sum of Retail Revenue of \$3,432,000, or \$68,640 per 32' lot; \$7,932,210, or \$92,235 per 43' lot; \$2,316,600, or \$96,525 per 45' lot; and \$1,930,500, or \$107,250 per 50' lot. This equates to a gross sum of \$15,611,310, or \$87,704 per lot.**

**For the 250 attached TH condo regime lots, the Bulk Market Values above are derived from a Sum of Retail Revenue of \$14,500,000, or \$58,000 per attached TH condo regime lot.**

The estimated prospective **Marketing Period** and historic **Exposure Time** for the various assets at the above concluded "Upon Completion" Bulk Market Values are estimated within 3 to 6 months, based upon discussions with area builders, and the marketing period for comparable properties that have recently sold.

***The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.***

**Extraordinary Assumptions:**

1.) A portion of the subdivision appraised herein is under-development, with a prospective completion date. In this Appraisal Report, we have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, we have projected the retail valuation of the individual subject lots, absorption period and holding costs based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from that which are expected on the anticipated dates of completion that are reflected in this report. Because actual future market conditions may deviate from that which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sales data that will be available on the prospective date of completion.

2.) The valuation of the subject improvements "Upon Completion" require valuation of the various subject improvements as of the prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically complete. Therefore, we have relied upon surveys, plats and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value estimate is subject to revision.

3.) This appraisal is subject to all under-development improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.

4.) This appraisal is subject to a final subdivision plat.

5.) This appraisal assumes that D.R. Horton, or comparable production builder/s, will build upon the finished and under-development subject lots, detached single-family units with a projected price from \$307,495 to \$368,990. The attached TH product will be for lease, with a projected asking rent of \$1,727 to \$1,775 per month.

6.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions: None**

**BARLETTA & ASSOCIATES, INC.**



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



David M. Baehr, MAI, SRA, AI-GRS  
State Certified, TX-1380372-G

### **ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal is subject to the following conditions:

1. This Appraisal Report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice, Standards Rule 2-2 (a). As such, this report does, in fact, include narrative discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is included in this report. The appraisers are not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.



11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead contamination, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans With Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are

connected) shall be disseminated to the public through advertising, public relations, new sales, or other media without prior written consent and approval of the appraisers.

19. Texas is a non-disclosure state. It is important that the intended user of the appraisal understand that, in Texas, there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property. In Texas, deeds typically do not contain information about the transaction other than the legal description, the parties involved in the transaction and minimum consideration of \$10.00. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales data in the market, of which the appraisers are unaware. Our sources provide the data typically available to appraisers in the ordinary course of business.

***The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.***

**Extraordinary Assumptions:**

1.) A portion of the subdivision appraised herein is under-development, with a prospective completion date. In this Appraisal Report, we have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, we have projected the retail valuation of the individual subject lots, absorption period and holding costs based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from that which are expected on the anticipated dates of completion that are reflected in this report. Because actual future market conditions may deviate from that which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sales data that will be available on the prospective date of completion.

2.) The valuation of the subject improvements "Upon Completion" require valuation of the various subject improvements as of the prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically complete. Therefore, we have relied upon surveys, plats and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value estimate is subject to revision.

3.) This appraisal is subject to all under-development improvements being completed in a timely and professional workmanlike manner and that the proposed improvements

do not deviate significantly from those described herein.

4.) This appraisal is subject to a final subdivision plat.

5.) This appraisal assumes that D.R. Horton, or comparable production builder/s, will build upon the finished and under-development subject lots, detached single-family units with a projected price from \$307,495 to \$368,990. The attached TH product will be for lease, with a projected asking rent of \$1,727 to \$1,775 per month.

6.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions:** None

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**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Property Name: **Valverde Public Improvement District, Improvement Area # 1**

Type of Property: The subject of this appraisal consists of 602 lots, comprised of 174 finished lots in Phase 1 & Phase 2, Section 1; 178 under-development lots in Phase 3; and 250 attached TH condo regime lots (the condo regime lots will be marketed as Valverde Casitas, legally as Valverde North and Valverde South); located along the west line of F.M. 969, approximately 0.50 mile north of S.H. 21, and approximately 3.30 miles west of S.H. 95, in Bastrop, Bastrop County, Texas 78602. The subject lots have a typical lot size of 32' x 110', or 3,520 SF; 43' x 110' or 4,730 SF; 45' x 120', or 5,400 SF; and 50' x 120' or 6,000 SF.

Coordinates: 30.118859 Latitude; -97.366918 Longitude

Postal Address: Bastrop, Texas 78602

Location: Located along the west line of F.M. 969, approximately 0.50 mile north of Highway 21, and approximately 3.30 miles west of S.H. 95, in Bastrop, Bastrop County, Texas 78602.

Tract Sizes: Phase 1 & Phase 2 – 47.578 acres (174 lots)  
Phase 3 – 87.26 acres (178 lots)  
Condo Regime – 18.024 acres (250 TH condo regime lots)

Density: Phase 1 & Phase 2 – 3.66 lots per acre  
Phase 3 – 4.03 lots per acre  
Condo Regime: 13.87 lots per acre

Subject Lot Mix:

<u>Phase No.</u>	<u>Section No.</u>	<u>No. of Lots</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Avg. Size</u>	<u>Type</u>
1 & 2	1	103	Finished	32'	3,520 SF	Detached SFR
1 & 2	1	42	Finished	43'	4,730 SF	Detached SFR
1 & 2	1	<u>29</u>	Finished	45'	5,400 SF	Detached SFR
<b>Total:</b>		174				

<u>Phase No.</u>	<u>Section No.</u>	<u>No. of Lots</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Avg. Size</u>	<u>Type</u>
3	1	50	Under-development	32'	3,520 SF	Detached SFR
3	1	86	Under-development	43'	4,730 SF	Detached SFR
3	1	24	Under-development	45'	5,400 SF	Detached SFR
3	1	<u>18</u>	Under-development	50'	6,000 SF	Detached SFR
<b>Total:</b>		178				

<u>No. of Lots</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Type</u>
250	Under-development	+/- 20'	Attached TH

**Total No. of Lots: 602**

**Appraisal Dates:**

- Date of Report Transmittal: November 25, 2024
- Date of Site Visit: October 1, 2024
- As Is Date of Value: October 1, 2024
- Upon Completion Date of Value: May 1, 2025; December 1, 2025

Purpose of the Appraisal: To provide an opinion of the "As Is" and "Upon Completion" Bulk Market Values per the U.S.P.A.P., FMSbonds, Inc.'s Appraisal Guidelines, and the Appraisal Institute's Code of Professional Ethics.

Rights Appraised: Fee Simple Estate

Zoning: According to the developer, the sites were annexed into the city in 2023 as P2-Rural; however, the City of Bastrop considers the development agreement the zoning document for the development.

Restrictions: None adverse known

Utilities/Services:

Utilities/Services	
Electricity:	Bluebonnet Electric Cooperative
Water/Sanitary Sewer:	City of Bastrop
Gas:	Centric Gas
Phone:	Centric Fiber
Cable/Data:	Centric Fiber
Police Protection:	Bastrop Police Dept. and Bastrop Co. Sheriff's Dept.
Fire Protection:	Bastrop County ESD #1
School District:	Bastrop ISD

Floodplain:

FEMA Flood Map	
Flood Map No.:	48021C0355F
Flood Map Date:	5/9/2023
Flood Map Designation:	Zone X

Environmental: No adverse influences noted or known, such as endangered species, habitats, or wetlands.

Builders: D.R. Horton is the exclusive builder in the community.

New Home Price Range: Detached single-family units with a projected price from \$307,495 to \$368,990 for the 'for-sale' product and an asking rental rate of \$1,727 to \$1,775 per month for the 'for-rent' attached TH condo regime lots.

**Highest & Best Use of Lots:** Construction of starter to lower move-up single-family detached residential homes, as demand and market conditions warrant with a price point from \$307,495 to \$368,990 for the 'for-sale' product and an asking rental rate of \$1,727 to \$1,775 per month for the 'for-rent' attached TH condo regime lots by D.R. Horton or comparable builder/s.

**CONCLUSIONS:**

To conclude, it is our opinion that the fee simple estate **“As Is” and prospective “Upon Completion” Bulk Market Values** of the fee simple interest in the subject lots, as of the indicated dates, are as follows:

Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value, Phase 1 & 2, Sec. 1	174	32', 43' & 45'	\$11,890,000	10/1/2024
"Upon Completion" Bulk Market Value - Phase 3, Sec. 1	178	32', 43', 45, and 50'	\$14,120,000	5/1/2025
"Upon Completion" Bulk Market Value, Valverde North & Valverde South	250	Attached TH Condo Regime	\$12,800,000	12/1/2025

**IDENTIFICATION OF THE SUBJECT PROPERTY**

The subject of this appraisal consists of 602 lots, comprised of 174 finished lots in Phase 1 & Phase 2, Section 1; 178 under-development lots in Phase 3; and 250 attached TH condo regime lots (the condo regime lots will be marketed as Valverde Casitas, legally as Valverde North and Valverde South); located along the west line of F.M. 969, approximately 0.50 mile north of S.H. 21, and approximately 3.30 miles west of S.H. 95, in Bastrop, Bastrop County, Texas 78602. The subject lots have a typical lot size of 32' x 110' or 3,520 SF; 43' x 110' or 4,730 SF; 45' x 120' or 5,400 SF; and 50' x 120' or 6,000 SF. The subject can be legally identified as noted below:



EXHIBIT \_\_\_\_\_

DR Horton  
399.878 Acres  
Job No. 8732-00

METES AND BOUNDS DESCRIPTION

FIELD NOTES FOR A 399.878 ACRE TRACT OF LAND IN THE NANCY BLAKEY SURVEY, ABSTRACT NO. 98, SITUATED IN BASTROP COUNTY, TEXAS; BEING ALL OF A CALLED 399.878 ACRE TRACT OF LAND AS CONVEYED UNTO CONTINENTAL HOMES OF TEXAS, L.P. IN DOCUMENT NUMBER 202022279 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS; SAID 399.878 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**COMMENCING AT A POINT OF REFERENCE**, a 1/2-inch iron rod found on the westerly right-of-way line of Farm to Market (F.M.) 969 (R.O.W. ~ 80') as shown on the plat of The Colony MUD 1A, Section I, Phase A, as recorded in Cabinet 6, Page 129A of the Plat Records of Bastrop County, Texas, at the southeast corner of a remaining portion of a called 1,258.002 acre tract of land as conveyed unto Hunt Communities Bastrop, LLC in Document Number 201617588 of the Official Public Records of Bastrop County, Texas, being the northeast corner of a called 10.599 acre tract of land as conveyed unto SIS Bastrop, LLC in Document Number 202107639 of the Official Public Records of Bastrop County, Texas; THENCE, S 01° 19' 50" E, coincident with the common line of the 10.599 acre tract and the west right-of-way line of said F.M. 969, a distance of 30.02 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a northeast corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, S 01° 19' 50" E, coincident with the common line of the 399.878 acre tract and the west right-of-way line of said F.M. 969, a distance of 1,635.71 feet to a 1/2-inch iron rod found at the common corner of the 399.878 acre tract and a called 10.01 acre tract of land as conveyed unto Esmeralda Vences-Maldonado and Fermin Vences-Maldonado in Document Number 201916372 of the Official Public Records of Bastrop County, Texas, for the southeast corner of the herein described tract;

THENCE, departing said common line and coincident with the common lines of the 399.878 acre tract and said 10.01 acre tract, the following two (2) courses:

- 1) S 87° 56' 21" W, a distance of 1,503.00 feet to a 1/2-inch iron rod with a cap stamped "RPLS 5548" found at the northwest corner of the 10.01 acre tract, for a re-entrant corner of the 399.878 acre tract and the herein described tract;
- 2) S 01° 19' 22" E, a distance of 290.00 feet to a 1/2-inch iron rod found at the southwest corner of the 10.01 acre tract, on the north line of a called 25.070 acre tract of land as conveyed unto TOCC Land, LLC in Document Number 201900758 of the Official Public Records of Bastrop County, Texas, for a corner of the 399.878 acre tract and the herein described tract;

THENCE, S 87° 55' 54" W, coincident with the common line of the 399.878 acre tract, said 25.070 acre tract, and a called 25.071 acre tract of land conveyed unto Bellamont, LLC in Document Number 201810109 of the Official Public Records of Bastrop County, Texas, a distance of

Page 1 of 6

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2,610.20 feet to a calculated point at the northwest corner of said 25.071 acre tract, for a re-entrant corner of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found bears N 51° 05' 33" W, a distance of 1.18 feet;

THENCE, S 02° 31' 46" E, coincident with the common line of the 399.878 acre tract and said 25.071 acre tract a distance of 533.70 feet to a 5/8-inch iron rod found at the southwest corner of the 25.071 acre tract, on the north line of a remaining portion of a called 469.652 acre tract of land as conveyed unto Erhard Legacy Partners, LTD in Document Number 201502920 of the Official Public Records of Bastrop County, Texas, for the south corner of 399.878 acre tract and the herein described tract;

THENCE, S 87° 52' 50" W, coincident with the common line of the 399.878 acre tract and said remaining portion of a 469.652 acre tract a distance of 4,392.23 feet to a 1/2-inch iron rod found at the common corner of Lot 32, Block "B, as shown on the plat of The Woodlands, as recorded in Cabinet 2, Page 350A of the Plat Records of Bastrop County, Texas, for the southwest corner of the 399.878 acre tract and the herein described tract;

THENCE, N 02° 07' 09" W, coincident with the common line of the 399.878 acre tract, said Lot 32, the east terminal end of the right-of-way line of Woodlands Drive (R.O.W. ~ 60') as shown on said plat of The Woodlands, and Lot 41, Block "A", as shown on said plat of The Woodlands, passing at a distance of 2,331.72 a 1/2-inch iron rod found, and continuing for a total distance of 2,332.15 feet to a calculated point at the common corner of the 399.878 acre tract, said Lot 41 and on the south line of the aforementioned remaining portion of the 1,258.002 acre tract, for the northwest corner of the 399.878 acre tract and the herein described tract, from which a 1/2-inch iron rod found on the north line of said Block "A", at a corner of said remaining portion of the aforementioned 1,258.002 acre tract bears S 86° 51' 05"W, a distance of 2,609.69 feet;

THENCE, N 86° 51' 05" E, coincident with the common line of the 399.878 acre tract, said remaining portion of a 1,258.002, a called 1.00 acre tract of land conveyed unto Hunt Communities Bastrop, LLC in Document Number 201911016 of the Official Public Records of Bastrop County, Texas, the south line of The Colony MUD 1A, Section 1, Phase B, as recorded in Cabinet 6, Page 189A of the Plat Records of Bastrop County, Texas, and the south line of the aforementioned The Colony MUD 1A, Section 1, Phase A, a distance of 7,978.80 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the common corner of the 399.878 acre tract and the aforementioned 10.599 acre tract, for a north corner of the herein described tract;

THENCE, departing said common line, coincident with the common line of the 399.878 acre tract the 10.599 acre tract the following seven (7) courses:

1. S 3°08'55" E, a distance of 829.14 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a re-entrant corner of the herein described tract;
2. S 68°24'20" E, a distance of 127.74 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the beginning of a non-tangent curve of the herein described tract;

3. Curving to the left, with a radius of 271.69 feet, an arc length of 109.81 feet, a central angle of 23°09'30", a chord bearing of S 79°50'37" E, and a chord distance of 109.07 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the end of this curve;
4. N 88°43'07" E, a distance of 140.03 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
5. N 43°41'39" E, a distance of 212.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
6. N 1°19'50" W, a distance of 717.59 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
7. N 24°51'52" E, a distance of 22.65 feet to the **POINT OF BEGINNING** and containing 399.878 acres of land more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE Inc., in November 2020 and are true and correct to the best of my knowledge. Bearing orientation is based on the Texas State Plane Coordinate System, NAD 83, Texas Central Zone 4203. A sketch accompanies this description.

*Dion P. Albertson*

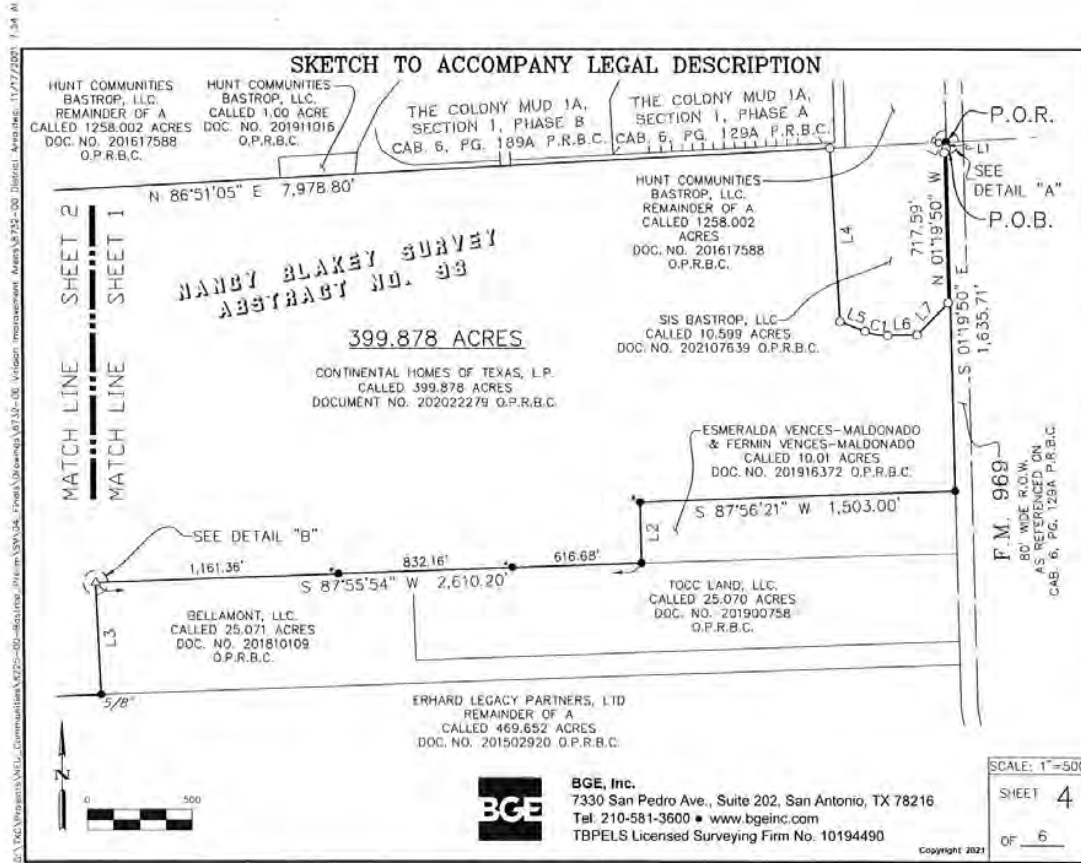
Dion P. Albertson RPLS Number 4963  
 BGE, Inc.  
 7330 San Pedro Ave, Suite 202  
 San Antonio TX 78216  
 Telephone: 210-581-3600  
 TBPLS Licensed Surveying Firm Number 10194490

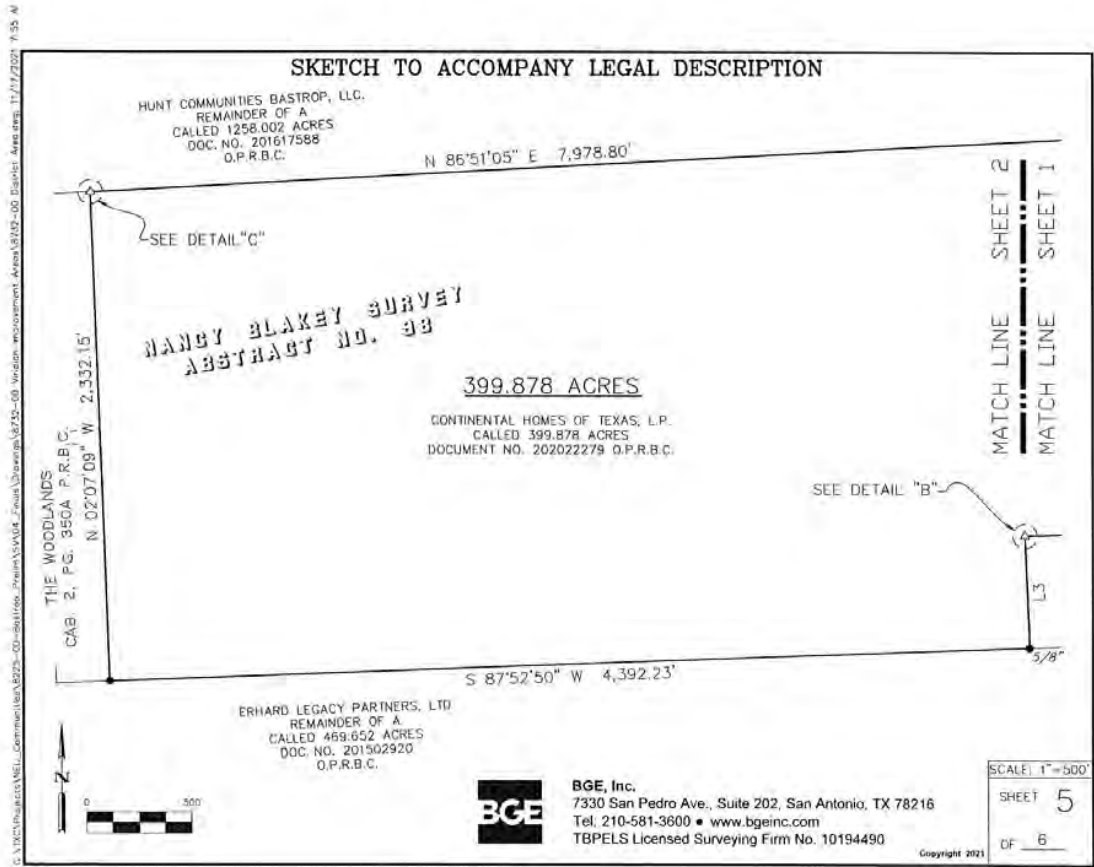


11/17/2021

Date

Client:  
 Date: November 17, 2021  
 Job No: 8732-00





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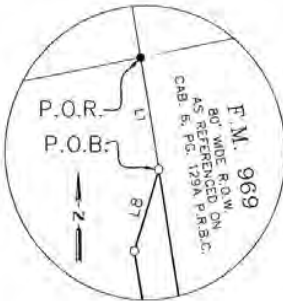
**SKETCH TO ACCOMPANY LEGAL DESCRIPTION**

LINE TABLE		
NUMBER	BEARING	DISTANCE
L1	S 01°19'50" E	30.02'
L2	S 01°19'22" E	290.00'
L3	S 02°31'46" E	533.70'
L4	S 03°08'55" E	829.14'
L5	S 68°24'20" E	127.74'
L6	N 88°43'07" E	140.03'
L7	N 43°41'39" E	212.04'
L8	N 24°51'52" E	22.65'

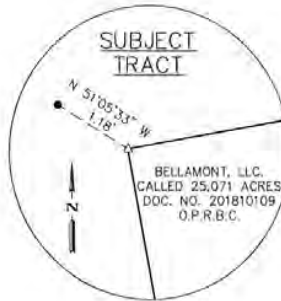
CURVE TABLE					
NUMBER	ARC LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD DISTANCE
C1	109.81'	271.69'	23°09'30"	S 79°50'37" E	109.07'

**LEGEND**

- CAB. CABINET
- O.P.R.B.C. OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY
- O.R.B.C. OFFICIAL RECORDS OF BASTROP COUNTY
- P.O.B. POINT OF BEGINNING
- P.O.R. POINT OF REFERENCE
- R.O.W. RIGHT-OF-WAY
- VOL. VOLUME
- FOUND 1/2" IRON ROD (UNLESS NOTED OTHERWISE)
- FOUND 1/2" IRON ROD W/CAP "RPLS 5548"
- FOUND 1/2" IRON ROD W/CAP "CBD"
- SET 1/2" IRON ROD W/CAP "BGE INC"
- △ CALCULATED POINT



DETAIL "A"  
NOT TO SCALE



DETAIL "B"  
NOT TO SCALE



DETAIL "C"  
NOT TO SCALE

BEARING ORIENTATION IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE 4203, NAD 83. DISTANCES SHOWN ARE IN SURFACE VALUES. COMBINED SCALE FACTOR IS 0.99998269.



**BGE, Inc.**  
 7330 San Pedro Ave., Suite 202, San Antonio, TX 78216  
 Tel. 210-581-3600 • www.bgeinc.com  
 TBPELS Licensed Surveying Firm No. 10194490

SCALE: ~  
 SHEET **6**  
 OF **6**

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**HISTORY OF THE SUBJECT PROPERTY**

Per the requirements of the Appraisal Institute's Standards of Professional Practice and the U.S.P.A.P., the following are comments pertaining to the three-year sales history of the subject.

The subject has been owned in excess of three years by Continental Homes of Texas, L.P., who is the lot developer, and D.R. Horton is the homebuilder in the community. Continental Homes of Texas, L.P., is a wholly-owned subsidiary of D.R. Horton; thus, there is not an arm's length lot purchase agreement for the subject finished and under-development lots.

The appraisers are not aware of any other sales, listings for sale, contracts, or offers to purchase the subject finished lots in the three years prior to the effective date of this appraisal.

**INTENDED USE/USER OF THE APPRAISAL**

This appraisal is intended to offer our opinion of the **“As Is” and prospective “Upon Completion” Bulk Market Value of the 602 finished and under-development lots in IA #1 of the Valverde PID**, to the client, FMSbonds, Inc., for the underwriting of the City's Valverde Public Improvement District, Improvement Area #1 Bond transaction. The use of the appraisal by anyone other than Mr. Tripp Davenport, III and Mr. Robert Rivera (c/o FMSbonds, Inc.), or the City is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID, and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client. Any other party is an unintended unauthorized user.

**SCOPE OF WORK OF THE APPRAISAL**

The scope of work of the appraisal is the process to support our opinion of the “As Is” and prospective “Upon Completion” Bulk Market Values of the 602 finished and under-development lots in IA #1 of the Valverde PID subdivision, employing all applicable

approaches to value in a comprehensive appraisal process and presented in this Appraisal Report. In preparing this appraisal, the appraisers:

- visited the subject property and surrounding market area, unaccompanied;
- contacted Mr. Ryan Gray (rlgray@drhorton.com) with D.R. Horton, who provided physical, financial and historical data for this valuation analysis;
- analyzed macro and micro market conditions of this region and market area;
- interviewed active market participants;
- gathered relevant available information on current comparable builder takedown lot sales and lot absorption data, referencing such publications as the ABOR MLS, the Zonda Austin Metrostudy and the appraisers' extensive database;
- referenced other publications and services such PWC, RERC, CoStar, Google Earth, Realty Rates.com, Texas A & M Real Estate Research Center, the Bastrop County Appraisal District, and the Bastrop County Clerk's Office, among other services;
- confirmed and analyzed the data and applied the most applicable approaches to value; i.e. the Sales Comparison Approach and the Income Approach;
- the Cost Approach was not developed as the lots are under-development and are no longer a function of the costs. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal;
- concluded the Bulk Value of all 602 lots, comprised of finished and under-development lots in IA #1 of the Valverde PID, to a single purchaser; and, as such, our report conforms to the reporting guidelines of the Appraisal Institute, the Texas Appraiser Licensing and Certification Board, the Appraisal Foundation's U.S.P.A.P., and Regulation 12 CFR Part 564; and
- concluded the "As Is" and prospective "Upon Completion" Bulk Market Values of the 602 finished and under-development 32', 43', 45, 50', and attached TH condo regime lots in IA #1 of the Valverde PID, as of the stated effective dates for a reasonable exposure period.

#### **PROPERTY RIGHTS APPRAISED**

The property rights appraised are the ***Fee Simple Estate***. Fee Simple Estate is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 73, as follows:

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.



**DEFINITION OF MARKET VALUE**

As referred to herein, **Market Value** is defined by FIRREA, as follows:

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 each 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.

(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)

**DEFINITION OF “SUM OF THE RETAIL VALUES”**

As referred to herein, **Sum of Retail Values** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 185, as follows:

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. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the aggregate of the retail values or aggregate retail selling price.

**DEFINITION OF “AS IS” MARKET VALUE ON APPRAISAL DATE**

As referred to herein, **“As Is” Market Value** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 10, as follows:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraised date.

**DEFINITION OF “BULK VALUE”**

As referred to herein, “**Bulk Value**” is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, revised 2022, by the Appraisal Institute, Page 22, as follows:

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

**DATES OF THE APPRAISAL**

The date of the site visit was October 1, 2024. The “As Is” Bulk Market Value effective date of value of this appraisal is October 1, 2024. The prospective “Upon Completion” Bulk Market Values effective date of value of this appraisal are May 1, 2025 (Phase 3); and December 1, 2025 (Attached TH condo regime lots). The date of transmittal of the report is November 25, 2024.

**ZONING & RESTRICTIONS**

According to the developer, the sites were annexed into the city in 2023 as P2-Rural; however, the City of Bastrop considers the development agreement the zoning document for the development. The subject lots are also assumed to be deed restricted, and we are unaware of any adverse deed restrictions which would preclude development to the subject lots’ highest and best use.

**AD VALOREM TAX DATA**

All properties in the State of Texas are taxed at 100% of their assessed value, which are determined for all taxing jurisdictions within a county by a central county appraisal district, in this case, the Bastrop County Appraisal District (BCAD). The finished SFR lots are assessed as paper lots for approximately \$4,366 per paper lot. The TH condo regime sites are assessed for a total of \$302,552 under BCAD Account Numbers 8733214 and 8733232.

In most cases, the taxing entities typically assess lots at around 15% to 100% of the retail value. Within the discounted cash flow section of this report, the appraisers will utilize an

average **80%** assessment-to-retail value ratio, which was derived from tax comparables from the subject’s competitive market area, see table below:

<b>Property Tax Comps for Valverde</b>				
<b>BCAD</b>			<b>2024</b>	<b>% Tax</b>
<b>Property ID</b>	<b>Street Address</b>	<b>Type</b>	<b>Lot Value</b>	<b>Assessment</b>
8712390	234 George Neggan Ln.	Interior	\$49,504	82.35%
8712352	187 Andross Ln.	Interior	\$50,503	84.00%
Average Tax Assessment-to-Total Value Ratio:				83.18%
<b>Rounded:</b>				<b>80%</b>

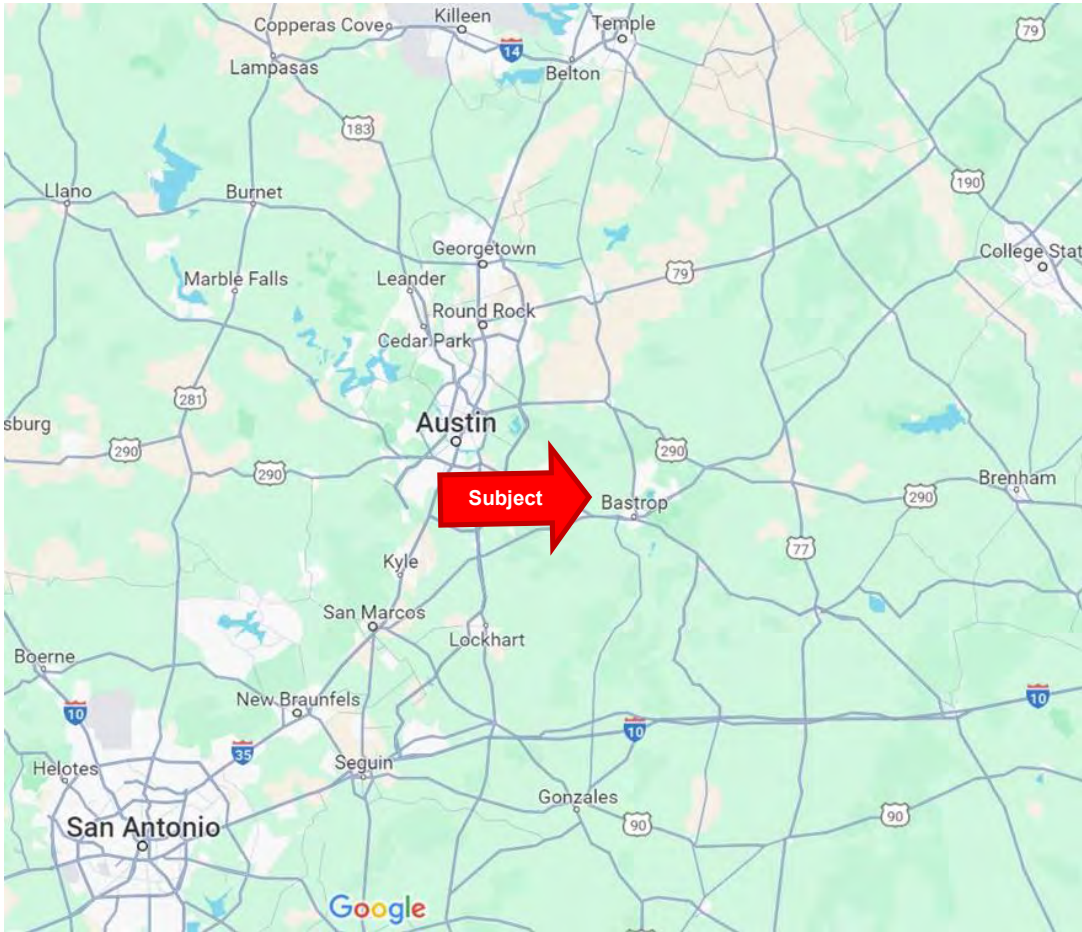
2024 Tax Rates: Per the development agreement between the City of Bastrop and the developer, the subject has been annexed into the City of Bastrop. Thus, the tax rate for 2025 will include the City of Bastrop as a taxing authority. The 2024 property tax rates per \$100, applicable to the subject, are summarized in the following table:

<b>Taxing Authorities and 2024 Rates per \$100</b>	
City of Bastrop	\$0.499400
Bastrop County	\$0.327960
County Road	\$0.074790
Bastrop ISD	\$1.067900
Bastrop County ESD #1	\$0.079530
<b>2024 Cumulative Tax Rate per \$100:</b>	<b>\$2.049580</b>

**GREATER AUSTIN AREA DATA**

(Please refer to the Addenda of this appraisal for an Austin MSA summary analysis.)

**AUSTIN AREA MAP**



## MARKET AREA ANALYSIS

**Market Area Defined:** According to The Dictionary of Real Estate Appraisal, Seventh Edition, by the Appraisal Institute, 2022, page 116, a **market area** is defined as: “The geographic region from which a majority demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area.”

**Boundaries:** In order to discuss a market area, the boundaries must be established in order to distinguish it from the rest of the community. The subject market area takes in the western portion of Bastrop County, and is situated immediately west of the City of Bastrop, which is the county seat. Bastrop County contains an area of 896 square miles, with a population of 110,778, per the 2023 Census. The market area boundaries are generally delineated as follows:

Colorado River to the north;  
S.H. 71/S.H. 21 to the south;  
Travis County/Bastrop County line to the west; and  
S.H. 95 to the east

The subject market area is located about 20 miles southeast of downtown Austin, Texas, in far west Bastrop County. This is a growing suburban area that is directly in the path of Austin’s southeasterly expansion.

**Major Streets:** The subject market area is approximately 45% built-up, comprised of predominantly rural residential and agricultural interests, with supporting commercial development along the major arteries. The primary access into and through the market area is S.H. 71 and S.H. 21, which form the southern boundary. Both of these state highways provide direct access to S.H. 130, which is a recently constructed toll road that is now complete between I.H. 10 in Seguin and I.H. 35, north of Georgetown, and generally parallels I.H. 35. S.H. 130 is intended to alleviate congestion along I.H. 35. Both of state highways also provide direct access I.H. 35, which is the primary north/south corridor for the Austin/San Antonio corridor.

Major north/south roadways include S.H. 95, F.M. 969, F.M. 1209, F.M. 535/Pearce Lane, and F.M. 812. Austin-Bergstrom International Airport is situated approximately 3 miles west of the subject market area, with primary access from S.H. 71. This is a heavily traveled thoroughfare, with the highest concentrations of commercial developments in the market area.

**Services/Utilities:** Police protection is provided by the City of Bastrop and the Bastrop County Sheriffs' Department, and a variety of volunteer fire departments and various fire/EMS districts provide emergency medical services and fire protection. St. David's Emergency Center and Seton Diagnostic Center are located nearby in the City of Bastrop, for medical services.

Water and wastewater for the subject market area is provided by Aqua Water Supply Corporation, as well as WCIDs, MUDs, or private well and septic systems. This is typical of the more recent estate-lot subdivisions now being developed in the market area. Electricity to the area is by Bluebonnet Electric Cooperative, and typically AT&T or Verizon provides telephone service. Natural gas is provided by Texas Gas Services, Atmos Energy, Centric, CenterPoint Energy, or several local propane gas companies.

**Education:** The market area is served by the 450 square mile Bastrop Independent School District, which is the largest employer in the Bastrop area. In 2022, enrollment was reported at 12,000 students, and the district maintains two high schools, an early college prep school, two middle schools (grades 7 & 8), two intermediate schools (grades 5 & 6), and six elementary schools. Austin Community College, Southwestern University, St. Edwards University and The University of Texas are all conveniently located to the subject market area.

**Residential:** The appraisers have referenced the Zonda Austin Metrostudy, 2nd Quarter 2024. The subject is located within the Bastrop Submarket and is located within the Southeast Market Area of the overall Austin region. The following chart summarizes the vital statistics for the Bastrop Submarket, the Southeast Market Area, and the overall Austin region.

Zonda Austin Metrostudy 2Q 2024								% Change
Submarket/ Market Area		2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	Yrly. Rates/ Supply	12 Month
Bastrop Submarket	Starts	106	173	94	144	84	495	-20.75%
	Closings	133	210	118	140	156	624	17.29%
	Housing	530	493	469	473	401	7.7 mos.	-24.34%
	VDL Inv.	2,599	2,493	2,399	2,255	2,183	52.9 mos.	-16.01%
Southeast Market Area	Starts	309	370	256	348	298	1,272	-3.56%
	Closings	441	498	221	344	399	1,462	-9.52%
	Housing	1,267	1,139	1,174	1,178	1,077	8.8 mos.	-15.00%
	VDL Inv.	4,892	4,700	4,612	4,264	4,166	39.3 mos.	-14.84%
Austin Total	Starts	4,868	4,485	3,857	4,336	4,654	17,332	-4.40%
	Closings	5,248	4,679	3,872	4,907	5,390	18,848	2.71%
	Housing	14,792	14,610	14,608	14,037	13,301	8.5 mos.	-10.08%
	VDL Inv.	33,578	33,738	32,361	30,321	29,824	20.6 mos.	-11.18%

For the 2nd Quarter 2024, the Bastrop Submarket had 84 housing starts (a 20.75% decrease since 2nd Quarter 2023), and 156 closings, (a 17.29% increase since 2nd Quarter 2023). The Bastrop Submarket ended the quarter with a new home inventory of 401 units or a 7.7-month supply, which is superior to the 8.8-month supply for the Southeast Market Area new home market. The Bastrop Submarket concluded the 2nd Quarter 2024 with 2,183 vacant developed lots in inventory. This lot inventory equates to a 52.9-month **oversupply**, which is inferior to the 39.3-month VDL supply for Southeast Market Area. A 20-to-24-month supply of lots is considered to be a market in equilibrium. It is noteworthy that estate lot subdivisions are prevalent in this submarket, which are traditionally a slower selling product line, thus adding to the VDL inventory.

For the 2nd Quarter 2024, the overall Southeast Market Area had 298 starts (a 3.56% decrease since 2nd Quarter 2023) and 399 closings (a 9.52% decrease since 2nd Quarter 2023). The result is a new home inventory of 1,077 units, or an 8.8-month supply, which is similar to the 8.5-month supply for the overall Austin new home market. At the time of this Zonda Austin Metrostudy report, there was a total inventory of 4,166 vacant developed lots in the Southeast Market Area. This equates to a 39.3-month **oversupply**, which is inferior to the 20.6-month stable supply for the overall Austin region. Again, a 20-to-24-month supply of lots is considered to be a market in equilibrium.

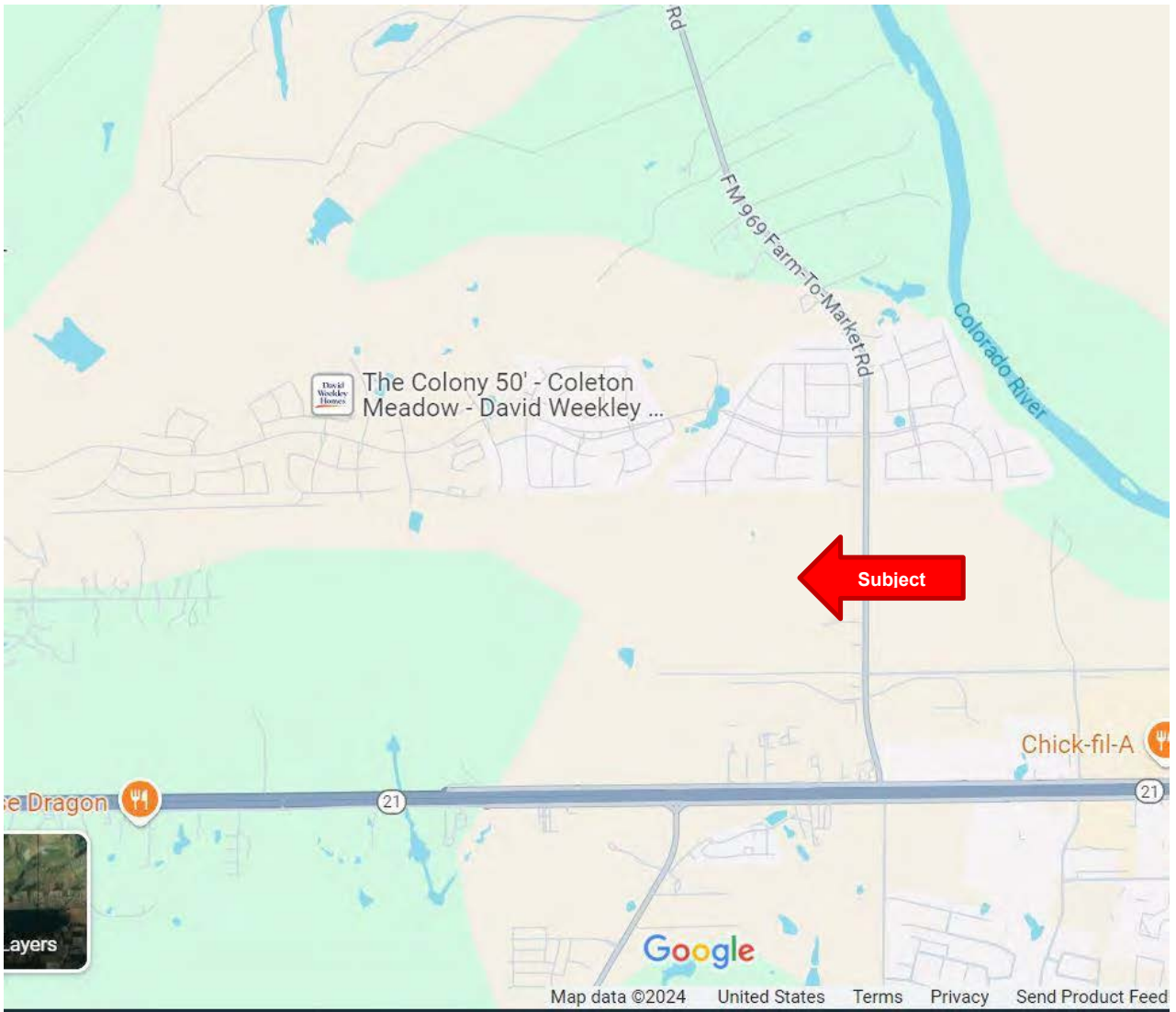


**CONCLUSION:** The subject market area is in the direct path of Austin's growth patterns to the southeast, as well as other areas. The area has a suburban locale, with proximity to the City of Austin. Ongoing upgrades to S.H. 71 will greatly enhance access and is expected to further stimulate demand in the residential and commercial real estate markets. The Bastrop I.S.D. is also a positive draw for this market area.

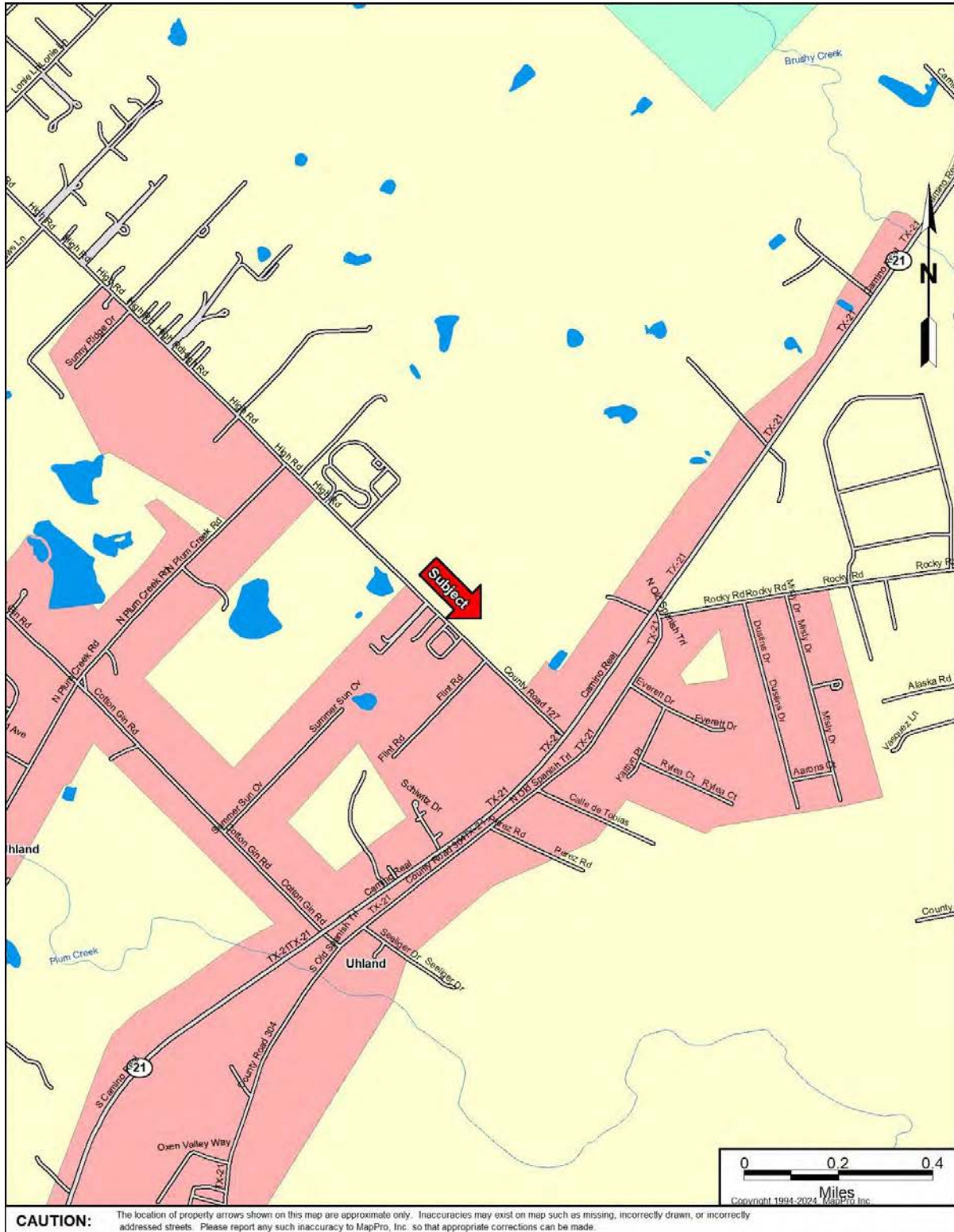
The overall economic outlook of the market area has recently improved from the effects of the Coronavirus pandemic with the economy continuing to open up, along with recovering \$70 - \$90+/- per barrel oil. New home sales activity are expected to continue at a steady pace in this market area, as well as the greater Austin MSA during early 2024, due to softening in the high mortgage interest rates since December 2023.

Inflation has been at its highest level since 1982, causing the Federal Reserve to rapidly increase interest rates during May 2022 through July 2023. As of July 2024, the inflation rate dropped to 2.9%, which indicates a slowing overall economy and employment scene. The overall impact to the local residential market is the anticipation of improving activity in 2024 in comparison to 2023, as interest rates are expected to further recede during later 2024.

**MARKET AREA MAP**



### LOCATION MAP



**SITE ANALYSES**

The subject of this appraisal consists of 602 lots, comprised of 174 finished lots in Phase 1 & Phase 2, Section 1; 178 under-development lots in Phase 3, Section 1; and 250 attached TH condo regime lots (the condo regime lots will be marketed as Valverde Casitas, legally as Valverde North and Valverde South); located along the west line of F.M. 969, approximately 0.50 mile north of S.H. 21, and approximately 3.30 miles west of S.H. 95, in Bastrop, Bastrop County, Texas 78602. The subject lots have a typical lot size of 32' x 110' or 3,520 SF; 43' x 110' or 4,730 SF; 45' x 120' or 5,400 SF; and 50' x 120' or 6,000 SF.

Coordinates:	30.118859 Latitude; -97.366918 Longitude
Postal Address:	Bastrop, Texas 78602
Location:	Located along the west line of F.M. 969, approximately 0.50 mile north of S.H. 21, and approximately 3.30 miles west of S.H. 95, in Bastrop, Bastrop County, Texas 78602.
Tract Sizes:	Phase 1 & Phase 2 – 47.578 acres (174 lots) Phase 3 – 87.26 acres (178 lots) Condo Regime – 18.024 acres (250 TH condo regime lots)
Density:	Phase 1 & Phase 2 – 3.66 lots per acre Phase 3 – 4.03 lots per acre Condo Regime: 13.87 lots per acre

Subject Lot Mix:

<u>Phase No.</u>	<u>Section No.</u>	<u>No. of Lots</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Avg. Size</u>	<u>Type</u>
1 & 2	1	103	Finished	32'	3,520 SF	Detached SFR
1 & 2	1	42	Finished	43'	4,730 SF	Detached SFR
1 & 2	1	<u>29</u>	Finished	45'	5,400 SF	Detached SFR
<b>Total:</b>		174				

<u>Phase No.</u>	<u>Section No.</u>	<u>No. of Lots</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Avg. Size</u>	<u>Type</u>
3	1	50	Under-development	32'	3,520 SF	Detached SFR
3	1	86	Under-development	43'	4,730 SF	Detached SFR
3	1	24	Under-development	45'	5,400 SF	Detached SFR
3	1	<u>18</u>	Under-development	50'	6,000 SF	Detached SFR
<b>Total:</b>		178				

<u>No. of Lots</u>	<u>Description</u>	<u>Avg. FF</u>	<u>Type</u>
250	Under-development	+/- 20'	Attached TH

**Total No. of Lots: 602**

**Zoning:** According to the developer, the sites were annexed into the city in 2023 as P2-Rural; however, the City of Bastrop considers the development agreement the zoning document for the development.

**Restrictions:** None adverse known

**Shape:** The subject existing and under-development detached SFR lots and attached TH condo regime lots are generally rectangular-shaped.

**Topography:** The topography of the subject residential lots is generally level.

**Subdivision Improvements:** Improvements include public water and sanitary sewer lines, electrical lines, natural gas lines, cable/telephone lines, storm drainage and detention.

**Easements:** The appraisers know of no easements that would adversely affect development of the subject lots to their highest and best use.

**Soil/Subsoil Conditions:** A soil and subsoil report has not been provided to the appraisers; however, as evidenced by the existing and surrounding development, the soil conditions appear to

be adequate in all respects for most types of construction.

Environmental:

Upon physical inspection of the subject, no obvious environmental hazards or endangered species were observed. The appraisers are not environmental engineers, and are not qualified to detect environmental hazards or endangered species. For a conclusive analysis of the lots, a study by qualified environmental experts would be necessary.

Amenities:

None

Utilities/Services:

Utilities/Services	
Electricity:	Bluebonnet Electric Cooperative
Water/Sanitary Sewer:	City of Bastrop
Gas:	Centric Gas
Phone:	Centric Fiber
Cable/Data:	Centric Fiber
Police Protection:	Bastrop Police Dept. and Bastrop Co. Sheriff's Dept.
Fire Protection:	Bastrop County ESD #1
School District:	Bastrop ISD

Floodplain:

FEMA Flood Map	
Flood Map No.:	48021C0355F
Flood Map Date:	5/9/2023
Flood Map Designation:	Zone X

Builders:

D.R. Horton is the exclusive builder in the community.

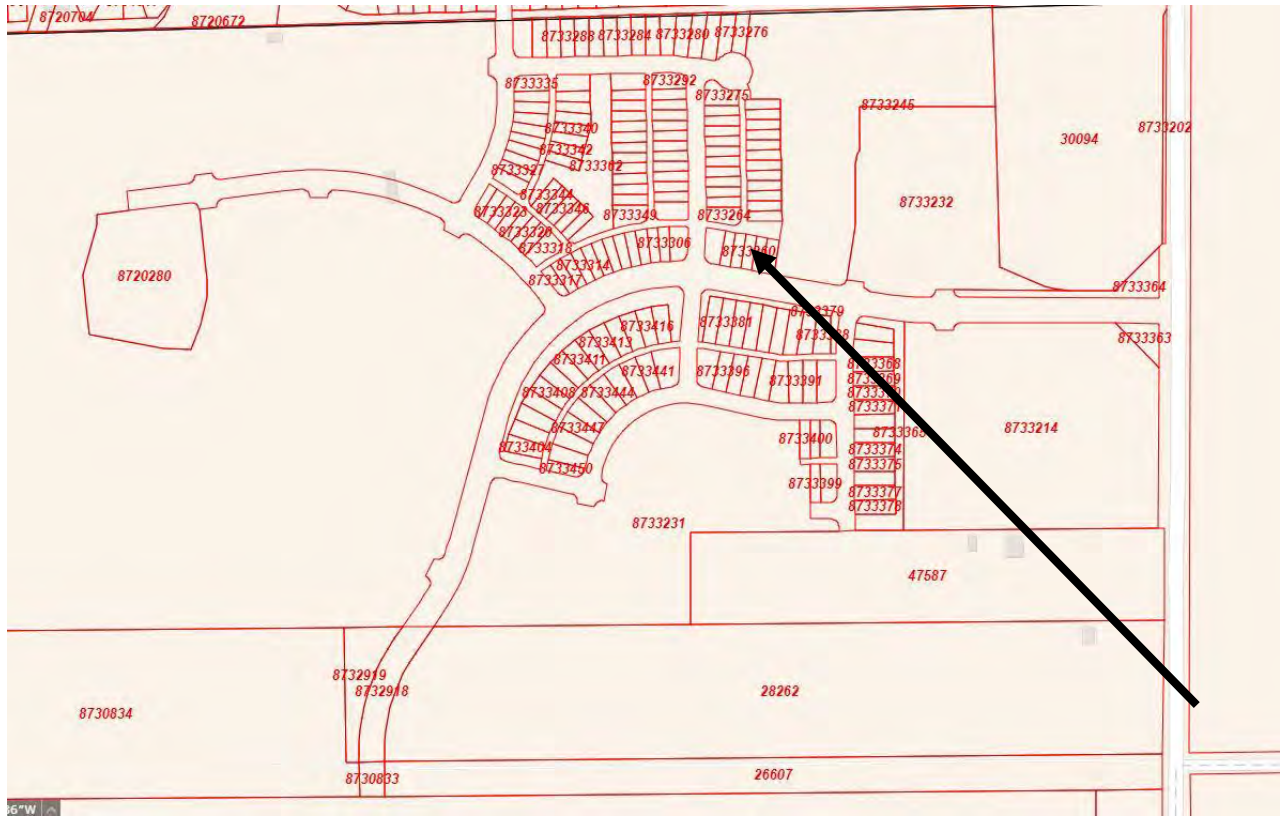
**Highest & Best Use of Lots:**

Construction of starter to lower move-up single-family detached residential homes, as demand and market conditions warrant from \$307,495 to \$368,990 for the 'for-sale' product and an asking rental rate of \$1,727 to \$1,775 per month for the 'for-rent' attached TH condo regime lots by D.R. Horton or comparable builder/s.

**Conclusion:** All services and public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence

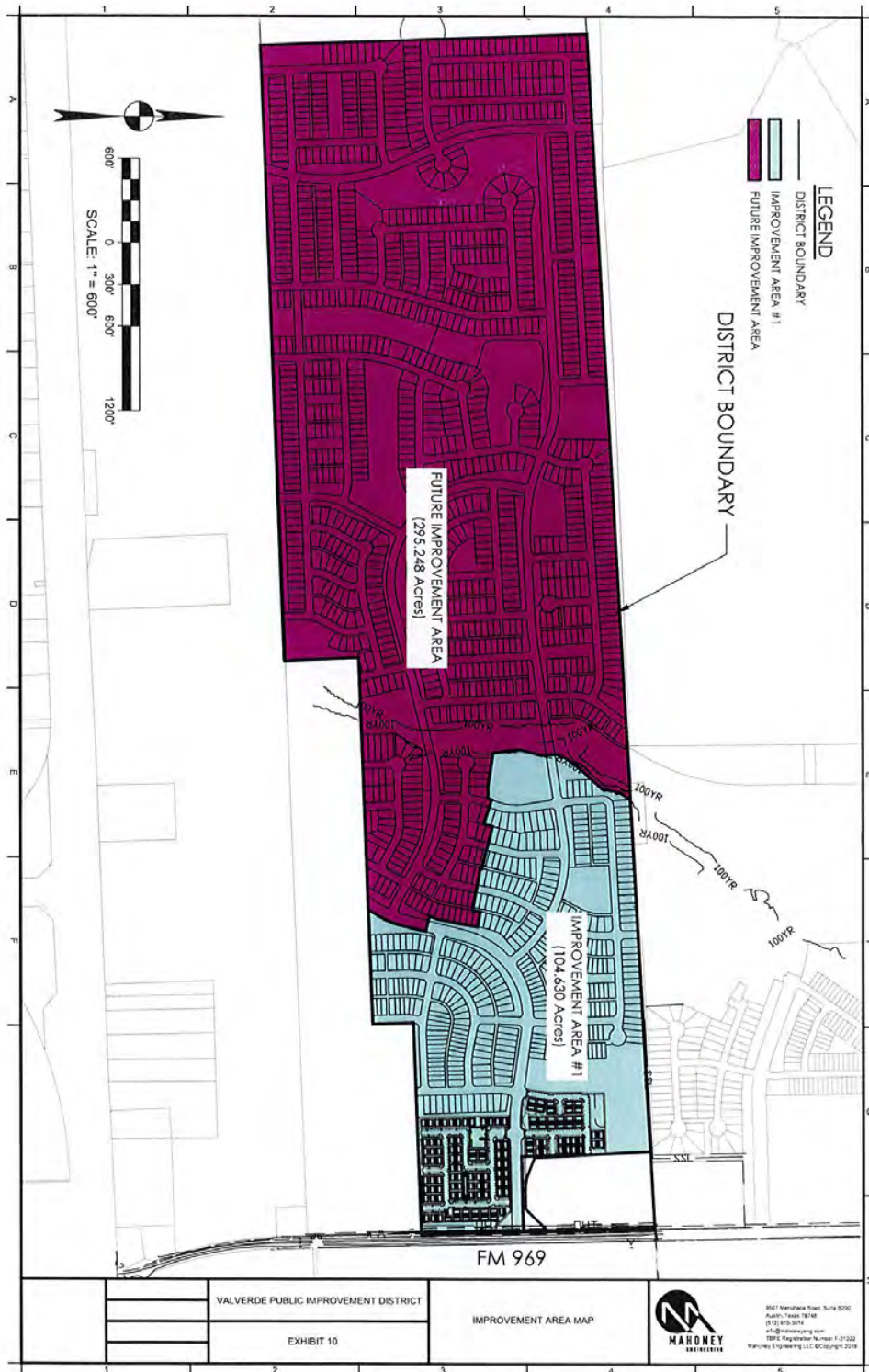
to the subject lots for new residential construction from a price point of \$307,495 to \$368,990 for the 'for-sale' product and an asking rental rate of \$1,727 to \$1,775 per month for the 'for-rent' attached TH condo regime lots by D.R. Horton or comparable builder/s.

**BCAD MAP**





### IMPROVEMENT AREA #1 EXHIBIT





























STATE OF TEXAS  
COUNTY OF BASTROP

KNOW ALL MEN BY THESE PRESENTS, THAT CONTRACTOR HENRY S. VALVERDE, JR., OF THE COUNTY OF BASTROP, STATE OF TEXAS, HAS DEPOSITED WITH THE CLERK OF SAID COUNTY, A CERTAIN INSTRUMENT, TO WIT: A SUBDIVISION MAP OF LAND IN THE PUBLIC RECORDS OFFICE OF SAID COUNTY, TEXAS, TO WIT: A SUBDIVISION MAP OF LAND IN ACCORDANCE WITH THE ATTACHED MAP OF PLAT SHOWING HEREON, PENDING TO CHAPTER 112 OF THE TEXAS LOCAL GOVERNMENT CODE, AS AMENDED.

VALVERDE NORTH SUBDIVISION

AND DOES HEREBY GRANT TO THE PUBLIC THE USE OF THE STREETS AND EASEMENTS SHOWN HEREON, SUBJECT TO ANY EASEMENTS, AND/OR RESTRICTIONS HERETOFORE GRANTED AND NOT REPEALED.

WITNESSE MY HAND, THIS 10 DAY OF JULY 2024, AT 10:58 A.M.

*[Signature]*  
CLERK OF BASTROP COUNTY  
COMMERCIAL, HOUSES OF TEXAS, L.P.  
4000 PECTON PARK BLVD., SUITE 400  
AUSTIN, TEXAS 78783

STATE OF TEXAS  
COUNTY OF BASTROP

BEFORE ME, THE UNDERSIGNED AUTHORITY, PERSONALLY APPEARED ONE Henry S. Valverde, Jr., a person, appearing voluntarily, known to me to be the person whose name is written in the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the presence of the following witnesses:

Michael Barletta  
ATTESTATION: My Commission Expires 8/24/24

STATE OF TEXAS  
COUNTY OF BASTROP

I, JOHN GRIFFIN, CLERK OF SAID COUNTY, DO HEREBY CERTIFY THAT THE INFORMATION CONTAINED ON THIS PLAT COMPLY WITH THE SUBDIVISION ORDINANCES AND THE STRAIGHTENED BRADLEY ACT APPROVED BY THE CITY OF BASTROP, TEXAS.

*[Signature]*  
CLERK OF BASTROP COUNTY  
1218 W. 12TH ST.  
AUSTIN, TEXAS 78704

APPROVED: 7/19/2024  
DATE

*[Signature]*  
BASTROP COUNTY CLERK

STATE OF TEXAS  
COUNTY OF BASTROP

I, DONALD W. ALBERTSON, CLERK OF SAID COUNTY, DO HEREBY CERTIFY THAT I RECEIVED THE PLAT FROM AN ACCREDITED PROFESSIONAL ENGINEER OF THE LAND AND THAT THE ENGINEER'S SIGNATURE IS CORRECTLY PLACED ON THE PLAT IN ACCORDANCE WITH THE SUBDIVISION REGULATIONS OF THE CITY OF BASTROP, TEXAS, UPON COMPLETION OF CONSTRUCTION.

U. P. Smith  
DATE 7/15/2024

*[Signature]*  
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4943  
2004 A. BASTROP, TEXAS  
P.O. BOX 100  
75281 WOODRIDGE AVE., SUITE 202  
2941 ATLANTA, TEXAS 76010

APPROVED: 7/15/2024  
DATE

*[Signature]*  
BASTROP COUNTY CLERK

GENERAL NOTES:

1. THIS SUBDIVISION IS LOCATED WITHIN THE CITY OF BASTROP'S FLOOD HAZARD JURISDICTION.
2. EROSION PROTECTION IS BASED ON THE TEXAS STATE PLUMBING SYSTEM, CODE 4023, 4024.
3. THE PROPERTY LIES IN ZONE 4 AND IS SUBJECT TO THE 2024 FLOOD HAZARD ZONING MAP, AS CORRECTED ON THE FLOOD INSURANCE RATE MAP APPROVED AND NOT REPEALED AS A RESULT OF AN ORDER OF THE BOARD OF SUPERVISORS, DATED JULY 8, 2023. ALL FLOODPLAIN BOUNDARIES SHOWN HEREON ARE APPROXIMATE.
4. THIS SUBDIVISION IS IN AND SERVED BY CITY OF BASTROP UTILITIES FOR WATER SERVICE.
5. THIS SUBDIVISION IS IN AND SERVED BY CITY OF BASTROP UTILITIES FOR WASTEWATER SERVICE.
6. ELECTRIC SERVICE TO BE PROVIDED BY BASTROP/STATE ELECTRIC.
7. NO DETAILED STRUCTURE LAYOUT BE OCCUPIED WITHIN SUCH THE AS WATER AND WASTEWATER CONNECTIONS ARE FULLY OPERATIONAL.
8. ALL ELECTRICAL, TYPED/PRINTED, CABLE TELEVISION, GAS AND SEWER UTILITIES SHALL BE PLACED UNDERGROUND AND LINES SHALL BE INSTALLED IN ACCORDANCE WITH THE REGULATIONS AND REQUIREMENTS ESTABLISHED BY THE CITY OF BASTROP, TEXAS.
9. NO STRUCTURES OF ANY KIND SHALL BE CONSTRUCTED OR PLACED ON ANY OF THE LOTS EXCEPT AS SHOWN ON THIS PLAT, AND ANY STRUCTURE PLANNED THAT IS REQUIRED DURING THE COURSE OF FURNISHING, CONSTRUCTION, OR RECONSTRUCTION ANY UTILITIES.
10. NO PORTION OF THIS SUBDIVISION IS LOCATED WITHIN THE CHINAUX ADULTHOOD RECREATION ZONE OR CONTAINING ZONE.
11. THIS PROJECT IS LOCATED IN THE OPEN COUNTRYSIDE-BOARDS WATERSHED WHICH IS CLASSIFIED AS A SUBDIVISION WITH SURVEY WATERSHED.
12. PUBLIC WATER UTILITY WILL BE CONSTRUCTED PER VALVERDE PHASE 1 PUBLIC IMPROVEMENT PLAN APPROVED ON 8/14/2023 TO SERVE THIS SUBDIVISION.
13. PUBLIC WASTEWATER UTILITY WILL BE CONSTRUCTED PER VALVERDE PHASE 1 PUBLIC IMPROVEMENT PLAN APPROVED ON 8/14/2023 TO SERVE THIS SUBDIVISION.
14. DETENTION FACILITY WILL BE CONSTRUCTED PER VALVERDE PHASE 1 FINAL DRAINAGE PLAN APPROVED ON 3/17/2023 TO SERVE THIS SUBDIVISION.
15. PUBLIC ACCESS STREET WILL BE CONSTRUCTED PER VALVERDE PHASE 1 PUBLIC IMPROVEMENT PLAN APPROVED ON 8/14/2023 TO SERVE THIS SUBDIVISION.

APPROVED: April 25, 2024  
DATE BY THE PLANNING & ZONING COMMISSION OF THE CITY OF BASTROP, TEXAS.

*[Signature]*  
PLANNING & ZONING COMMISSION

STATE OF TEXAS  
COUNTY OF BASTROP

I, VIGOR S. BARTON, COUNTY CLERK OF BASTROP COUNTY, TEXAS, DO HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT OF WRITING AND ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR RECORD IN MY OFFICE ON THE 22nd DAY OF July, 2024, A.M. AT 11:41 O'CLOCK A.M. IN THE PLAT RECORDS OF BASTROP COUNTY, TEXAS IN PLAT CLERK'S Page 818145

FILED FOR RECORD ON THE 22nd DAY OF July, 2024, A.M.

*[Signature]*  
COUNTY CLERK  
BASTROP COUNTY, TEXAS

BY: *[Signature]*  
Cynthia Stegely  
COUNTY CLERK  
BASTROP COUNTY, TEXAS

FILED 7/15/2024  
CLERK

7303 San Pedro Ave., Suite 202  
San Antonio, TX 78216  
Tel: 214-343-1111  
Tiffany's Mapmaking, Inc. #1046  
TIPPECANEE Licensed Surveying Firm No. 1514408

BCE

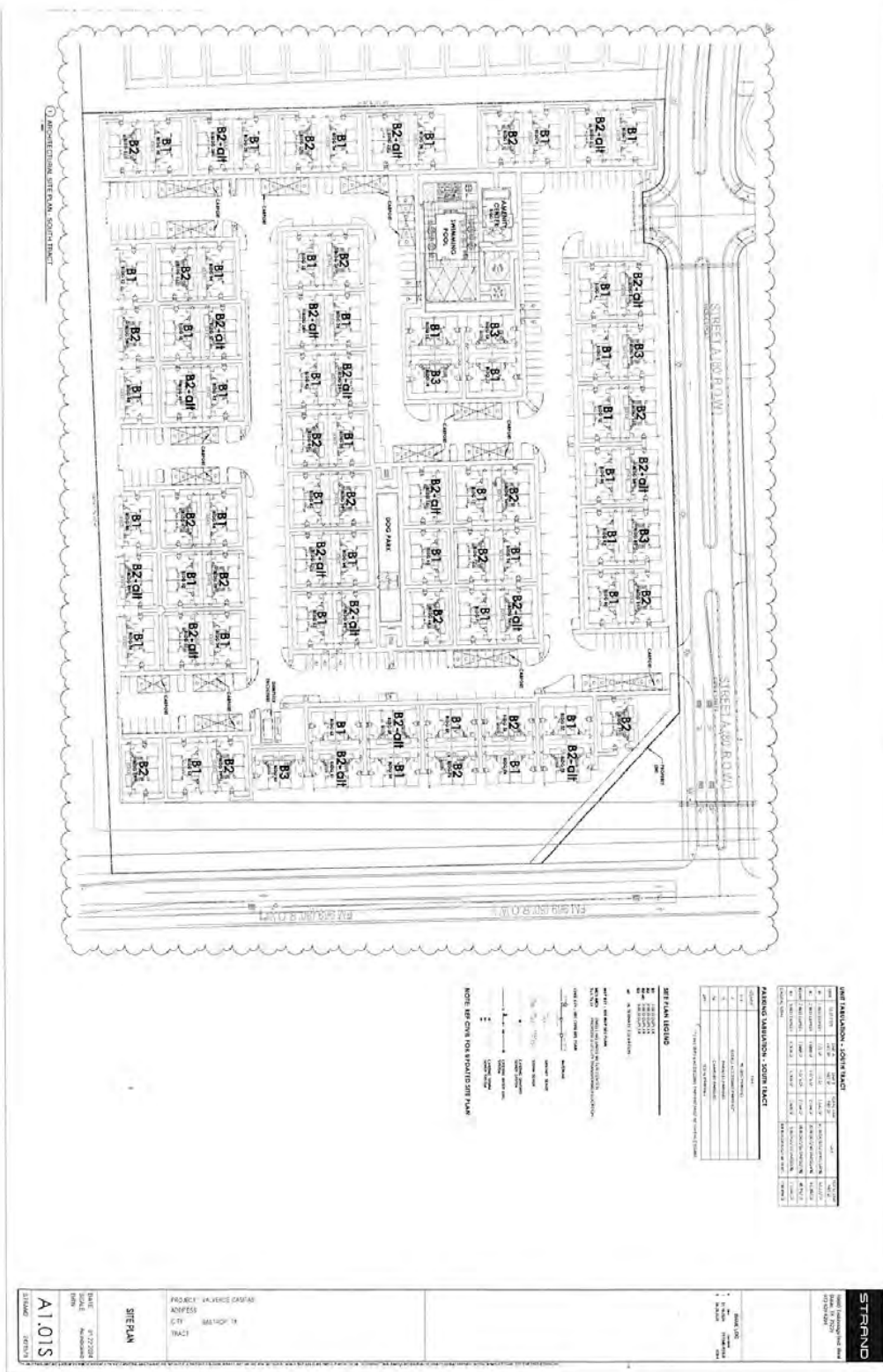
SHEET 2 OF 2











ARCHITECTURAL SITE PLAN, NORTH TRACT

**UNIT INFORMATION - NORTH TRACT**

UNIT NO.	TYPE	SQ. FT.	APPROX. VALUE	APPROX. RENT
B1	1 BR	700	\$120,000	\$1,200
B2	2 BR	1,000	\$160,000	\$1,600
B2-01H	2 BR	1,000	\$160,000	\$1,600
B3	3 BR	1,300	\$210,000	\$2,100

**PARKING INFORMATION - NORTH TRACT**

TYPE	NO. OF SPACES
STREET	10
UNDERGROUND	0
TOTAL	10

**SET PLAN LEGEND**

- EXISTING
- PROPOSED
- REMOVED
- EXISTING
- PROPOSED
- REMOVED

**NOTES FOR OWNER FOR SUBMITTED PLAN**

**STRAND**  
 1000 LEXINGTON ROAD  
 SUITE 100  
 ANN ARBOR, MI 48106  
 TEL: 734.769.1000  
 FAX: 734.769.1001  
 WWW.STRAND.COM

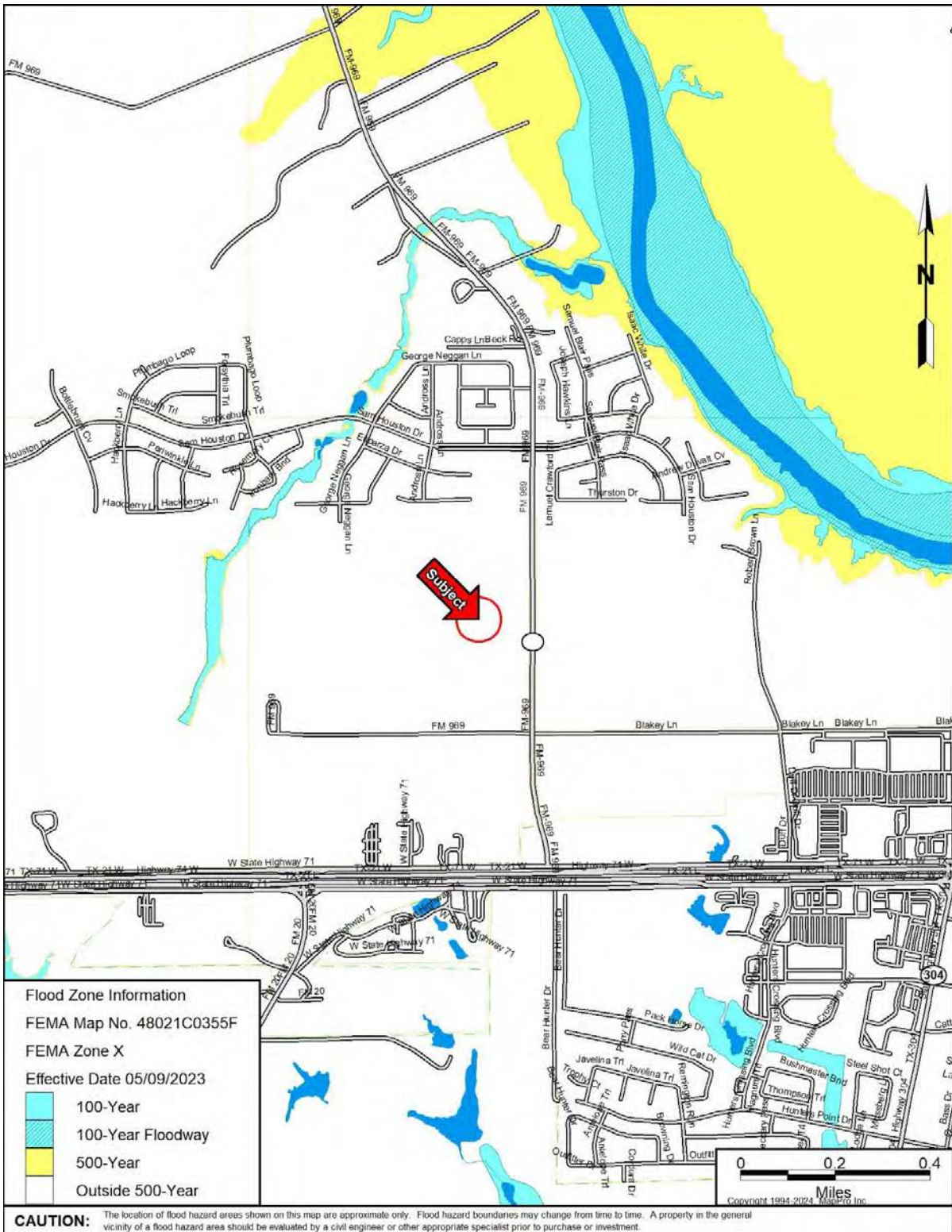
**DATE:** 07/22/2014  
**TIME:** 10:00 AM  
**PROJECT:** ANN ARBOR  
**PROJECT:** WAVECE CASINO  
**ADDRESS:** N  
**CITY:** N  
**TRACT:** N

**SITE PLAN**

**A1.01S**

STRAND ARCHITECTS

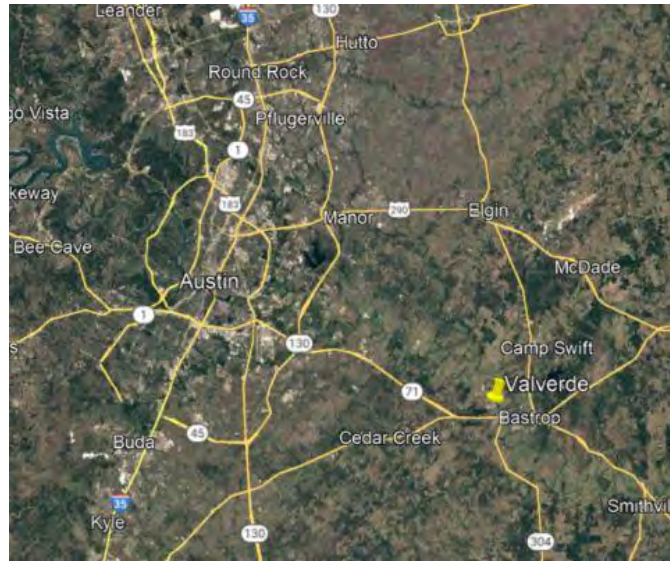
# FLOOD PLAIN MAP



**AERIAL PHOTOS**



Micro Aerial



Macro Aerial

**SUBJECT PROPERTY PHOTOGRAPHS**



Subject property



Typical lot



Subject property



Subject property



Subject property



Subject property

### HIGHEST AND BEST USE

The "**Highest and Best Use**" is defined as:

The reasonably probable use of property, that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (The Dictionary of Real Estate Appraisal, Seventh Edition, 2022, pages 88-89, Appraisal Institute).

**Highest and Best Use of Land or a Site As Though Vacant:** Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 93, Appraisal Institute).

**Highest and Best Use of Property As Improved:** The use that should be made of a property as it exists. A near-complete property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the near-complete building and constructing a new one. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 94, Appraisal Institute).

The definition immediately above applies specifically to the highest and best use of land. In cases where a site has near-complete improvements, the highest and best use may be different from the near-complete use. The near-complete use will continue, however, unless or until land value in its highest and best use exceeds the total value of the property in its near-complete use.

Contribution of that specific use to community environment or to community development goals is implied within these definitions, in addition to wealth maximization. Also implied is that determination of the highest and best use is formulation of an opinion, not a fact, resulting from the appraiser's judgment and analysis. In appraisal practice, the concept of highest and best use is the premise on which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be "most probable use." In the current context of investment value, an alternative term would be "most profitable use".

In order to reasonably determine the highest and best use of the subject 602 finished and under-development lots, the legally permissible uses, physically possible uses, financially feasible uses and the maximally productive use are considered.

### **LEGALLY PERMISSIBLE**

**Zoning/Restrictions:** Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. According to the developer, the sites were annexed into the city in 2023 as P2-Rural; however, the City of Bastrop considers the development agreement the zoning document for the development. The subdivision is assumed to include typical SFR and attached condo residential deed restrictions, none of which the appraisers assume to be detrimental to value.

### **PHYSICALLY POSSIBLE**

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

Given the subject subdivision location in the suburban Bastrop market area, the subject lots were designed and engineered for the construction of starter to lower-move-up production SFRs. The proposed starter to lower-move-up priced production residential usage is considered to be the most physically possible use for the 602 finished and under development lots (32', 43', 45', 50' & attached TH condo regime).

The subject development subdivision lots can accommodate a variety of uses. However, in light of the existing single-family lots and attached TH condo regime lots, within the subject's Bastrop market area, the construction of starter to lower-move-up, detached single-family residences on the existing SFR lots is concluded to be most physically appropriate, and attached condo units on the 250 TH condo regime lots.



### FINANCIALLY FEASIBLE

The appraisers have referenced the Zonda Austin Metrostudy, 2nd Quarter 2024. The subject is located within the Bastrop Submarket and is located within the Southeast Market Area of the overall Austin region. The following chart summarizes the vital statistics for the Bastrop Submarket, the Southeast Market Area, and the overall Austin region.

Zonda Austin Metrostudy 2Q 2024								% Change
Submarket/ Market Area		2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	Yrly. Rates/ Supply	12 Month
Bastrop Submarket	Starts	106	173	94	144	84	495	-20.75%
	Closings	133	210	118	140	156	624	17.29%
	Housing	530	493	469	473	401	7.7 mos.	-24.34%
	VDL Inv.	2,599	2,493	2,399	2,255	2,183	52.9 mos.	-16.01%
Southeast Market Area	Starts	309	370	256	348	298	1,272	-3.56%
	Closings	441	498	221	344	399	1,462	-9.52%
	Housing	1,267	1,139	1,174	1,178	1,077	8.8 mos.	-15.00%
	VDL Inv.	4,892	4,700	4,612	4,264	4,166	39.3 mos.	-14.84%
Austin Total	Starts	4,868	4,485	3,857	4,336	4,654	17,332	-4.40%
	Closings	5,248	4,679	3,872	4,907	5,390	18,848	2.71%
	Housing	14,792	14,610	14,608	14,037	13,301	8.5 mos.	-10.08%
	VDL Inv.	33,578	33,738	32,361	30,321	29,824	20.6 mos.	-11.18%

For the 2nd Quarter 2024, the Bastrop Submarket had 84 housing starts (a 20.75% decrease since 2nd Quarter 2023), and 156 closings, (a 17.29% increase since 2nd Quarter 2023). The Bastrop Submarket ended the quarter with a new home inventory of 401 units or a 7.7-month supply, which is superior to the 8.8-month supply for the Southeast Market Area new home market. The Bastrop Submarket concluded the 2nd Quarter 2024 with 2,183 vacant developed lots in inventory. This lot inventory equates to a 52.9-month **oversupply**, which is inferior to the 39.3-month VDL supply for Southeast Market Area. A 20-to-24-month supply of lots is considered to be a market in equilibrium. It is noteworthy that estate lot subdivisions are prevalent in this submarket, which are traditionally a slower selling product line, thus adding to the VDL inventory.

For the 2nd Quarter 2024, the overall Southeast Market Area had 298 starts (a 3.56% decrease since 2nd Quarter 2023) and 399 closings (a 9.52% decrease since 2nd Quarter 2023). The result is a new home inventory of 1,077 units, or an 8.8-month supply, which is similar to the 8.5-month supply for the overall Austin new home market. At the time of this Zonda Austin Metrostudy report, there was a total inventory of 4,166 vacant developed lots in the Southeast Market Area. This equates to a 39.3-month **oversupply**, which is inferior to the 20.6-month stable supply for the overall Austin region. Again, a 20-to-24-month supply of lots is considered to be a market in equilibrium.

#### **MAXIMALLY PRODUCTIVE HIGHEST & BEST USE CONCLUSION**

Based on our analyses of the legally permissible, physically possible and financially feasible uses for the 602 finished and under development subject lots in Viridian PID IA #1, we conclude that their maximally productive use, and therefore, their highest and best use, is as follows:

- **Highest & Best Use of Lots:** Construction of starter to lower move-up single-family detached residential homes, as demand and market conditions warrant with a price point from \$307,495 to \$368,990 for the 'for-sale' product and an asking rental rate of \$1,727 to \$1,775 per month for the 'for-rent' attached TH condo regime lots by D.R. Horton or comparable builder/s. by D.R. Horton or comparable builder/s.

### **SALES COMPARISON APPROACH – RETAIL LOT VALUATION**

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

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

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

**LOT SALE NUMBER ONE**

Subdivision Name: Watermill, Phase 2

Mapsco Map: Hays County

Location: Along the south line of F.M. 153, just west of S.H. 21, in Uhland, Hays County, Texas 78640.

Grantor: Ranch Road Watermill, LLC

Grantee: Continental Homes of Texas, L.P. (D.R. Horton)

New SFR Price Range: \$296,990 to \$326,990

## Sales Data:

<u>No. of Lots</u>	<u>Lot Width</u>	<u>Purchase Price/Lot</u>	<u>Purchase Price/FF</u>	<u>Sales Date</u>
102	40'	\$66,333	\$1,658	8/17/2023

Financing: Cash to seller

Annual Escalator: N/A

Utilities: All available

Amenities: None

School District: Hays Consolidated I.S.D.

Zoning/Restrictions: PDD by the city of Uhland/None adverse known.

Floodplain: No

Clerk's File No.: 2023-23030565

Confirmation: Confidential source with the builder

Comments: This is the bulk purchase of 102, 40' lots the builder is committed to in Ph. 2. The base price is \$48,000, with a 7% annual escalator commencing from 12/8/2022.

Additional fees due to the developer are \$16,023 per lot (Water Impact Fee: \$6,245; WW Impact Fee: \$6,750; Roadway Impact Fee \$1,228; and Capital Impact Fee: \$1,800).

**LOT SALE NUMBER TWO**

Subdivision Name: Wayside, Phase 1  
 Mapsco Map: Hays County  
 Location: Along the north line of F.M. 127, just west of S.H. 21, in Umland, Hays County, Texas 78640.  
 Grantor: Ranch Road Wayside, LLC  
 Grantee: Continental Homes of Texas, L.P. (D.R. Horton)  
 New SFR Price Range: \$242,990 to \$306,990

## Sales Data:

<u>No. of Lots</u>	<u>Lot Width</u>	<u>Purchase Price/Lot</u>	<u>Purchase Price/FF</u>	<u>Sales Date</u>
72	40'	\$61,861	\$1,547	10/5/2023

Financing: Cash to seller  
 Annual Escalator: N/A  
 Utilities: All available  
 Amenities: None  
 School District: Hays Consolidated I.S.D.  
 Zoning/Restrictions: PDD by the city of Umland/None adverse known.  
 Floodplain: No  
 Clerk's File No.: 2023-23036837  
 Confirmation: Confidential source with the builder

Comments: This is the initial bulk purchase of 72, 40' lots the builder is committed to in Ph. 1. There were an additional 13, 45'; and 54, duplex lots a part of this transaction as well. The base price for the 40' lots is \$50,000, with a 7% annual escalator commencing

from 10/5/2023. Additional fees due to the developer are \$11,861 per lot (Water Impact Fee: \$1,882.50; WW Impact Fee: \$6,750; Roadway Impact Fee \$1,228; and Capital Impact Fee: \$2,000).

**PENDING LOT SALE NUMBER THREE**

Subdivision Name: Adelton, Phase 1, Sections 3 & 4

Mapscos Reference: 720 M

Location: Along the west line of F.M. 20 at Adelton Boulevard, just south of S.H. 71, in Bastrop, Bastrop County, Texas 78602.

**Lot Sales Data:**

Item	No. Lots	Lot Size	\$/Lot	\$/FF	Retail Revenue
1	16	35'	\$74,375	\$2,125	\$1,190,000
2	18	40'	\$80,000	\$2,000	\$1,440,000
3	24	45'	\$95,625	\$2,125	\$2,295,000
4	46	50'	\$100,000	\$2,000	\$4,600,000
5	17	60'	\$126,000	\$2,100	\$2,142,000
Total	121	-	-	-	\$11,667,000
Average	-	46.94'	\$96,421	\$2,054	-

Developer: West Bastrop Village, Ltd.

New Home Price Range: \$320,000 to \$450,000

Utilities: All available

Amenities: Future Master-plan

School District: Bastrop ISD

Zoning: Residential, by the city of Bastrop

Restrictions: Typical Deed Restrictions

Floodplain: None

Confirmation: Lot Purchase Contract

Comments: Each builder has agreed to an approximately 9.75% annual escalator, along with builder fees of \$5,089 per lot for Water and Wastewater Impact Fees. Each builder has agreed to purchase 15 lots (45 lots total) upon substantial completion.



Newmark Homes and Empire Homes will then purchase 10 lots per quarter (20 lots total), and Weekley Homes will purchase 13 lots per quarter after the initial takedown. In addition to the base lot price, each builder will reimburse the developer \$5,089 per lot for water and wastewater impact fees.

**PENDING LOT SALE NUMBER FOUR**



Subdivision Name: Infinity Square  
 Mapsco Reference: Hays County – 701 W  
 Location: This subdivision is located along the south line of Bunton Lane at Bunton Reserve Boulevard, in Kyle, Hays County, Texas 78640.

**Lot Sales Data:**

<b><u>CastleRock Communities</u></b>					
Lot Size	35'	40'	50'	60'	Total
Quantity	27	66	61	11	165 Lots
Base Lot Price	\$64,750	\$74,000	\$92,500	\$99,000	-
Price/FF	\$1,850	\$1,850	\$1,850	\$1,650	-

<b><u>Brightland Homes</u></b>					
Lot Size	35'	40'	50'	60'	Total
Quantity	28	65	61	11	165 Lots
Base Lot Price	\$64,750	\$74,000	\$92,500	\$99,000	-
Price/FF	\$1,850	\$1,850	\$1,850	\$1,650	-

Developer: RPC Kyle Ownership, LLC  
 New Home Price Range: \$300,000 to \$500,990  
 Utilities: All available  
 Amenities: Future Master-plan  
 School District: Hays CISD  
 Zoning: Residential, by the city of Kyle  
 Restrictions: Typical Deed Restrictions  
 Floodplain: None

Confirmation: Lot Purchase Contract

Comments: Each builder has agreed to a 7% annual escalator, along with builder fees of \$15,340 per lot for Water Impact Fees (\$12,340) and Amenity Fees (\$3,000). Each builder has agreed to purchase 25 lots (50 lots total) upon substantial completion, and then 15 lots per quarter (30 lots total) beginning 180 days after substantial completion.

**PENDING LOT SALE NUMBER FIVE**

Subdivision Name: Adelton, Phase 1, Sections 3 & 4

Mapscos Reference: 720 M

Location: Along the west line of F.M. 20 at Adelton Boulevard, just south of S.H. 71, in Bastrop, Bastrop County, Texas 78602.

**Lot Sales Data:**

Item	No. Lots	Lot Size	\$/Lot	\$/FF	Retail Revenue
1	16	35'	\$74,375	\$2,125	\$1,190,000
2	18	40'	\$80,000	\$2,000	\$1,440,000
3	24	45'	\$95,625	\$2,125	\$2,295,000
4	46	50'	\$100,000	\$2,000	\$4,600,000
5	<u>17</u>	60'	\$126,000	\$2,100	\$2,142,000
Total	121	-	-	-	\$11,667,000
Average	-	46.94'	\$96,421	\$2,054	-

Developer: West Bastrop Village, Ltd.

New Home Price Range: \$320,000 to \$450,000

Utilities: All available

Amenities: Future Master-plan

School District: Bastrop ISD

Zoning: Residential, by the city of Bastrop

Restrictions: Typical Deed Restrictions

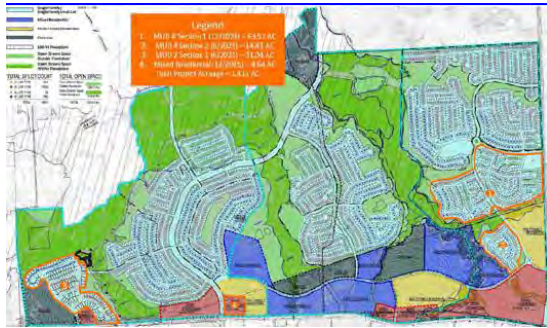
Floodplain: None

Confirmation: Lot Purchase Contract

Comments: Each builder has agreed to an approximately 9.75% annual escalator, along with builder fees of \$5,089 per lot for Water and Wastewater Impact Fees. Each builder has agreed to purchase 15 lots (45 lots total) upon substantial completion.

Newmark Homes and Empire Homes will then purchase 10 lots per quarter (20 lots total), and Weekley Homes will purchase 13 lots per quarter after the initial takedown. In addition to the base lot price, each builder will reimburse the developer \$5,089 per lot for water and wastewater impact fees.

## **PENDING LOT SALE NUMBER SIX**



Subdivision Name: Mirador

Mapsc0 Reference: Portions of 678, 679, 708 and 709

Location: This subdivision is located Northwest corner of Pearce Lane and Wolf Lane at Sun Chase Parkway, south of State Highway 71 and east of State Highway 130, in the Bastrop Submarket, in the Southeast Austin/Del Valle market area of Travis County & Bastrop County, Texas 78617.

### Lot Sales Data:

<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
14	50'	\$99,250	N/A	\$1,985	Pending

Developer: HTSC Pearce LN owner, LP (Hines Development)

Builder: Toll Brothers

New Home Price Range: \$215,000 to \$600,000

Financing: Cash to seller

Utilities: All available

Amenities: None

School District: Del Valle ISD

Zoning: Within Austin's limited purposed zoning jurisdiction and is zoned Sun Chase PUD by the city of Austin.

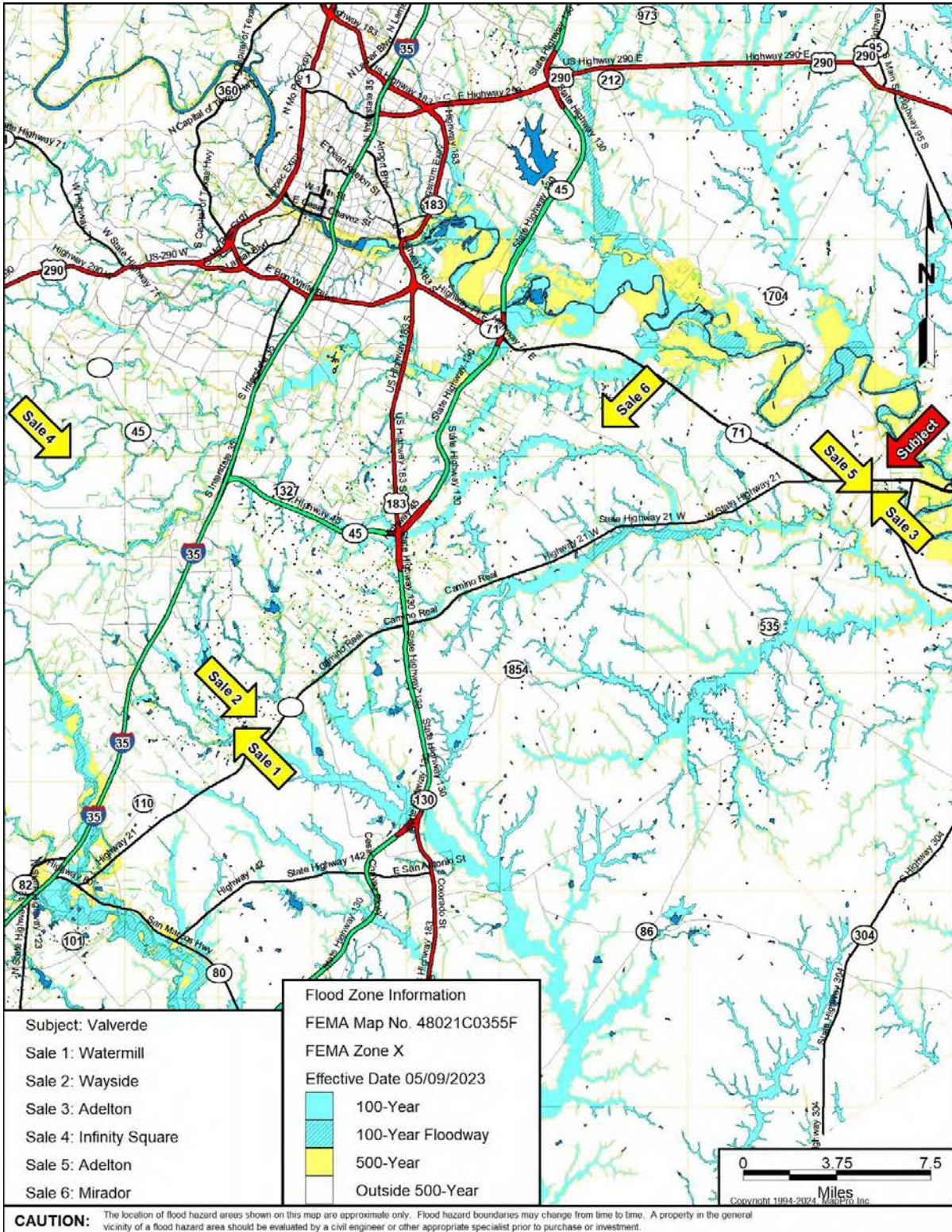
Restrictions: Typical Deed Restrictions

Floodplain: None

Confirmation: Contract/Developer (B&A C8816)

Comments: This is the pending takedown of 14 lots by the builder. The base lot price is \$99,250 with additional fees totaling \$11,650 per lot, or \$233 PFF.

### LOCATION MAP OF SALES COMPARABLES



**BUILDER LOT SALES ANALYSES**

The Builder Lot Sales illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

Builder Lot Sales Summary							
Lot Sale	Sale Date	Subdivision	Sale Type	Description	Lot Size	Price PFF	Lot Price
1	8/17/2023	Watermill, Ph. 2	Bulk	102 Lots	40'	\$1,658	\$110,000 & \$140,000
2	10/5/2023	Wayside, Ph. 1	Bulk	72 Lots	40'	\$1,547	\$61,861
3	Pending	Adelton, Ph. 1	Takedown	16 Lots	35'	\$2,281	\$79,824
4	Pending	Infinty Square	Takedown	27 Lots	35'	\$1,805	\$63,175
5	Pending	Adelton, Ph. 1	Takedown	15 Lots	50'	\$2,102	\$105,089
6	Pending	Mirador	Takedown	14 Lots	50'	\$2,218	\$110,900

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

**CUMULATIVE ADJUSTMENTS**

**Market Conditions:** Lot prices have been increasing in the subject market area at 5% to 10% per annum. As such, the appraisers assumed an **8.0% per annum** adjustment, which is reasonable for the subject locale, which is a new growth corridor.



**Financing/Cash Equivalent Considerations:** Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. When favorable financing occurred, the sale was adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. No considerations for financing were required in this analysis.

**Conditions of Sale:** This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. Due to holding costs, bulk lot takedowns which are significantly larger or smaller in lot totals will typically reflect discounted or higher lot sale prices, respectively. No adjustments were warranted for Lot Sales 3 thru 6, as they are considered typical takedowns. Lot Sales 1 and 2 have been adjusted upward 15% and 10% each, respectively for their larger lot quantity compared to a typical takedown.

### **ADDITIVE ADJUSTMENTS**

**Location:** Lot Sales 3 thru 5, are considered generally similar to the subject property and have not been adjusted for this element of comparison. Lot Sale 6 is considered superior to the subject and has been adjusted downward -5%, for this element of comparison. Lot Sales 1 and 2 are considered inferior to the subject, and have been adjusted upward 5%

each, respectively for this element of comparison.

**Lot Size:** Based upon the per front foot methodology utilized, only significant differences in lot frontages will typically warrant an adjustment. The subject and the lot sales have similar lot frontages of 35' to 50' and no adjustments were warranted.

**Amenities:** Lots Sale 3 thru 5, are considered superior with master-planned amenities compared to the subject and have been adjusted downward -5% each. Lot Sales 1, 2 and 6 are considered generally similar to the subject property and have not been adjusted for this element of comparison.

#### **LOT SALES ADJUSTMENT GRID**

The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analysis of the subject lots.

Lot Sales Adjustment Grid							
Market Data	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Sale Price PFF	-	\$1,658	\$1,547	\$2,281	\$1,805	\$2,102	\$2,218
Sales Date	10/1/2024	8/17/2023	10/5/2023	Pending	Pending	Pending	Pending
Adjustment	-	9.3%	8.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price PFF		\$1,813	\$1,670	\$2,281	\$1,805	\$2,102	\$2,218
Financing	-	CTS	CTS	CTS	CTS	CTS	CTS
Adjustment	-	0%	0%	0%	0%	0%	0%
Adjusted Sales Price PFF		\$1,813	\$1,670	\$2,281	\$1,805	\$2,102	\$2,218
Conditions of Sale	Typical takedown	102 Lots	72 Lots	16 Lots	27 Lots	15 Lots	14 Lots
Adjustment	-	15%	10%	0%	0%	0%	0%
<b>Adjusted Sales Price PFF</b>		<b>\$2,084</b>	<b>\$1,837</b>	<b>\$2,281</b>	<b>\$1,805</b>	<b>\$2,102</b>	<b>\$2,218</b>
Builder	D.R. Horton	D.R. Horton	D.R. Horton	Empire Communities	Castlerock	Highland Homes	Toll Brothers
Location	Valverde	Watermill, Ph. 2	Wayside, Ph. 1	Adelton, Ph. 1	Infinty Square	Adelton, Ph. 1	Mirador
Adjustment	-	5%	5%	0%	0%	0%	-5%
Lot Size	32' - 50'	40'	40'	35'	35'	50'	50'
Adjustment	-	0%	0%	0%	0%	0%	0%
Amenities	Typical for area	Similar	Similar	Superior	Superior	Superior	Similar
Adjustment	-	0%	0%	-5%	-5%	-5%	0%
<b>Net Adjustment</b>	-	<b>5%</b>	<b>5%</b>	<b>-5%</b>	<b>-5%</b>	<b>-5%</b>	<b>-5%</b>
<b>Adjusted Sale Price PFF</b>	-	<b>\$2,189</b>	<b>\$1,929</b>	<b>\$2,167</b>	<b>\$1,715</b>	<b>\$1,997</b>	<b>\$2,107</b>
<b>Indicated Mean:</b>	<b>\$2,017</b>						
<b>Indicated Median:</b>	<b>\$2,052</b>						
<b>Concluded Value PFF:</b>	<b>\$2,050</b>						

### **Conclusion of Base Retail Lot Value**

The lot sales used in this analysis are of typical base lot sales to which lot adjustments, due to premiums (if applicable) and applicable fees, will be applied to conclude an adjusted value PFF. Accordingly, the appraisers derived the following statistical parameters and the Base Retail Lot Value PFF.

<b>Statistical Benchmarks</b>	
Lowest	\$1,715
Mean	\$2,017
Median	\$2,052
Highest	\$2,189
<b>Concluded Value PFF:</b>	<b>\$2,050</b>

The builder lot sales used in this analysis exhibit an adjusted price per front foot of \$1,715 to \$2,189 PFF, with a mean of \$2,017 PFF and a median of \$2,052 PFF. Based on the preceding analysis, with consideration given to all comparable lot sales, the statistical benchmarks noted above, and the highest and best use of the subject and comparable lot sales; a typical subject lot is concluded to have an individual Builder Retail Market Value of **\$2,050 PFF, or \$65,600 per 32' lot; \$88,150 per 43' lot; and \$92,250 per 45' lot, as of October 1, 2024.** For the under-development lots in Phase 3, an adjustment for time is based on an 8% annual rate of escalation; therefore, the under-development lots are concluded to have individual Builder Retail Market Value of **\$2,145 PFF, or \$68,640 per 32' lot; \$92,235 per 43' lot; \$96,525 per 45' lot; and \$107,250 per 50' lot, as of May 1, 2025.**

### **LOT PREMIUMS AND FEES**

N/A

**PHASE 1 AND PHASE 2 "AS IS" RETAIL MARKET VALUE**

Thus, the Sum of the Retail Lot Values – "As Is" can be summarized as follows:

<b>Sum of the Retail Values - "As Is"</b>						
<b>Valverde PID IA #1, Phase 1 and 2, Section 1</b>						
<b>No. Lots</b>	<b>Average Lot FF</b>	<b>Concluded PFF</b>	<b>Base Lot Price</b>	<b>Base Lot Revenue</b>	<b>Sum of the Lot Revenues</b>	
					<b>\$ Total</b>	<b>\$ / Lot</b>
103	32'	\$2,050	\$65,600	\$6,756,800	<b>\$6,756,800</b>	<b>\$65,600</b>
42	43'	\$2,050	\$88,150	\$3,702,300	<b>\$3,702,300</b>	<b>\$88,150</b>
29	45'	\$2,050	\$92,250	\$2,675,250	<b>\$2,675,250</b>	<b>\$92,250</b>
174					<b>\$13,134,350</b>	<b>\$75,485</b>

**PHASE 3 "UPON COMPLETION" RETAIL MARKET VALUE**

<b>Sum of the Retail Values - "Upon Completion"</b>						
<b>Valverde PID IA #1, Phase 3, Section 1</b>						
<b>No. Lots</b>	<b>Average Lot FF</b>	<b>Concluded Per Lot</b>	<b>Base Lot Price</b>	<b>Base Lot Revenue</b>	<b>Sum of the Lot Revenues</b>	
					<b>\$ Total</b>	<b>\$ / Lot</b>
50	32'	\$2,145	\$68,640	\$3,432,000	<b>\$3,432,000</b>	<b>\$68,640</b>
86	43'	\$2,145	\$92,235	\$7,932,210	<b>\$7,932,210</b>	<b>\$92,235</b>
24	45'	\$2,145	\$96,525	\$2,316,600	<b>\$2,316,600</b>	<b>\$96,525</b>
18	50'	\$2,145	\$107,250	\$1,930,500	<b>\$1,930,500</b>	<b>\$107,250</b>
178					<b>\$15,611,310</b>	<b>\$87,704</b>

**ALLOCATION METHOD TO BUILDER RETAIL LOT VALUATION**

An Allocation Method was utilized to estimate the retail value of the typical attached condo regime lots. This valuation technique was utilized due to the lack of developer-to-builder lot sales data within similar projects in the market area. In short, developers typically do not develop in-fill small lots for the purposes of sale to third-party builders. Rather, this product type is typically developed and built-out by a single developer/builder wherein home sales, and not lot sales, characterize the motivation of the project. We surveyed brokers and developer/builders who are familiar with the subject residential market area to ascertain a reasonable home price and lot price ratio for product similar to that which will be constructed on the subject TH condo regime lots.

A representative of D.R. Horton provided the size and price for the attached townhome product. The appraisers researched the Austin Board of Realtors (ABOR) for sales of attached/semi-detached condo/townhome product within the subject's competitive market area. The appraisers then conducted a comparable home sale analysis to ascertain a reasonable retail Market Value for the typical / average attached townhome unit product that D.R. Horton intends to build on the subject TH condo regime lots.

Via the Allocation Method, we then applied the concluded lot price ratio to our concluded townhome product retail value to arrive at a concluded typical finished lot Retail Market Value.

Comparable TH Home Sales											
Valverde											
Comp No.	Provided by MLS No.	Street Address	Project Subdivision	Bedrooms	Baths	Stories	GLA Size (SF)	Garage	Sale Date	Sale Price	Sale Price PSF
1	2044020	16803 Radiant Dr.	Whisper Valley	2	1.1	2.0	1,183	0	7/11/2024	\$290,000	\$245.14
2	2302185	530 Arnold Loop #B	Wayside	2	2.0	1.0	995	1-Att.	9/13/2024	\$209,990	\$211.05
3	5564749	249 Arnold Loop #A	Wayside	2	2.0	1.0	995	1-Att.	8/30/2024	\$209,990	\$211.05
4	2430595	525 Arnold Loop #B	Wayside	2	2.0	1.0	1,094	1-Att.	8/16/2024	\$220,000	\$201.10
Average Comparable Sales Prices										\$232,495	\$217.08

The subject builder reported an attached condo product would be constructed on the 250 TH condo regime lots. Based on the comparables presented above, which range from \$209,990 to \$290,000, an average base asking price of \$232,000 (Rounded) is best supported by current market data in the subject's immediate submarket.

**Lot Price Ratio Survey**

The appraiser surveyed brokers and developer/builders who are familiar with the subject submarket to ascertain a reasonable home price/lot price ratio for product similar to the subject property’s quality and location. The following table reports the results of this survey:

Contact	Company	Phone	Reported Ratio
Kody Kobza	David Weekley	713-316-3316	25%+
Tony Padua Co.	Padua Realty Co.	713-840-7719	25% - 35%
Adam Lambert	Jacob Sudhoff Properties	713-471-2326	25% - 50% total range; 20% - 35% typical
Angela Vera	Sandcastle Homes	281-206-4639	25% - 35%
Nick Webking	David Weekley Homes	713-316-3422	25% - 35%
Larry Davis	Urban Lofts	713-522-6441	30% - 35%
George Kawaja	Drake Homes	281-703-2167	30% - 40%
Cregg McGaha	Partners in Building	832-721-0982	25% - 35%
Derek Darnell	Pelican Builders	713-871-8170	30% - 45%

Generally speaking, developments in more affordable locations typically result in lower lot price ratios. By contrast, developments in high-value locations typically result in the higher price ratios. The subject Valverde development market area location is a lower-move-up, transitional corridor, and the appraisers’ conclude that the subject lots may command a lot price ratio of around **25%** of the finished home price, due to the location in the growing Bastrop market area, an average location with good access to the S.H. Highway 71/S.H. 21, S.H. 95, U.S. 290, and the Austin CBD. The estimated lot value underlying the average attached condo unit value by allocation by lot size is thus calculated and reported in the following table:

Allocated Lot Value		
Average Sales Price	Home/Lot Price Ratio	Allocated Lot Value
<b>\$232,000</b>	<b>25.0%</b>	<b>\$58,000</b>
<b>Rounded:</b>		<b>\$58,000</b>

Thus, the Sum of the Retail Lot Values can be calculated as follows:

Sum of the Retail Values - "Upon Completion"						
Valverde PID IA #1, Attached TH Condo Regime Lots						
No. Lots	Average Lot FF	Concluded Per Lot	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
250	20'	\$58,000	\$58,000	\$14,500,000	<b>\$14,500,000</b>	<b>\$58,000</b>

**Supplementary Data:**

Attached TH Condo Regime lot sales from land developers to third-party builders are not typical; however, in an effort to support the concluded allocated lot value of \$58,000 per lot, the following lot sales data is noteworthy:

<b>Lot Sale</b>	<b>Sale Date</b>	<b>Subdivision</b>	<b>Sale Type</b>	<b>Description</b>	<b>Lot Size</b>	<b>Lot Price</b>
1	11/8/2021	Schultz Towns @ 45	Bulk	93 Lots	25'	\$100,000
2	6/8/2023	Avery Centre	Bulk	38 Lots	22'	\$80,000
3	6/8/2023	Avery Centre	Bulk	38 Lots	25'	\$80,000
4	9/15/2023	Avery Centre	Bulk	37 Lots	22'	\$81,167
5	9/15/2023	Avery Centre	Bulk	37 Lots	22'	\$81,167

The lot sales noted above are from Round Rock, Texas, an established market area with a higher price point compared to the subject; thus, it would be considered superior compared to the subject property.



**INCOME APPROACH - DISCOUNTED BULK MARKET VALUE ANALYSIS**

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

**ABSORPTION ANALYSIS**

To determine the rates at which the subject single-family lots will be absorbed into the market, we have analyzed the recent absorption of lots in the following competing subdivisions in the vicinity of the subject.

Zonda Austin Metrostudy 2Q 2024									
Subdivision / Product (\$1,000)		3Q 2023	4Q 2023	1Q 2024	2Q 2024	Past 4 Qtrs Total Absorb	Avg Absorb Per Qtr	No. of Builders	Avg Absorb Per Bldr/Qtr
Southgrove - D.R. Horton 40' & 50' Lots \$310 - \$380	Starts	46	43	38	52	179	44.8	1	44.8
	Closings	80	49	87	49	265	66.3		66.3
	VDL	215	172	134	178				
Stallion Run - Century Communities 40' & 45' Lots \$306 - \$372	Starts	29	20	32	18	99	24.8	1	24.8
	Closings	25	24	36	19	104	26.0		26.0
	VDL	32	12	138	120				
Sunset Oaks - Lennar Homes 40' Lots \$244 - \$320	Starts	92	48	8	27	175	43.8	1	43.8
	Closings	63	72	47	28	210	52.5		52.5
	VDL	106	71	215	188				
Talvera - D.R. Horton 50' Lots \$295 - \$483	Starts	10	17	30	27	84	21.0	1	21.0
	Closings	25	24	51	30	130	32.5		32.5
	VDL	71	54	134	107				
Watermill - D.R. Horton 40' Lots \$297 - \$357	Starts	44	48	15	18	125	31.3	1	31.3
	Closings	6	41	26	23	96	24.0		24.0
	VDL	109	61	46	165				
Bastrop Grove - Lennar Homes 35' & 40' Lots \$255 - \$339	Starts	53	42	51	0	146	36.5	1	36.5
	Closings	51	57	39	56	203	50.8		50.8
	VDL	94	52	1	1				
Hyemeadow - Brohn & Starlight Homes 40' Lots \$257 - \$370	Starts	18	11	35	4	68	17.0	2	8.5
	Closings	46	19	17	14	96	24.0		12.0
	VDL	314	303	268	264				
		<b>Average Absorption Per Quarter Over Past 4 Quarters</b>		<b>Starts</b>	<b>Closings</b>	<b>Minimum:</b>	<b>17.0</b>		<b>8.5</b>
						<b>Average:</b>	<b>31.3</b>		<b>30.1</b>
						<b>Maximum:</b>	<b>44.8</b>		<b>44.8</b>
						<b>Minimum:</b>	<b>24.0</b>		<b>12.0</b>
						<b>Average:</b>	<b>39.4</b>		<b>37.7</b>
						<b>Maximum:</b>	<b>66.3</b>		<b>66.3</b>

These absorption comparables indicate quarterly absorption of 8.5 to 44.8 lots, with an average of 30.1 starts per quarter per builder and 12.0 to 66.3 lots, with an average of

37.7 closings per quarter per builder. The comparable subdivisions include a variety of builders and offer lot sizes which are generally similar to those of the subject lots, and new home pricing ranging from \$244,000 up to \$483,000.

All of the absorption comparables noted above are good indicators of absorption given their location and price point compared to the subject property. Given the high level of interest rates, but considering the builder rate buydowns, and the potential impact on home sales, an absorption rate of **40 lots per quarter** is supported.

As previously mentioned the subject plans are for build-to-rent residential units, which is a growing market segment in the subject region. Accordingly, the following secondary subdivisions lease-up absorption comparables are presented to support the subject's most probable lot/unit absorption demand.

<b>Builder</b>	<b>Project Name</b>	<b>Location</b>	<b>Units/Month Absorption</b>	<b>Rent Range</b>
Camillo	Christian Meadows	Ennis	10.25	\$1,725- \$2,100
Camillo	Cardinal	Ennis	7.08	\$1,725- \$2,100
Camillo	Rivers Edge	Conroe	14.50	\$1,665 - \$2,500
Camillo	Townsend Reserve	Splendora	7.67	\$1,540 - \$2,050
Camillo	Brooklyn Trails	Porter	5.67	\$1,540 - \$2,050
Camillo	Hunters Creek	Huntsville	9.00	\$1,490 - \$1,950
Camillo	North Meadows	Willis	7.75	\$1,490 - \$1,950
Camillo	Cliffstone Hills	Conroe	9.75	\$1,490 - \$1,950
Camillo	Mackenzie Creek	Conroe	7.92	\$1,490 - \$1,950
Camillo	Somerset Trails	San Antonio	8.33	\$1,525 - \$1,850
Camillo	Applewhite Meadows	San Antonio	6.00	\$1,475 - \$1,800
Camillo	Tesoro Hills	San Antonio	5.083	\$1,425 - \$1,847
Camillo	Northeast Crossing	San Antonio	7.58	\$1,400 - \$2,400
Weekley Homes	East Heights at Airline	Houston	10	\$2,900
Weekley Homes	Crossing at Timbergrove	Houston	10	\$3,200
Weekley Homes	Woodmill Creek	Houston	12	\$2,800
Weekley Homes	Longmeadow Farms	Richmond	12	\$2,800

Weekley Homes	Meadows at Telge	Cypress	12	\$2,500
Clay Residential	Willow at Sierra Vista	Iowa Colony	7.0	\$2,400 - \$2,950
Camillo	Lone Trail Village	Texas City	7.8	\$1,300 - \$2,000
Camillo	Camellia	Richmond	11.1	\$1,200 - \$2,200
Camillo	Oaks of Lakewood	Houston	3.0	\$1,400 - \$1,950

These similar subdivisions from comparable market areas were analyzed for absorption, exhibited average rentals of **3.0 to 14.5 units per month** over the absorption periods (trailing 12-16 months). Higher interest rates will prevent many first-time home buyers from qualifying, thus forcing them to select alternative rental housing, such as the subject housing product. The following points area among those considered in our projected absorption of the subject lots:

- Projections of a stable housing market throughout 2024.
- Affordable rental rates and rental momentum in the subject subdivision should continue in this marketplace.
- Although declining moderately, interest rates are still elevated since 2022, thus increasing the demand for alternative rental home housing from starter home buyers that cannot qualify.

Based on the above, we project that D.R. Horton, or a comparable builder, could potentially build and lease about **40 homes per quarter**.

**YIELD RATE / IRR ANALYSIS**

We referenced the developer’s survey conducted by RealtyRates.com for the 3rd Quarter 2024 (2nd quarter 2024 data).

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

\*2nd Quarter 2024 Data

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Within the RealtyRates.com survey, developers and builders reported modeling pro-forma internal rates of return ranging from 15.45% to 22.29%, with an average of 22.29% for site-built residential 100-500 units. The developers and builders reported actual rates ranging from 16.09% to 32.27%, with an average of 23.22%. The above chart reflects surveyed rates for complete subdivision developments – from vacant land to lot development, to home construction, to home sellout. By contrast, the subject of this analysis represents finished lots. Therefore, entitlement and land development risk have occurred. Home construction, marketing, and home sales risk remain to be incurred. Based on the availability of alternative investment yields and considering the relative risk

of the subject residential development investment; it is the appraiser’s opinion that an overall **IRR of 17.0%** is reasonable for the subject lots. inclusive of profit.

**DISCOUNTED CASH FLOW ASSUMPTIONS**

**Sum of the Retail Values:** The Sum of the Builder Retail Values for the cash flows are predicated on a beginning lot value, previously concluded as follows:

Sum of the Retail Values - "As Is"						
Valverde PID IA #1, Phase 1 and 2, Section 1						
No. Lots	Average Lot FF	Concluded PFF	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
103	32'	\$2,050	\$65,600	\$6,756,800	<b>\$6,756,800</b>	<b>\$65,600</b>
42	43'	\$2,050	\$88,150	\$3,702,300	<b>\$3,702,300</b>	<b>\$88,150</b>
29	45'	\$2,050	\$92,250	\$2,675,250	<b>\$2,675,250</b>	<b>\$92,250</b>
174					<b>\$13,134,350</b>	<b>\$75,485</b>

Sum of the Retail Values - "Upon Completion"						
Valverde PID IA #1, Phase 3, Section 1						
No. Lots	Average Lot FF	Concluded Per Lot	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
50	32'	\$2,145	\$68,640	\$3,432,000	<b>\$3,432,000</b>	<b>\$68,640</b>
86	43'	\$2,145	\$92,235	\$7,932,210	<b>\$7,932,210</b>	<b>\$92,235</b>
24	45'	\$2,145	\$96,525	\$2,316,600	<b>\$2,316,600</b>	<b>\$96,525</b>
18	50'	\$2,145	\$107,250	\$1,930,500	<b>\$1,930,500</b>	<b>\$107,250</b>
178					<b>\$15,611,310</b>	<b>\$87,704</b>

Sum of the Retail Values - "Upon Completion"						
Valverde PID IA #1, Attached TH Condo Regime Lots						
No. Lots	Average Lot FF	Concluded Per Lot	Base Lot Price	Base Lot Revenue	Sum of the Lot Revenues	
					\$ Total	\$ / Lot
250	20'	\$58,000	\$58,000	\$14,500,000	<b>\$14,500,000</b>	<b>\$58,000</b>

**Absorption Period:** The appraisers previously concluded that the projected lot absorption be 40 lots per quarter for the SFR product and 40 lots per quarter for the attached TH product.

**Sales Price Escalation:** Per current market trends and market participants active in the subject’s market area and greater Austin MSA, the subject lot prices are projected to escalate at an annual rate equal to 8.0% per year, **or 2.00% per quarter**, beginning in the 1st period.

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

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

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

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

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

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

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

**Lot Sales Income:** The Total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

### **SALES EXPENSES**

**Marketing/Closing Costs:** The marketing expense is typically carried by the lot developer; however, in submarkets in which the lot supply is at shortage levels and in quality developments, the marketing expense can and is occasionally passed through to the builders. In the case of the subject, the marketing expense is based on **1.0%** of lot

sales, beginning in Period 0. Please note that the marketing expense is combined with commissions and closing costs expenses below.

Typical lot takedown contracts call for the developer to pay commissions and part or all of the closing costs. Thus, real estate commissions and closing costs are typical carrying expenses. The commissions/closing costs expense is based on **4.0% of the periodic sales**. This item is considered to be sufficient to cover broker commissions at 3.0%, plus 1.0% closing costs. Brokerage fees for this type of transaction typically range from 2% to 4%, due to the repetitive nature of lot takedown contracts. Closing costs also vary, but typically total 0.5% to 1.5% of the sales price of the lots. Again, the marketing expense of 1.0% is combined with the commissions and closing costs category. Thus, **total marketing/closing costs equate to 5.0% of periodic sales**, beginning in Period 0.

**Taxes**: We utilized a property tax rate of **\$1.550180** per \$100 in the cash flow. Estimated property taxes are based upon the average lot inventory (retail value) held per period, multiplied by **80%**, multiplied by the projected current tax rate noted above, and divided by 4 to reflect quarterly taxes, beginning in the 1st period.

**Administrative Expense**: This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are often relatively minor; thus, we have projected this expense at **0.5% of periodic sales**, beginning in Period 0.

**Homeowner's Association Fees**: The HOA expense is calculated based on the average inventory held (Lots) by the developer multiplied by the quarterly HOA fee to reflect quarterly HOA fees. HOA fees within IA #1 of the Valverde PID are projected to be \$780. While the builder is responsible for subsidizing the development HOA for inventory lots, the builder is typically only responsible for about 50% of the standard homeowner HOA fee. For the purposes of this analysis, we assume that the builder will be responsible for an HOA fee of \$390 per lot per year on inventory lots, or **\$97.50 per lot held per quarter**.



**DISCOUNTED CASH FLOW ANALYSES**

The discounted cash flow analyses for the finished and under-development subject lots are presented on the following pages.

<b>Discounted Cash Flow Analysis - 174, 32', 43, &amp; 45' Lots in Valverde PID IA #1, Phase 1 and Phase 2, Section 1</b>					
<b>Bulk Market Value "As Is"</b>					
TOTAL NO. OF LOTS:	174	<b>October 1, 2024</b>			Date of Value
AVERAGE INDIVIDUAL LOT VALUE:	\$75,485				
GROSS RETAIL VALUE:	\$13,134,350				
ABSORPTION PERIOD:	4 QUARTERS				
ANNUAL YIELD/IRR:	17.0%				
EFFECTIVE TAX RATE/\$100:	\$1.5502	\$1.5502	\$1.5502	\$1.5502	\$1.5502
AVG. HOA DUES per LOT (\$390.00/Yr.):	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50
<b>QUARTERLY PERIOD:</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
STARTING LOT INVENTORY:	174.0	134.0	94.0	54.0	14.0
LOT SALES/PERIOD:	40.0	40.0	40.0	40.0	14.0
ENDING LOT INVENTORY:	134.0	94.0	54.0	14.0	0.0
AVG. LOTS HELD/PERIOD:	154.0	114.0	74.0	34.0	7.0
SALES APPRECIATION:	0.00%	2.00%	2.00%	2.00%	2.00%
STARTING INVENTORY (Dollars):	\$13,134,350	\$10,317,258	\$7,382,229	\$4,325,672	\$1,143,900
AVG. LOT VALUE:	\$75,485	\$76,994	\$78,534	\$80,105	\$81,707
AVG. INVENTORY HELD:	\$11,624,655	\$8,777,369	\$5,811,542	\$2,723,571	\$571,950
ENDING INVENTORY:	<u>\$10,114,959</u>	<u>\$7,237,480</u>	<u>\$4,240,855</u>	<u>\$1,121,471</u>	<u>\$0</u>
<b>QUARTERLY SALES:</b>	\$3,019,391	\$3,079,779	\$3,141,374	\$3,204,202	\$1,143,900
<b>LESS EXPENSES:</b>					
a) MARKETING/CLOSING (5.0%)	\$150,970	\$153,989	\$157,069	\$160,210	\$57,195
b) TAXES/AVG. INV. HELD (@ 80%)	\$0	\$27,213	\$18,018	\$8,444	\$1,773
c) ADMINISTRATIVE @ 0.5%:	\$15,097	\$15,399	\$15,707	\$16,021	\$5,719
d) HOA DUES per QUARTER:	\$0	\$11,115	\$7,215	\$3,315	\$683
<b>TOTAL EXPENSES:</b>	<u>\$166,066</u>	<u>\$207,716</u>	<u>\$198,008</u>	<u>\$187,990</u>	<u>\$65,370</u>
<b>NET SALES INCOME:</b>	\$2,853,324	\$2,872,063	\$2,943,366	\$3,016,212	\$1,078,530
QUARTERLY YIELD/IRR:					
FACTOR @ 17.0%	<u>1.000000</u>	<u>0.959233</u>	<u>0.920127</u>	<u>0.882616</u>	<u>0.846634</u>
<b>DISCOUNTED SALES:</b>	\$2,853,324	\$2,754,976	\$2,708,271	\$2,662,157	\$913,120
	\$11,891,848				
<b>ROUNDED TO:</b>	<b>\$11,890,000</b>	-9.5% Discount Margin			
<b>VALUE PER LOT:</b>	<b>\$68,333</b>				

**Discounted Cash Flow Analysis - 178, 32', 43, 45' & 50' Lots in Valverde PID IA #1, Phase 3, Section 1**  
**Bulk Market Value "Upon Completion"**

TOTAL NO. OF LOTS:	178	<b>May 1, 2025</b>			Date of Value
AVERAGE INDIVIDUAL LOT VALUE:	\$87,704				
GROSS RETAIL VALUE:	\$15,611,310				
ABSORPTION PERIOD:	4 QUARTERS				
ANNUAL YIELD/IRR:	17.0%				
EFFECTIVE TAX RATE/\$100:	\$1.5502	\$1.5502	\$1.5502	\$1.5502	\$1.5502
AVG. HOA DUES per LOT (\$390.00/Yr.)	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50
<b>QUARTERLY PERIOD:</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
STARTING LOT INVENTORY:	178.0	138.0	98.0	58.0	18.0
LOT SALES/PERIOD:	40.0	40.0	40.0	40.0	18.0
ENDING LOT INVENTORY:	138.0	98.0	58.0	18.0	0.0
AVG. LOTS HELD/PERIOD:	158.0	118.0	78.0	38.0	9.0
SALES APPRECIATION:	0.00%	2.00%	2.00%	2.00%	2.00%
STARTING INVENTORY (Dollars):	\$15,611,310	\$12,345,213	\$8,942,229	\$5,398,186	\$1,708,805
AVG. LOT VALUE:	\$87,704	\$89,458	\$91,247	\$93,072	\$94,934
AVG. INVENTORY HELD:	\$13,857,230	\$10,556,052	\$7,117,284	\$3,536,743	\$854,403
ENDING INVENTORY:	<u>\$12,103,150</u>	<u>\$8,766,891</u>	<u>\$5,292,339</u>	<u>\$1,675,299</u>	<u>\$0</u>
<b>QUARTERLY SALES:</b>	\$3,508,160	\$3,578,323	\$3,649,889	\$3,722,887	\$1,708,805
<b>LESS EXPENSES:</b>					
a) MARKETING/CLOSING (5.0%)	\$175,408	\$178,916	\$182,494	\$186,144	\$85,440
b) TAXES/AVG. INV. HELD (@ 80%)	\$0	\$32,728	\$22,066	\$10,965	\$2,649
c) ADMINISTRATIVE @ 0.5%:	\$17,541	\$17,892	\$18,249	\$18,614	\$8,544
d) HOA DUES per QUARTER:	\$0	\$11,505	\$7,605	\$3,705	\$878
<b>TOTAL EXPENSES:</b>	<u>\$192,949</u>	<u>\$241,040</u>	<u>\$230,415</u>	<u>\$219,429</u>	<u>\$97,511</u>
<b>NET SALES INCOME:</b>	\$3,315,211	\$3,337,282	\$3,419,474	\$3,503,458	\$1,611,294
QUARTERLY YIELD/IRR:					
FACTOR @ 17.0%	<u>1.000000</u>	<u>0.959233</u>	<u>0.920127</u>	<u>0.882616</u>	<u>0.846634</u>
<b>DISCOUNTED SALES:</b>	\$3,315,211	\$3,201,230	\$3,146,351	\$3,092,208	\$1,364,177
	\$14,119,177				
<b>ROUNDED TO:</b>	<b>\$14,120,000</b>	-9.6% Discount Margin			
<b>VALUE PER LOT:</b>	<b>\$79,326</b>				

**Discounted Cash Flow Analysis - 250, Attached TH Condo Regime Lots in Valverde PID IA #1, Phase 13, Section 2**  
**Bulk Market Value "Upon Completion"**

TOTAL NO. OF LOTS:	250	<b>December 1, 2025</b>		Date of Value			
AVERAGE INDIVIDUAL LOT VALUE:	\$58,000						
GROSS RETAIL VALUE:	\$14,500,000						
ABSORPTION PERIOD:	6 QUARTERS						
ANNUAL YIELD/IRR:	17.0%						
EFFECTIVE TAX RATE/\$100:	\$1.5502	\$1.5502	\$1.5502	\$1.5502	\$1.5502	\$1.5502	\$1.5502
AVG. HOA DUES per LOT (\$390.00/Yr.)	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50
<b>QUARTERLY PERIOD:</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
STARTING LOT INVENTORY:	250.0	210.0	170.0	130.0	90.0	50.0	10.0
LOT SALES/PERIOD:	40.0	40.0	40.0	40.0	40.0	40.0	10.0
ENDING LOT INVENTORY:	210.0	170.0	130.0	90.0	50.0	10.0	0.0
AVG. LOTS HELD/PERIOD:	230.0	190.0	150.0	110.0	70.0	30.0	5.0
SALES APPRECIATION:	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
STARTING INVENTORY (Dollars):	\$14,500,000	\$12,423,600	\$10,258,344	\$8,001,508	\$5,650,296	\$3,201,834	\$653,174
AVG. LOT VALUE:	\$58,000	\$59,160	\$60,343	\$61,550	\$62,781	\$64,037	\$65,317
AVG. INVENTORY HELD:	\$13,340,000	\$11,240,400	\$9,051,480	\$6,770,507	\$4,394,675	\$1,921,101	\$326,587
ENDING INVENTORY:	<u>\$12,180,000</u>	<u>\$10,057,200</u>	<u>\$7,844,616</u>	<u>\$5,539,506</u>	<u>\$3,139,053</u>	<u>\$640,367</u>	<u>\$0</u>
<b>QUARTERLY SALES:</b>	\$2,320,000	\$2,366,400	\$2,413,728	\$2,462,003	\$2,511,243	\$2,561,467	\$653,174
<b>LESS EXPENSES:</b>							
a) MARKETING/CLOSING (5.0%)	\$116,000	\$118,320	\$120,686	\$123,100	\$125,562	\$128,073	\$32,659
b) TAXES/AVG. INV. HELD (@ 80%)	\$0	\$34,849	\$28,063	\$20,991	\$13,625	\$5,956	\$1,013
c) ADMINISTRATIVE @ 0.5%:	\$11,600	\$11,832	\$12,069	\$12,310	\$12,556	\$12,807	\$3,266
d) HOA DUES per QUARTER:	\$0	\$18,525	\$14,625	\$10,725	\$6,825	\$2,925	\$488
<b>TOTAL EXPENSES:</b>	<u>\$127,600</u>	<u>\$183,526</u>	<u>\$175,443</u>	<u>\$167,126</u>	<u>\$158,568</u>	<u>\$149,762</u>	<u>\$37,425</u>
<b>NET SALES INCOME:</b>	\$2,192,400	\$2,182,874	\$2,238,285	\$2,294,876	\$2,352,674	\$2,411,706	\$615,750
QUARTERLY YIELD/IRR:							
FACTOR @ 17.0%	<u>1.000000</u>	<u>0.959233</u>	<u>0.920127</u>	<u>0.882616</u>	<u>0.846634</u>	<u>0.812119</u>	<u>0.779011</u>
<b>DISCOUNTED SALES:</b>	\$2,192,400	\$2,093,884	\$2,059,507	\$2,025,495	\$1,991,854	\$1,958,592	\$479,676
	\$12,801,407						
<b>ROUNDED TO:</b>	<b>\$12,800,000</b>	-11.7% Discount Margin					
<b>VALUE PER LOT:</b>	<b>\$51,200</b>						

### **RECONCILIATION AND FINAL MARKET VALUE CONCLUSIONS**

The Sales Comparison Approach was used to conclude the “As Is” and “Upon Completion” retail revenues of the subject residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated “As Is” and “Upon Completion” Bulk Market Values of the subject 602 lots, comprised of finished and under-development lots in Valverde PID IA #1. The cumulative builder retail revenue of the subject lots were discounted for their projected absorption periods. A discounted cash flow analysis was used to present value the projected income streams of the subject finished and under-development lots over their projected absorption period per section. The Income Approach procedure is generally considered to be the most valid method of estimating the bulk value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs.

**At the request of the client, the “As Is” Market Value of the under-development lots (Phase 3) and attached TH condo regime lots have not been valued herein.**

To conclude, it is our opinion that the **“As Is” and Upon Completion” Bulk Market Values** of the subject lots, subject to the conditions stated herein, as of the indicated effective dates, are as follows:

Description	No. of Lots	Avg. Lot FF	Bulk Value	Effective Date
"As Is" Bulk Market Value, Phase 1 & 2, Sec. 1	174	32', 43' & 45'	<b>\$11,890,000</b>	10/1/2024
"Upon Completion" Bulk Market Value - Phase 3, Sec. 1	178	32', 43', 45, and 50'	<b>\$14,120,000</b>	5/1/2025
"Upon Completion" Bulk Market Value, Valverde North & Valverde South	250	Attached TH Condo Regime	<b>\$12,800,000</b>	12/1/2025

### **MARKETING & EXPOSURE PERIODS**

According to participants in the regional and local residential lot market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been reasonably in this active submarket. Based upon our market analysis, we have projected a prospective marketing period for the subject lots single-family lots “As Is” to be within 3 to 6 months. The subject property should market well at the reasonable and competitive concluded Bulk Market Values. As a result, we further estimate a historic exposure period of approximately 3 to 6 months for

the subject, based upon the market data presented herein and the reported exposure times of the comparable sales.

***The use of extraordinary assumptions or hypothetical conditions might have affected assignment results.***

**Extraordinary Assumptions:**

- 1.) A portion of the subdivision appraised herein is under-development, with a prospective completion date. In this Appraisal Report, we have projected market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, we have projected the retail valuation of the individual subject lots, absorption period and holding costs based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from that which are expected on the anticipated dates of completion that are reflected in this report. Because actual future market conditions may deviate from that which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sales data that will be available on the prospective date of completion.
- 2.) The valuation of the subject improvements "Upon Completion" require valuation of the various subject improvements as of the prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically complete. Therefore, we have relied upon surveys, plats and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value estimate is subject to revision.
- 3.) This appraisal is subject to all under-development improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.
- 4.) This appraisal is subject to a final subdivision plat.
- 5.) This appraisal assumes that D.R. Horton, or comparable production builder/s, will build upon the finished and under-development subject lots, detached single-family units with a projected price from \$307,495 to \$368,990. The attached TH product will be for lease, with a projected asking rent of \$1,727 to \$1,775 per month.

6.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions:** None

# ADDENDA

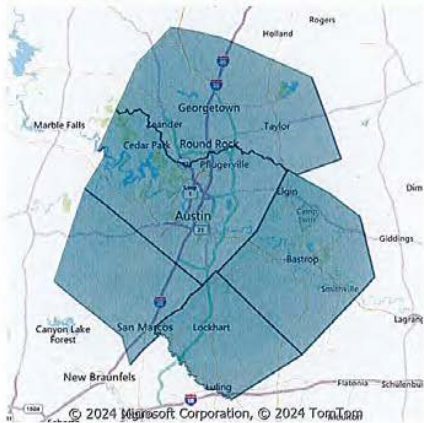


## AUSTIN REGIONAL DATA

# Quarterly Housing Report

## AUSTIN ROUND ROCK SAN MARCOS MSA

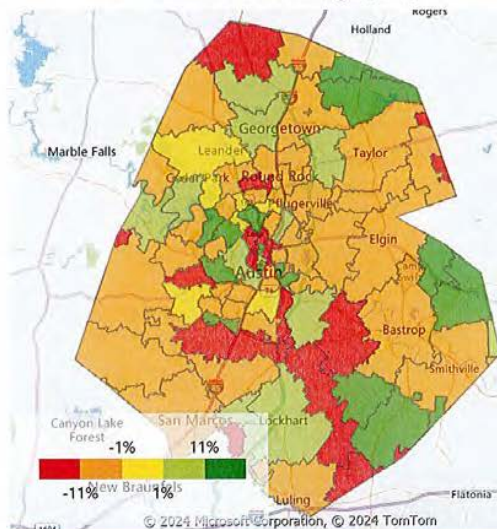
Second Quarter 2024



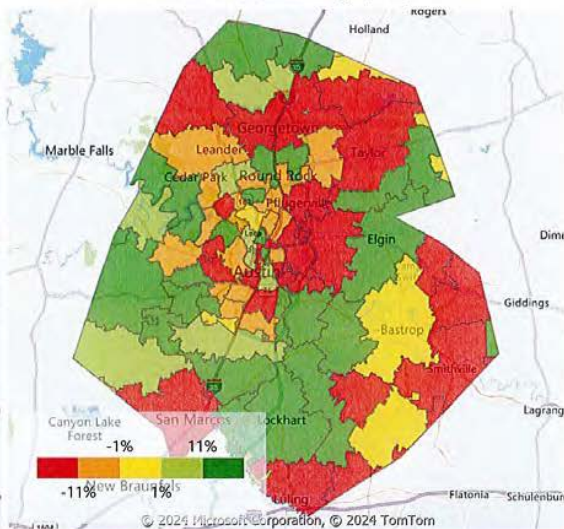
### Executive Summary

- Metro area sales volume decreased 2.7% to 8,889 transactions. Median price decreased 3.2% year-over-year to \$455,000.
- 2024 Q2 months inventory for all residential properties rose 32% year-over-year to 4.8 months.
- Metro area residential property listings increased 29.5% year-over-year to 12,300 active listings.
- Single-family new construction median price decreased by 10.1% year-over-year to \$407,351.
- Single-family rental average rent decreased by 2.1% year-over-year to \$2,300.

Median Price Change (YoY)



Sales Volume Change (YoY)



#### About this report

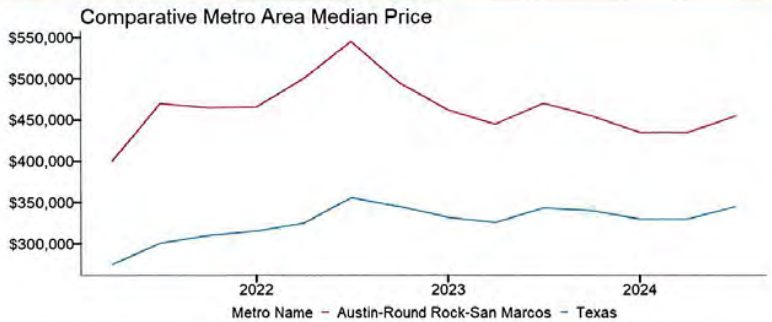
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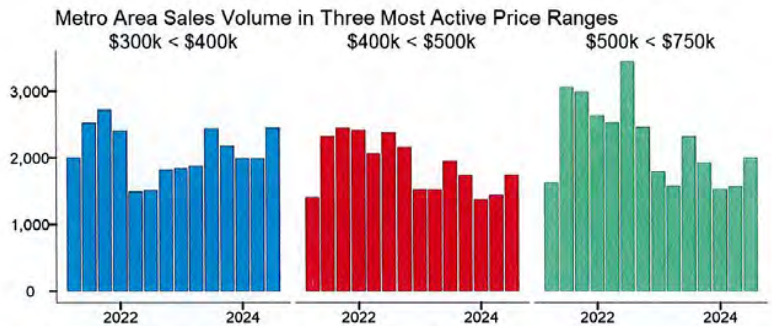
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## Key Market Metrics



Median price in the Austin-Round Rock-San Marcos metro decreased by approximately 3.2% year-over-year, from \$470,000 to \$455,000. Metro area price exceeded the statewide median price of \$345,000 by \$110,000.



2024 Q2 total sales volume decreased by approximately 2.7% year-over-year, from 9,134 to 8,889. Sales of homes between \$300k and \$400k rose from 2,440 to 2,447, while homes between \$500k and \$750k dipped from 2,318 to 2,000, and homes between \$400k and \$500k dipped from 1,949 to 1,742.

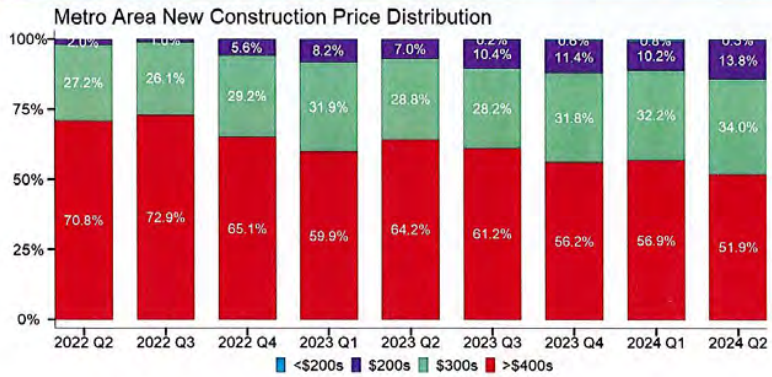


Metro area months inventory increased year-over-year from 3.67 to 4.84 months. Homes between \$300k and \$400k rose year-over-year, from 2.9 to 3.53 months, while homes between \$500k and \$750k rose year-over-year, from 3.6 to 5.44 months and homes between \$400k and \$500k rose year-over-year, from 3.28 to 4.45 months.

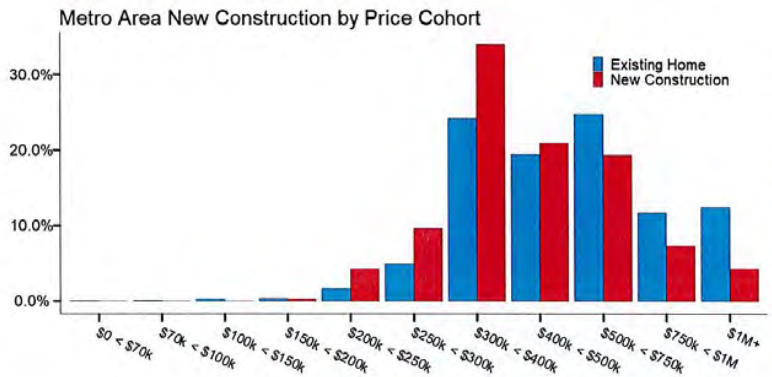


Average days to sell throughout the metro area fell from 104 to 93 days, a decrease of 10.6% year-over-year. Average days to sell for homes between \$300k and \$400k decreased by approximately 12.5% year-over-year, from 104 to 91 days.

## Single-Family New Construction



Homes in the \$400s and above range fell to 51.9% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which grew from 28.8% to 34% year-over-year.

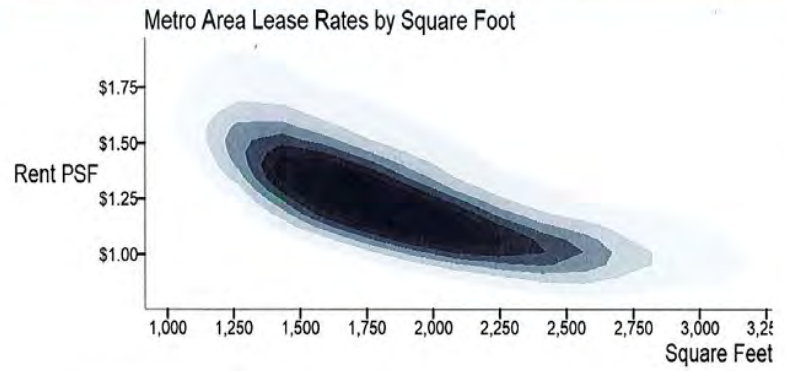


In the latest quarter, the average price was \$505,471 for new homes sold through the MLS, a decrease over last year's figure of \$553,328. Average price for existing homes was \$638,797, an increase over last year's figure of \$636,979.

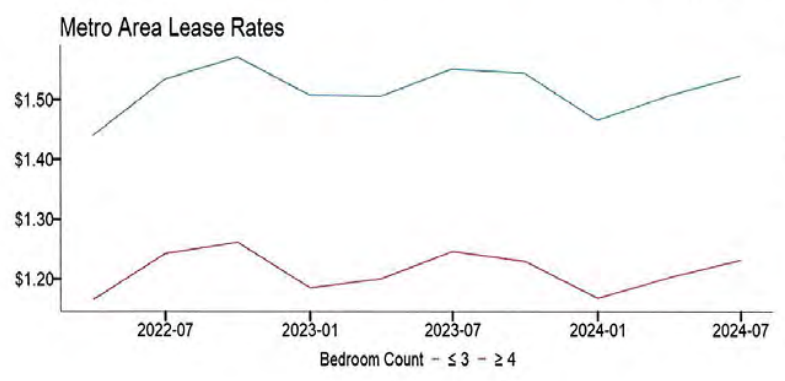
### Top Five Most Active Zip Codes

Zip Code	Median Price	YoY%	Median Price PSF	YoY%	Median Square Feet
76798	\$319,058	-4.5%	\$183.16	-0.2%	1,772
76799	\$340,000	-4.2%	\$186.06	-5.6%	1,908
76797	\$475,000	-2.4%	\$219.79	-1.0%	2,400
76796	\$281,999	-3.4%	\$153.32	-8.1%	1,837
76795	\$510,000	2.0%	\$218.57	-1.0%	2,462

## Single-Family Rentals



Average rent per square foot for single-family properties was \$1.42, a decrease compared with last year's rental rate of \$1.42. The average home size was 1,952 square feet.



Average rent per square foot for three-bedroom single-family properties was \$1.54, a decrease compared with last year's rental rate of \$1.55. For four-bedroom single-family homes, the rental rate per square foot was \$1.23, a decrease compared with last year's rental rate of \$1.25.

### Rental Metrics by Bedroom Count

Bedroom Count	Average Monthly Rent	Average Monthly Rent	Average Square Feet	Distribution
Three or less	\$2,397	\$1.54	1,628	59.6%
Four or more	\$2,980	\$1.23	2,428	40.4%
<b>Overall</b>	<b>\$2,632</b>	<b>\$1.42</b>	<b>1,951</b>	<b>100%</b>

## Housing Metrics by County

### Bastrop County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	1	-50%	0%	***	***	***	***	0	0.0	***	***
\$70k < \$100k	1	100%	0%	***	***	***	***	1	6.0	***	***
\$100k < \$150k	4	0%	1%	***	***	***	***	4	5.3	***	***
\$150k < \$200k	8	33%	2%	\$165,000	-4%	\$147.54	14%	7	3.2	1,231	1989
\$200k < \$250k	35	133%	9%	\$232,990	-3%	\$168.77	-11%	16	2.2	1,440	2023
\$250k < \$300k	72	14%	18%	\$279,550	0%	\$200.00	6%	51	2.3	1,372	2023
\$300k < \$400k	157	17%	38%	\$339,995	-2%	\$187.71	-6%	227	5.0	1,792	2023
\$400k < \$500k	59	-26%	14%	\$441,750	0%	\$215.79	-1%	151	7.6	2,054	2021
\$500k < \$750k	64	-3%	16%	\$593,000	-4%	\$231.01	-1%	150	8.8	2,534	2021
\$750k < \$1M	7	-42%	2%	\$835,000	-2%	\$253.94	1%	52	14.9	3,101	2011
\$1M+	2	-67%	0%	***	***	***	***	33	44.0	***	***

\*\*\* Not displayed when fewer than five sales

### Caldwell County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	2	100%	1%	***	***	***	***	2	6.0	***	***
\$100k < \$150k	2	100%	1%	***	***	***	***	1	1.3	***	***
\$150k < \$200k	6	100%	3%	\$195,260	100%	\$166.21	100%	6	2.9	1,189	2024
\$200k < \$250k	34	-42%	18%	\$222,720	-3%	\$160.98	-8%	19	2.6	1,380	2024
\$250k < \$300k	53	18%	28%	\$279,260	1%	\$191.21	-1%	23	1.7	1,464	2024
\$300k < \$400k	68	94%	36%	\$334,001	1%	\$174.25	-8%	67	3.4	1,870	2023
\$400k < \$500k	16	78%	8%	\$420,000	-9%	\$164.53	-20%	18	4.8	2,583	2013
\$500k < \$750k	7	0%	4%	\$550,000	-10%	\$291.16	-8%	22	9.4	1,993	2015
\$750k < \$1M	2	-33%	1%	***	***	***	***	14	28.0	***	***
\$1M+	1	-50%	1%	***	***	***	***	7	14.0	***	***

\*\*\* Not displayed when fewer than five sales

### Hays County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$100k < \$150k	2	100%	0%	***	***	***	***	1	2.4	***	***
\$150k < \$200k	7	0%	1%	\$171,000	-5%	\$177.07	-19%	5	1.6	1,073	1984
\$200k < \$250k	41	156%	3%	\$230,720	-2%	\$177.61	9%	35	2.8	1,273	2023
\$250k < \$300k	161	56%	12%	\$285,000	-2%	\$188.17	-8%	132	3.0	1,488	2023
\$300k < \$400k	526	11%	39%	\$345,300	1%	\$186.79	-4%	611	4.1	1,853	2023
\$400k < \$500k	200	-3%	15%	\$440,000	0%	\$202.76	-1%	341	5.6	2,170	2023
\$500k < \$750k	222	-16%	16%	\$595,000	1%	\$233.31	-3%	399	5.8	2,572	2021
\$750k < \$1M	125	29%	9%	\$842,355	-2%	\$285.20	0%	205	7.1	3,009	2016
\$1M+	82	24%	6%	\$1,225,000	-2%	\$341.11	-6%	203	11.2	3,766	2011

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## Housing Metrics by County

### Travis County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	2	100%	0%	***	***	***	***	0	0.0	***	***
\$70k < \$100k	1	100%	0%	***	***	***	***	0	0.0	***	***
\$100k < \$150k	2	-50%	0%	***	***	***	***	8	6.0	***	***
\$150k < \$200k	22	29%	1%	\$182,013	-2%	\$291.13	34%	43	5.3	620	1983
\$200k < \$250k	77	28%	2%	\$220,000	-2%	\$255.74	-24%	105	5.0	891	1983
\$250k < \$300k	166	22%	4%	\$280,000	-1%	\$226.45	-6%	207	3.8	1,229	2001
\$300k < \$400k	756	-7%	19%	\$353,835	0%	\$223.33	-5%	842	3.8	1,554	2007
\$400k < \$500k	734	-13%	18%	\$445,500	-1%	\$238.30	-1%	1,019	4.6	1,888	2007
\$500k < \$750k	1,028	-11%	26%	\$600,000	0%	\$291.15	-3%	1,546	5.3	2,060	2002
\$750k < \$1M	516	-5%	13%	\$850,000	-1%	\$317.44	-3%	804	5.9	2,681	2004
\$1M+	681	-4%	17%	\$1,367,500	-4%	\$483.71	-5%	1,555	9.3	3,186	2005

\*\*\* Not displayed when fewer than five sales

### Williamson County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	1	-50%	0%	***	***	***	***	0	0.0	***	***
\$100k < \$150k	6	200%	0%	\$137,500	1%	\$103.36	-35%	2	1.6	1,129	1943
\$150k < \$200k	8	-43%	0%	\$185,000	7%	\$161.23	24%	7	1.8	1,162	1976
\$200k < \$250k	64	45%	2%	\$234,860	0%	\$172.31	-4%	38	2.0	1,352	2024
\$250k < \$300k	164	21%	6%	\$282,750	0%	\$186.28	-8%	114	2.2	1,488	2020
\$300k < \$400k	940	-4%	32%	\$355,000	-1%	\$207.02	-2%	784	2.8	1,717	2016
\$400k < \$500k	733	-10%	25%	\$443,663	0%	\$208.05	2%	805	3.7	2,127	2017
\$500k < \$750k	679	-18%	23%	\$584,900	0%	\$223.25	-1%	1,066	5.2	2,669	2016
\$750k < \$1M	246	6%	8%	\$825,000	-2%	\$251.20	0%	381	6.4	3,277	2017
\$1M+	86	-21%	3%	\$1,150,000	-5%	\$315.89	3%	171	7.3	3,840	2016

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## Housing Report for Austin-Round Rock-San Marcos

### Spotlight on June 2024

#### Economic News

June MSA jobs increased from 1,341,100 to 1,363,600, according to the latest figures published by the Texas Workforce Commission. This marks a 1.68% year-over-year (YoY) increase compared with June 2023, a net increase of 22,500 new jobs. Over the past five years, the job growth rate has increased at an average annual rate of 3.96%.

In addition, the unemployment rate for June increased to 3.76% from 3.46% in 2023.

#### Housing Update

Sales volume for single-unit residential housing decreased 12.2% YoY from 3,196 to 2,806 transactions. Year-to-date sales reached a total of 15,694 closed listings. Dollar volume dipped from \$1.95 billion to \$1.62 billion.

The average sales price dipped 5.09% YoY from \$608,899 to \$577,891, while the average price per square foot subsequently declined from \$281.88 to \$264.76. Median price declined 5.66% YoY from \$477,000 to \$450,000, while the median price per square foot also declined from \$237.08 to \$229.25.

Months inventory for single-unit residential housing rose from 3.7 to 4.8 months supply, and days to sell declined from 100 to 94.

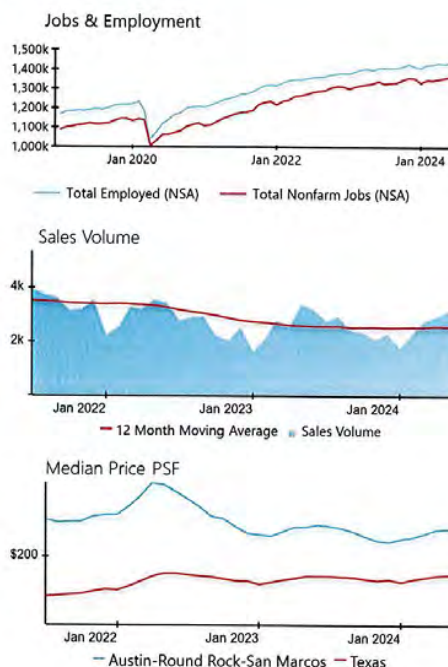


Table 1: Month Activity

	2024				2023	
	June	YoY %	YTD	YoY %	June	YoY %
Sales	2,806	-12.20%	15,694	0.10%	3,196	-7.01%
Dollar Volume	\$1,621,562,237	-16.67%	\$8,982,292,406	-1.44%	\$1,946,040,897	-14.48%
Median Close Price	\$450,000	-5.66%	\$445,500	-2.62%	\$477,000	-10.77%
New Listings	4,454	-3.40%	26,873	15.88%	4,611	-24.04%
Active Listings	12,300	29.49%	9,848	21.66%	9,499	36.54%
Months Inventory	4.8	31.97%	4.8	31.97%	3.7	73.58%
Days to Sell*	94	-6.00%	103	-8.04%	100	38.89%
Average Price PSF	\$264.76	-6.07%	\$265.13	-3.02%	\$281.88	-11.81%
Median Price PSF	\$229.25	-3.30%	\$227.77	-1.69%	\$237.08	-14.10%
Median Square Feet	2,031	-0.59%	2,013	0.50%	2,043	3.13%
Close to Original List Price	94.71%	0.34%	94.53%	1.71%	94.39%	-7.71%

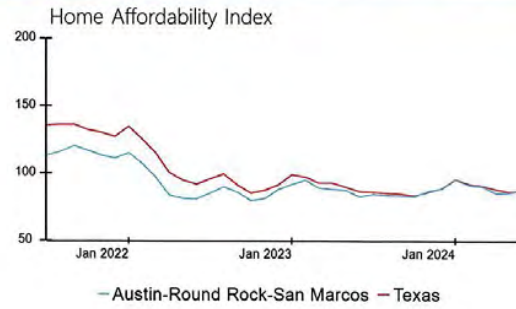
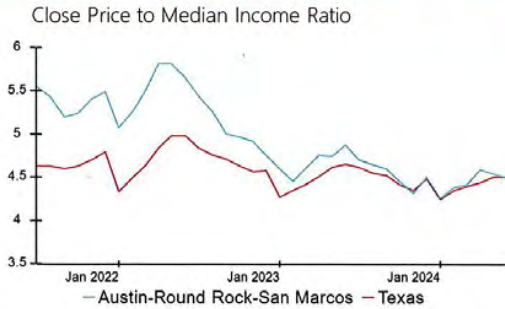
\* Days to Sell = Days on Market + Days to Close

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Price Cohort Analysis: Closed Sales versus Months Inventory

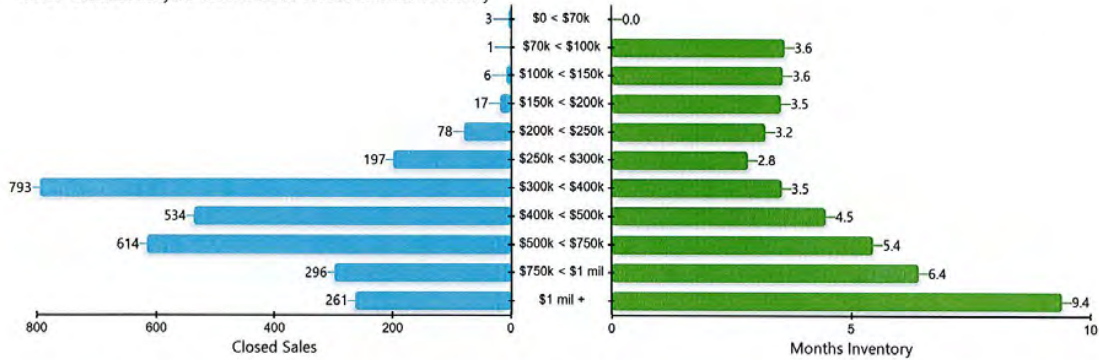


Table 2: Price Cohort Analysis

Price Cohort	Closed Sales	YoY %	% Total Sales	Median Close Price	YoY %	Median Close Price PSF	YoY %	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	3	200.00%	0.11%	***	***	***	***	0	0.0	1,656	1984
\$70k < \$100k	1	-50.00%	0.04%	***	***	***	***	3	3.6	1,050	1935
\$100k < \$150k	6	20.00%	0.21%	\$122,500	-4.30%	\$129.06	-9.25%	16	3.6	995	1995
\$150k < \$200k	17	41.67%	0.61%	\$185,000	4.82%	\$168.20	3.90%	68	3.5	1,073	1976
\$200k < \$250k	78	30.00%	2.79%	\$228,000	-2.54%	\$184.96	-3.12%	213	3.2	1,266	2006
\$250k < \$300k	197	20.12%	7.04%	\$283,965	1.42%	\$197.49	-4.66%	527	2.9	1,415	2017
\$300k < \$400k	793	-2.58%	28.32%	\$353,720	0.77%	\$205.27	-3.83%	2,531	3.6	1,707	2019
\$400k < \$500k	534	-19.94%	19.07%	\$444,000	-0.22%	\$215.97	-0.19%	2,334	4.5	2,070	2017
\$500k < \$750k	614	-25.85%	21.93%	\$591,500	-1.39%	\$246.19	-1.49%	3,183	5.5	2,396	2015
\$750k < \$1 mil	296	-11.64%	10.57%	\$841,750	-0.97%	\$283.62	-4.39%	1,456	6.5	3,024	2007
\$1 mil +	261	-15.26%	9.32%	\$1,302,500	-4.93%	\$416.45	-7.21%	1,969	9.5	3,367	2008

\*\*\* Not displayed when fewer than 5 sales

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### Single-Family Homes

Sales volume for single-family homes decreased 11.7% YoY from 2,897 to 2,558 transactions. Year-to-date sales reached a total of 14,343 closed listings. Dollar volume dipped from \$1.79 billion to \$1.51 billion.

The average sales price dipped 4.98% YoY from \$619,198 to \$588,363, while the average price per square foot subsequently declined from \$270.96 to \$256.01. Median price declined 5.81% YoY from \$488,393 to \$460,000, while the median price per square foot also declined from \$232.20 to \$225.81.

Months inventory for single-family homes rose from 3.5 to 4.5 months supply, and days to sell declined from 103 to 94.

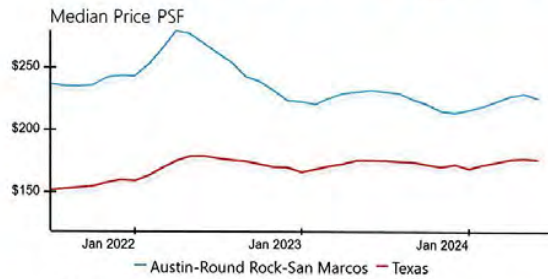
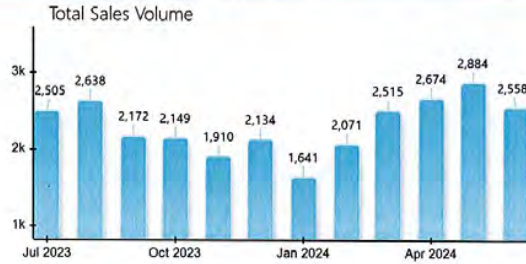
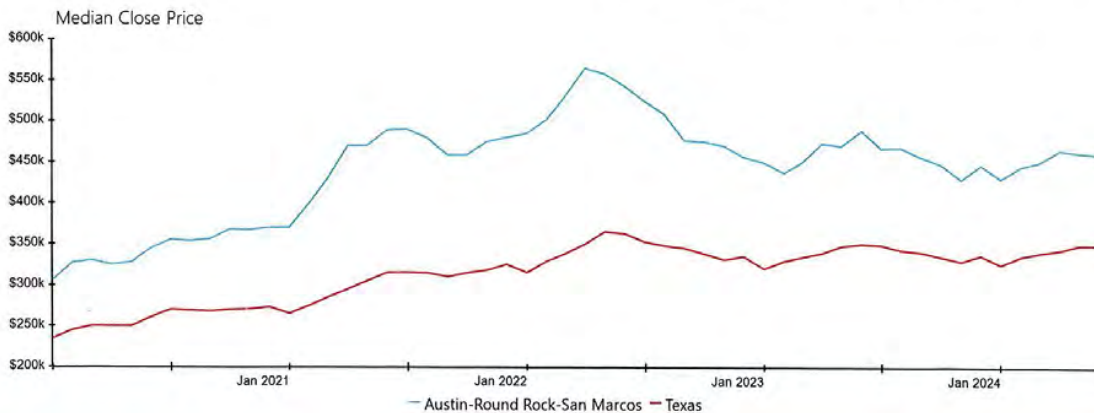


Table 3: Single-Family Activity

	Jun 2024	YoY %
Sales	2,558	-11.70%
Dollar Volume	\$1,505,031,811	-16.10%
Median Close Price	\$460,000	-5.81%
New Listings	3,933	-2.86%
Active Listings	10,511	26.61%
Months Inventory	4.5	28.17%
Days to Sell	94	-8.74%
Average Price PSF	\$256.01	-5.52%
Median Price PSF	\$225.81	-2.75%
Median Square Feet	2,086	-0.90%
Close to Original List Price	94.77%	0.33%



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### Townhomes

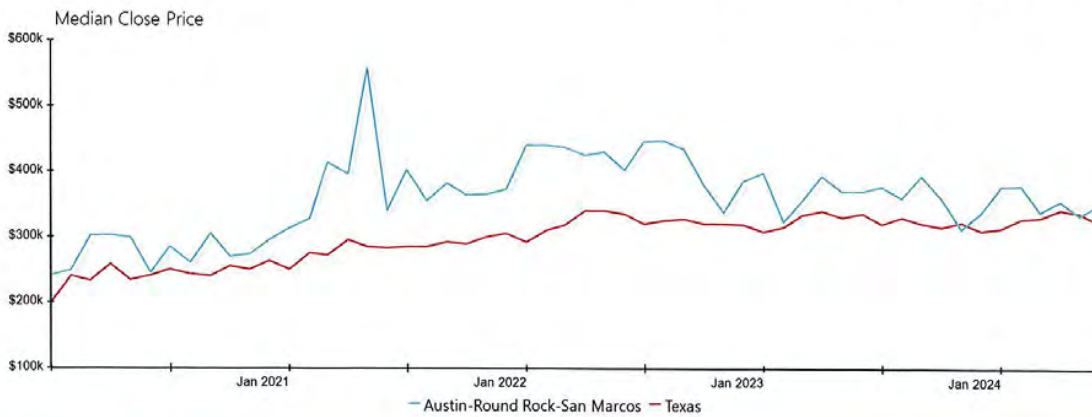
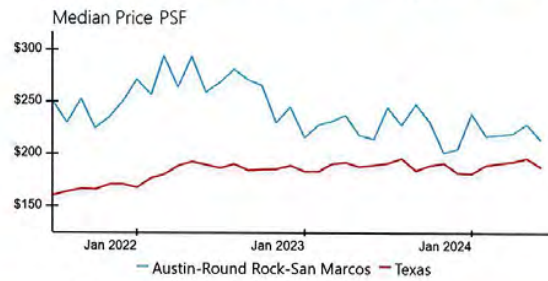
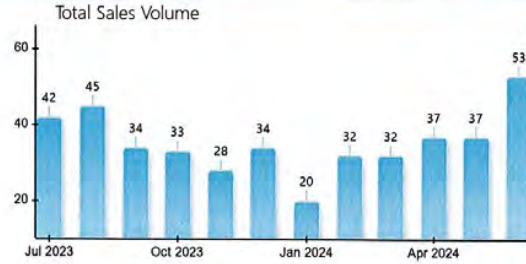
Sales volume for townhomes increased 12.77% YoY from 47 to 53 transactions. Year-to-date sales reached a total of 211 closed listings. Dollar volume rose from \$18.98 million to \$23.59 million.

The average sales price rose 10.24% YoY from \$403,779 to \$445,121, while the average price per square foot subsequently rose from \$241.53 to \$261.41. Median price per square foot declined 5.24% YoY from \$370,000 to \$350,600, while the median price per square foot declined from \$214.31 to \$213.46.

Months inventory for townhomes rose from 4.2 to 6.2 months supply, and days to sell declined from 91 to 89.

**Table 4: Townhouse Activity**

	Jun 2024	YoY %
<b>Sales</b>	53	12.77%
<b>Dollar Volume</b>	\$23,591,396	24.31%
<b>Median Close Price</b>	\$350,600	-5.24%
<b>New Listings</b>	63	10.53%
<b>Active Listings</b>	222	59.71%
<b>Months Inventory</b>	6.2	46.99%
<b>Days to Sell</b>	89	-2.20%
<b>Average Price PSF</b>	\$261.41	8.23%
<b>Median Price PSF</b>	\$213.46	-0.40%
<b>Median Square Feet</b>	1,712	-0.98%
<b>Close to Original List Price</b>	95.32%	4.41%



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## Condominiums

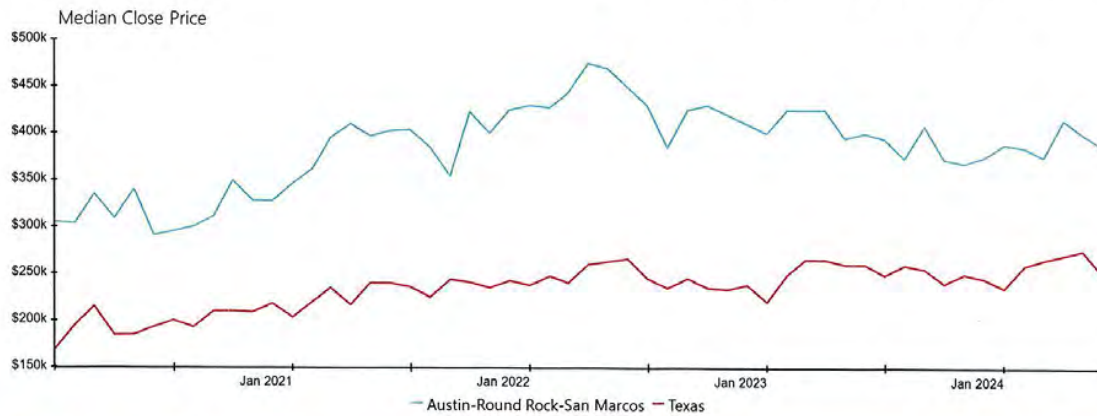
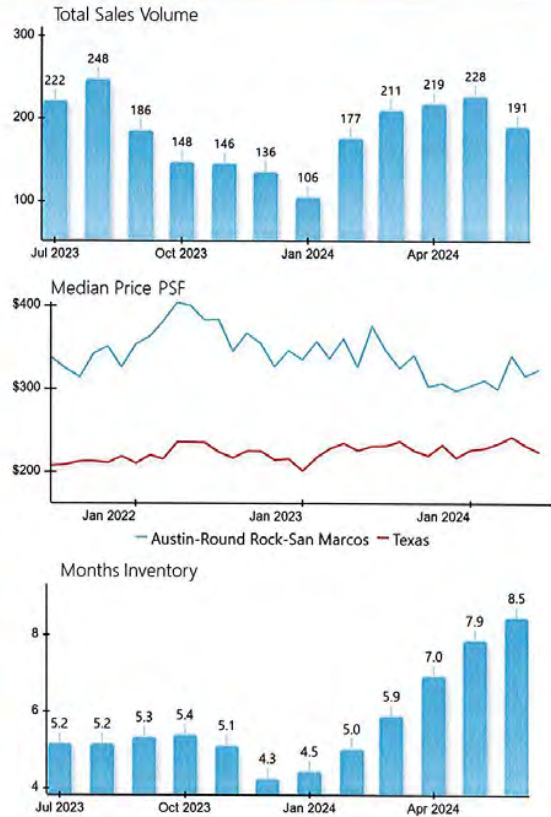
Sales volume for condominiums decreased 24.21% YoY from 252 to 191 transactions. Year-to-date sales reached a total of 1,132 closed listings. Dollar volume dipped from \$133.26 million to \$91.27 million.

The average sales price dipped 9.64% YoY from \$528,793 to \$477,839, while the average price per square foot subsequently declined from \$414.85 to \$380.42. Median price declined 3.5% YoY from \$400,000 to \$386,000, while the median price per square foot also declined from \$375.73 to \$323.53.

Months inventory for condominiums rose from 5.1 to 8.5 months supply, and days to sell rose from 81 to 82.

**Table 5: Condominium Activity**

	Jun 2024	YoY %
<b>Sales</b>	191	-24.21%
<b>Dollar Volume</b>	\$91,267,249	-31.51%
<b>Median Close Price</b>	\$386,000	-3.50%
<b>New Listings</b>	458	-9.31%
<b>Active Listings</b>	1,567	-48.11%
<b>Months Inventory</b>	8.5	67.01%
<b>Days to Sell</b>	82	1.23%
<b>Average Price PSF</b>	\$380.42	-8.30%
<b>Median Price PSF</b>	\$323.53	-13.89%
<b>Median Square Feet</b>	1,265	3.27%
<b>Close to Original List Price</b>	93.85%	-0.32%



**About the data used in this report**

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

**QUALIFICATIONS  
OF THE  
APPRAISERS**

**QUALIFICATIONS OF PHILLIP F. BARLETTA, MAI, SRA**

**PROFESSIONAL AFFILIATIONS**

Member Appraisal Institute, MAI Number: 7644

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

Texas Real Estate Broker, License Number: 0235500

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

**EDUCATIONAL BACKGROUND**

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

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

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

**APPRAISAL BACKGROUND**

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

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

Texas Address:	1313 Campbell Road, Suite C Houston, Texas 77055-6429
Phone Number:	(713) 464-7700
Fax Number:	(713) 464-3696
E-Mail:	<a href="mailto:phillip@barlettainc.com">phillip@barlettainc.com</a>





## DAVID BAEHR, MAI, SRA, AI-GRS

(713) 884-7813  
david.baehr@barlettainc.com

### REAL ESTATE APPRAISER

- 16 years in real estate appraisals, asset management, acquisitions, and portfolio management -

Accomplished real estate appraiser, a high performer excelling in performing and reviewing appraisals for compliance with USPAP, FIRREA and the OCC. Has experience with various proposed/existing property types, including: A & D (subdivision development), 5+ lots/units, single-family, multi-family, office and other property types throughout the U.S. This includes REO/distressed properties. Consults with account officers, fee appraisers and brokers giving guidance regarding any issues that may arise. Research markets and perform due diligence to complete risk analyses and determine credibility of appraisal under review. *General Certified Real Estate Appraiser and a Designated Member of the Appraisal Institute.*

### PROVEN COMPETENCIES

- Appraisal review
- Data/Market Analysis
- Client inquiries/Investigations
- Due Diligence
- Market trend analysis
- Forward looking projections
- Market forecasting
- Risk management

### PROFESSIONAL EXPERIENCE

Barletta & Associates, Houston, TX

5/2021-Present

**COMMERCIAL REAL ESTATE APPRAISER** – Appraising a variety of commercial properties specializing in residential subdivision valuation.

U.S. Bancorp, Houston, TX

7/2013-4/2021

*The fifth largest financial institution in the United States, with \$429 billion in assets.*

### VICE PRESIDENT / SENIOR REVIEW APPRAISER

Review appraisals of proposed and existing collateral, ensuring that the appraisal reports are in compliance with USPAP, FIRREA, the OCC and U.S. Banks policy and procedures. Depending on the complexity of the property type, discounted cash flow analysis, expense/revenue projections may be utilized to ensure the reports are in line with market trends. Analyze and review residential appraisal reports, A & D subdivision development appraisals, 5+ lot/units appraisals, commercial land, medical offices, industrial, multifamily and other property types throughout the U.S. each month for the purpose of collateral monitoring and loan underwriting. Communicate issues, concerns and results with loan officers.

- Manage the ordering and review of appraisals of portfolios with borrowing bases and revolvers and other credit facilities of borrowers with loan amounts totaling over \$500MM.
- Properly order appraisals with appropriate scope of work and value scenarios from qualified and competent appraisers (based on the property type and vendor's experience) on the approved vendor panel.
- Monitor appraisal process from engagement to review completion and facilitate report delivery and response to issues as appropriate.
- In reviewing the appraisal reports, discuss any USPAP, FIRREA or OCC deficiencies with the vendors in order to ensure compliance with federal regulations and RETECHS Internal Procedures.

- Page 1 of 3 -

David Baehr

dmbaehr@sbcglobal.net

- Effectively communicate valuation/appraisal issues with the business lines and answer any questions from the loan production staff and risk management group as well as respond to reconsideration requests from business lines in a timely manner.

APPRAISAL MC, Houston, TX

4/2013-7/2013

*A rapidly growing appraisal management company that provides the nation's premier lenders with the capability to maintain compliance standards throughout the appraisal ordering process. We pride ourselves on customer service as well as extensive industry knowledge and experience.*

**VP APPRAISAL REVIEW**

- Assess risks associated with the real estate appraisal and evaluation for residential lending channels.
- Protect the financial interests of company by adhering to appraisal standards for accuracy and quality and proactively identify appraisal risk in real estate markets.
- Maintain knowledge of the real estate industry and follow all state and federal laws and regulation pertaining to the Real Estate Industry.

PNC BANK, N.A., Houston, TX

3/2012-4/2013

(PNC BANK, N.A., purchased RBC BANK USA in March 2012)  
*A \$13 billion financial services organization with 57,000 employees.*

**REVIEW APPRAISER**

3/2012-4/2013

Analyze and review residential and commercial appraisals throughout the U.S each month for the purpose of collateral monitoring, loan underwriting and foreclosure proceedings. Communicate issues, concerns and results with relationship managers.

- Join with fee appraisers and attain compliance with USPAP and federal regulations.
- Engage third party appraisers to perform appraisals for the bank.

ROYAL BANK OF CANADA (RBC Builder Finance division), Houston, TX

6/2005-3/2012

*A full-scale banking institution with 74,000 global employees and \$27 billion in annual revenue.*

**STAFF APPRAISER**

9/2005-3/2012

Produced property and land appraisals, completing due diligence for up to 620 appraisals per month. Evaluated collateral, creating forecasts for short and long-term revenue and expense projections. Executed valuations for vacant lots and single-family residences (1-4 family and 5+ lots and units), aggregating retail proceeds and discounted cash flow analysis. Partnered with national account officers and asset management departments to analyze contracts, budgets, absorption rates, and economic housing data. Coordinated and completed form appraisals and evaluation reports, assessing distressed collateral.

- Became proficient in the sales comparison, cost, and income approaches to market value and liquidation/disposition value on various property types as a certified appraiser.
- Engaged in sophisticated cash flow modeling for complex collateral, creating bulk valuations.
- Conducted in depth market research on new homebuilders and developers.

**INSPECTOR ANALYST**

6/2005-9/2005

Operated within a broad international customer base in the builder finance division, focusing on construction lending to premier clients throughout the US. Completed cost effective, reliable collateral draw inspections for the Houston-based office. Served customers by coordinating inspections with builders.

David Baelir

dmbaelir@shcglobal.net

- Fulfilled up to 500 inspections per week for four months; saved customers \$180,000 by personally completing inspections, alleviating the need for builders to hire outside inspectors.
- Ensured customers received draws according to schedule; observed builder progress and authorized access to additional credit extensions.
- Joined with a colleague to complete 600+ inspections in two days.

## EDUCATION & TRAINING

### DEGREES

- **Bachelor of Business Administration – Finance**, University of St. Thomas, 2005
- **Associate of Arts in General Studies**, Houston Community College, 2002

### CERTIFICATIONS

- General Certified Real Estate Appraiser, TX-1380372-G
- MAI designation through the Appraisal Institute
- SRA designation through the Appraisal Institute
- AI-GRS designation through the Appraisal Institute

### PROFESSIONAL DEVELOPMENT

- Real estate appraisal coursework in Advanced Highest and Best Use and Market Analysis, Quantitative Analysis, Sales Comparison and Income Approaches, Advanced Residential Applications, Site Valuations, Cost Approach, Real Estate Finance, Statistics and Valuation Modeling, Residential Report Writing, USPAP, and Appraisal Procedures and Principles, *The Appraisal Institute & McKissock*
- Advanced accounting coursework, *University of Houston – Downtown, Houston Community College, & Lone Star College System*

### COMPUTER SKILLS

- Proficient in Microsoft Office Suite, Zonda Metrostudy, Costar, RIMS, LINKS and Argus.

## AFFILIATION

Member, Appraisal Institute



**Certified General  
Real Estate Appraiser**

Appraiser: **David Matthew Baehr**  
License #: **TX 1380372 G** License Expires: **10/31/2026**

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

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).



**Chelsea Buchholtz**  
Executive Director

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**APPENDIX F**

**FINANCING AND REIMBURSEMENT AGREEMENT**

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VIRIDIAN PUBLIC IMPROVEMENT DISTRICT  
FINANCING AND REIMBURSEMENT AGREEMENT

BETWEEN

CONTINENTAL HOMES OF TEXAS, L.P., A TEXAS LIMITED PARTNERSHIP

AND

CITY OF BASTROP, TEXAS

**VIRIDIAN PUBLIC IMPROVEMENT DISTRICT  
FINANCING AND REIMBURSEMENT AGREEMENT**

This Viridian Public Improvement District Financing and Reimbursement Agreement (this "**Agreement**"), dated as of September 14, 2021 (the "**Effective Date**"), is entered into between Continental Homes of Texas, L.P., a Texas limited partnership (including any Designated Successors and Assigns, the "**Owner**"), and the City of Bastrop, Texas (the "**City**"), acting by and through each's duly authorized representative. The Owner and the City are sometimes collectively referenced in this Agreement as the "**Parties**", or, each individually, as the "**Party**". Capitalized terms not defined herein shall have the meanings ascribed thereto in Exhibit "A", attached hereto.

Recitals:

WHEREAS, Owner owns a total of approximately 399.9 acres of land located within the extraterritorial jurisdiction of the City (the "**Property**"), which Property is more particularly described in Exhibit "B", attached hereto;

WHEREAS, Owner, and the City entered into a Development Agreement on or about even date herewith (as may be amended, the "**Development Agreement**") pertaining to development matters with respect to the Property;

WHEREAS, it is intended that the Property will be developed as a mixed use development (primarily residential) in accordance with the Development Agreement (the "**Project**");

WHEREAS, the City Council authorized the formation of the Viridian Public Improvement District (as amended, the "**District**") pursuant to Resolution No. R-2021-28 adopted by the City Council of the City (the "**City Council**") on March 9, 2021, in accordance with Chapter 372 of the Texas Local Government Code (the "**PID Act**") which covers the Property, together with an approximately 10 acre tract of land located adjacent to the Property more particularly described in Exhibit "B-3" attached hereto (the "**10 acre Tract**");

WHEREAS, pursuant to the terms of this Agreement, the City has agreed to allow financing of certain Authorized Improvements conferring special benefits to the Property via a public improvement district;

WHEREAS, the Owner anticipates developing the Project in phases, with the District being divided, for development planning purposes, into the Major Improvement Area (as more particularly described on Exhibit "B-1" attached hereto) "**Improvement Area #1**", "**Improvement Area #2**", "**Improvement Area #3**", and "**Improvement Area #4**" (each an "**Improvement Area**" and collectively, the "**Improvement Areas**"), with the approximate boundaries of such Improvement Areas being reflected on Exhibit "F" attached hereto and made a part hereof. The Project and the financing thereof within each Improvement Area will proceed according to the terms specified in this Agreement;

WHEREAS, although the 10 acre Tract was located within the District at the time of creation, it is not intended that the 10 acre Tract will be developed by Owner, nor will the 10 acre

Tract be assessed, nor is it anticipated that the 10 acre Tract will benefit from any of the Authorized Improvements;

WHEREAS, other than the Major Improvements which benefit the entire District, each Authorized Improvement within an Improvement Area is intended to benefit only one Improvement Area, to wit: (A) certain of the Authorized Improvements will benefit only Improvement Area #1; (B) certain of the Authorized Improvements will benefit only Improvement Area #2; (C) certain of the Authorized Improvements will benefit only Improvement Area #3; and (D) certain of the Authorized Improvements will benefit only Improvement Area #4. Other than the Major Improvements which benefit the entire District, no Authorized Improvement within an Improvement Area is intended to benefit more than one Improvement Area;

WHEREAS, from the proceeds of the PID Bonds, the City will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, acquire those certain Authorized Improvements provided for in this Agreement and the Owner will be paid or repaid or reimbursed for the costs of acquisition, construction and improvement of the Segments that are completed from time to time and operative, subject to the terms and limitations set forth herein;

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement and an Acquisition and Reimbursement Agreement, as applicable) adopt the Service and Assessment Plan, approve an Assessment Ordinance and levy Assessments on all or a portion of the property located within the District and issue bonds in one or more series for payment of costs associated with construction and/or acquisition of the Authorized Improvements included in the Service and Assessment Plan, as such plan may be amended from time to time;

WHEREAS, the City will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, accept the Authorized Improvements, or Segments thereof, provided for in this Agreement and the Owner will be paid or reimbursed for the costs of the Authorized Improvements, or Segments thereof, solely from Assessments or from the proceeds of the PID Bonds, for the costs of acquisition, construction and improvement of the Authorized Improvements or Segments thereof that are completed, dedicated to and accepted by the City, subject to the terms and limitations set forth herein;

WHEREAS, the City agrees to pay or reimburse the Owner for the Actual Costs of the Authorized Improvements with the proceeds from one or more series of PID Bonds issued or special assessment revenues derived from the District in accordance with the terms and provisions of this Agreement. Subject to the limitations of the PID Act, the City Charter and the City's PID Policy, the City has the authority to issue, from time to time, one or more series of PID Bonds, the proceeds of which will be used to pay the costs of Authorized Improvements, or Segments thereof, including indebtedness to pay capitalized interest and a reserve fund permitted by the PID Act for revenue bonds issued under the PID Act and indebtedness issued to pay the City's costs of issuance in accordance with this Agreement; and

WHEREAS, the City has determined that it is in its best interests to enter into this Agreement with the Owner for the construction and/or acquisition of the Authorized

Improvements, or Segments, thereof, which will result in the efficient and effective implementation of a Service and Assessment Plan.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

## ARTICLE I. SCOPE OF AGREEMENT

This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property (Article II), the construction of Authorized Improvements to be acquired by the City (Article III), funding of Authorized Improvements (Article IV), the issuance of bonds for the financing of the Authorized Improvements (Article V), representation and warranties (Article VI), default and remedies (Article VII), and general provisions (Article VIII).

## ARTICLE II. APPORTIONMENT, LEVY AND COLLECTION OF ASSESSMENTS

### Section 2.01. Preliminary Matters

(a) On March 9, 2021, the City authorized the formation of the District by Resolution No. R-2021-28.

(b) The Property is intended to be developed in phases, with the District being divided, for development planning purposes, into the Major Improvement Area (as more particularly described in Exhibit "B-1" attached hereto), and Improvement Area #1 (as more particularly described in Exhibit "B-2" attached hereto) (the Major Improvement Area, and Improvement Area #1, may each be referred to as an "**Improvement Area**"). The Owner intends to further designate Improvement Areas within the Major Improvement Area as development progresses within the District. All Authorized Improvements are intended to benefit one or more specific Improvement Areas or the entire District. It is intended that the Assessments for the Major Improvement Area, and Improvement Area #1 will be levied concurrently. Thereafter, it is expected that PID Bonds for both the Major Improvement Area (the "**Major Improvement Area PID Bonds**") and Improvement Area #1 (the "**IA #1 PID Bonds**") will be issued at the same time. The Major Improvement Area PID Bonds will finance the Actual Costs attributable to the construction of, acquisition of or reimbursement for the Major Improvements (as more particularly described in Exhibit "C" attached hereto). Likewise, the IA #1 PID Bonds will finance Improvement Area #1's Actual Costs attributable to the construction of, acquisition of or reimbursement for the Improvement Area #1 Improvements (as more particularly described in Exhibit "C" attached hereto).

(c) Parity Bonds may be issued to pay for or reimburse Owner for any Actual Costs for Authorized Improvements benefiting an Improvement Area that remain unpaid or unreimbursed after issuance of the initial PID Bonds secured by that Improvement Area.

(d) Within a commercially reasonable timeframe after the Effective Date, the City Council will cause the PID Administrator to draft the Preliminary Service and Assessment Plan

(herein so called) for the Property and deliver a copy to the City and the Owner for review and consideration. The Owner acknowledges and agrees that the Service and Assessment Plan must meet the requirements of Texas Local Government Code Sections 372.013 and 372.014 and be presented to the City Council for review and approval prior to Assessments being levied and PID Bonds being issued. Subsequent to the City Council's approval of this Agreement, the City intends to approve the Service and Assessment Plan and levy Assessments on all benefited parcels in the District. Thereafter, the Service and Assessment Plan will be updated and amended by the City or its Administrator at least once per year and submitted for the City Council's review and approval. So long as the Owner owns a portion of the Property, the City shall also direct the Administrator to provide a copy of any updates or proposed amendment to the Owner for review. Notwithstanding the above, it is hereby understood and acknowledged by the Parties that the Service and Assessment Plan may need to be amended over time if there are any changes to the Authorized Improvements or property within the District, in accordance with the terms set forth in this Agreement. Nevertheless, the basic terms and methodology described in the Service and Assessment Plan will generally apply to each series of PID Bonds.

(e) Assessments on any portion of the Property will bear a direct proportional relationship to and be less than or equal to the special benefit of the Authorized Improvements accruing to such portion of the Property. As stated above, the 10-acre Tract will not be assessed.

(g) Assessments on any portion of the Property may be reallocated within a particular Improvement Area in connection with PID Bond issues or otherwise so long as the Assessments are determined in accordance with the Service and Assessment Plan and the PID Act.

(h) The Property may also be subject to an Owner's Association assessment.

(i) Promptly following submission to the City of the initial or an updated Service and Assessment Plan (or any subsequent amendment or supplement to the Service and Assessment Plan) acceptable in form and substance to the City and to the Owner with respect to the matters therein that require approval by the Owner as provided in this Agreement (if any), the City Council shall consider, if applicable, an Assessment Ordinance relating to the applicable plan or amendment or supplement. If an Assessment Ordinance is adopted, the City shall use reasonable, good faith efforts to expeditiously initiate and approve all necessary documents and orders required to effectuate the Service and Assessment Plan and Assessment Ordinance.

(j) Prior to the issuance of any series of PID Bonds (except for refunding bonds), the Owner shall provide an Appraisal to the City for the City's review and approval covering the portion of the Property that is subject to the Assessments. The City shall select the appraiser, in consultation with the Owner and the Underwriter, and all reasonable fees of the Appraisal shall be paid by the Owner.

## **Section 2.02. Apportionment and Levy of Assessments**

The City will levy Assessments on the Property in accordance with the terms of this Agreement and with the Service and Assessment Plan at such time as an Assessment Ordinance is approved by the City Council. The City's apportionment and levy of Assessments will be made in accordance with the PID Act. Following receipt of an Assessment Levy Request, the City shall

consider the adoption of an Assessment Ordinance for the respective Improvement Area within sixty (60) days after receipt of an Assessment Levy Request, unless such Assessment Levy Request is expressly associated with an issuance of a series of PID Bonds, in which case the Assessments may be levied at the time such series of PID Bonds are issued. The City will collect the Assessments in accordance with a Service and Assessment Plan and the applicable Assessment Ordinance. Upon collection of such Assessments, the City will transfer or cause to be transferred the Assessment Revenues such that they will be held in a designated account separate from the City's other accounts (referred to herein as the "**Operating Account**"), such funds to be used to reimburse the Owner for the Actual Costs of the applicable Authorized Improvements pursuant to the terms of the Acquisition and Reimbursement Agreement, or, if PID Bonds have been issued, then transferred to the Trustee and deposited in the proper funds and accounts in the priority set forth in the applicable Indenture. Assessment Revenues shall only be used to pay Actual Costs of the Authorized Improvements in accordance with this Agreement.

### **Section 2.03. Collection of Assessments**

(a) Subject to the terms and conditions of this Agreement, the City covenants and agrees that it shall, as authorized by the PID Act and other applicable law, continuously collect or cause to be collected Assessments levied pursuant to an Assessment Ordinance in accordance with the Service and Assessment Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. The City covenants and agrees that to the extent permitted by applicable law, it will not permit a reduction, abatement, or exemption in the Assessments due on any portion of the Property until (i) the PID Bonds related to that particular portion of the Property are no longer outstanding, whether as a result of payment in full, defeasance, or otherwise, or (ii) the Owner has been reimbursed for the unreimbursed Actual Costs eligible to be paid from the Assessment Revenues in accordance with the applicable Acquisition and Reimbursement Agreement. The City shall use best efforts to collect the Assessments consistent with the City's policies and standard practices applicable to the collection of City taxes and assessments.

(b) It is hereby acknowledged that Assessments can be used, to the extent any such Assessments are remaining after payments are made on the PID Bonds, to pay or reimburse Owner for any Actual Costs not paid or reimbursed under Section 4.02, Section 4.03, or Section 4.04 of this Agreement. Any reimbursement obligation to Owner under an Acquisition and Reimbursement Agreement or as provided above will be subordinate to payment of the applicable PID Bonds.

(c) Notwithstanding anything to the contrary contained herein or in the Service and Assessment Plan, once PID Bonds have been issued for an Improvement Area, the Assessment Revenues collected annually from the Property within such Improvement Area will be deposited in the applicable Pledged Revenue Fund and thereafter transferred in the priority as set forth in the applicable Indenture.

(d) Further notwithstanding anything to the contrary contained herein, the City covenants and agrees to use its best efforts to contract with the Bastrop County Tax Assessor for the collection of the Assessments such that the Assessments will be included on the ad valorem

tax bill(s) for the Property and will be collected as part of and in the same manner as ad valorem taxes.

#### **Section 2.04.** Approval and Recordation of Assessments through Landowner Agreement

Concurrently with the levy of the Assessments for any portion of the Property, the Owner shall execute a "**Landowner Agreement**" (herein so called) in which the Owner shall (i) approve and accept the apportionment of the Assessments in the Service and Assessment Plan and the levy of the Assessments by the City and (ii) approve and accept the terms of the Home Buyer Disclosure Program. The Landowner Agreement further shall (a) evidence the Owner's intent that the Assessments be covenants running with the land that (i) will bind any and all current and successor owners of the Property to the Assessments, including applicable interest thereon, as and when due and payable and (ii) provide that subsequent purchasers of such land take their title subject to and expressly assume the terms and provisions of the Assessments; (b) provide that the liens created by the levy of the Assessments are a first and prior lien on the Property, subject only to liens for ad valorem taxes of the State, County, City, or school district; and (c) include such other matters as the City may reasonably request or as may be necessary to issue a series of PID Bonds.

If required by the Attorney General, Owner shall cause the owner of the 10 Acre Tract (the "**Consenting Owner**") to execute the Landowner Agreement to evidence the fact that it is an owner of a portion of the property located in the District and, if applicable, approve and accept the terms of the Landowner Agreement. As previously stated, it is not intended that Assessments will be levied on the 10 acre Tract, nor is it currently contemplated that any of the Authorized Improvements will benefit the 10 acre Tract.

#### **Section 2.05** Assignment of Right to Payment of Unreimbursed Actual Costs.

Owner's right, title and interest into the payments of unreimbursed Actual Costs shall be the sole and exclusive property of Owner (or its Transferee) and no other third party shall have any claim or right to such funds unless Owner transfers its rights to its unreimbursed Actual Costs to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Owner has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, all or any portion of Owner's right, title, or interest under this Agreement to receive payment of its unreimbursed Actual Costs, including either PID Bond proceeds or Assessment Revenues, (a "**Transfer**," and the person or entity to whom the transfer is made, a "**Transferee**"); provided, however, that no such conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made without the prior written approval of the City Council if such conveyance, transfer, assignment, mortgage, pledge or other encumbrance would result in the payments hereunder being pledged to the payment of debt service on public securities issued by any other state of the United States or political subdivision thereof. Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer, including the name and address of the Transferee, is provided to the City. The City may rely conclusively on any written notice of a Transfer provided by the Owner without any obligation to investigate or confirm the Transfer. A Transferee shall be responsible for any continuing disclosure requirements and obligations as agreed to by the Owner and the City in the disclosure agreement of Owner.

**Section 2.06.** Obligations Secured by Pledged Revenues

**THE PID BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY SECURED SOLELY BY ASSESSMENT REVENUES (AS PROVIDED IN AN INDENTURE) AND ANY OTHER FUNDS HELD UNDER AN INDENTURE, AS AND TO THE EXTENT PROVIDED IN AN INDENTURE. THE PID BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY AND ARE NOT SECURED EXCEPT AS PROVIDED IN AN INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE CITY OTHER THAN THE ASSESSMENT REVENUES AND ANY OTHER FUNDS HELD UNDER AN INDENTURE, AS AND TO THE EXTENT PROVIDED IN AN INDENTURE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO THE OWNERS OF THE BONDS TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE ASSESSMENT REVENUES.**

**ARTICLE III. CONSTRUCTION AND ACQUISITION**

**Section 3.01.** Acquisition of Authorized Improvements

The Owner will dedicate the Authorized Improvements to the City upon completion of the Authorized Improvements, and the City will accept dedication of such Authorized Improvements after confirming that the Authorized Improvements (or such Segment thereof) have been completed in accordance with this Agreement and the Regulatory Requirements.

**Section 3.02.** Designation of Construction Manager, Construction Engineers

(a) The City hereby designates the Owner, or its assignees, as the Construction Manager with full responsibility for the design, the designation of easement locations, facilities site designations and acquisitions, supervision of construction, and the bidding and letting of construction contracts for the construction of the Authorized Improvements in accordance with the provisions of this Article III and in accordance with any requirements of the City and, as applicable, City approved plans.

(b) Except as otherwise provided herein, inspection of the construction of any Authorized Improvement being conveyed to the City will be by the City Construction Representative or its designee. Any City inspection of an Authorized Improvement being conveyed to the City will be in accordance with any requirements of the City.

(c) The Owner shall be entitled to a separate Construction Management Fee for the construction of each Segment unless Owner contracts with a third party to act as the Construction Manager, as provided in this Agreement, with respect to construction of the Authorized Improvements in which case Owner can allow all or a portion of the Construction Management Fee to be paid to such third party. The Construction Management Fee is part of Actual Costs and will be paid as part of the Actual Costs.



(d) The City shall cooperate with the Owner in connection with its services as Construction Manager.

(e) The Owner shall designate the consulting engineers for the Authorized Improvements for the compensation specified by the Owner.

### **Section 3.03. Designation of Construction Manager Subcontractor**

The Owner may subcontract out all or some of the duties of Construction Manager to a third party, with the written consent of the City, such consent not to be unreasonably withheld, conditioned, or delayed. Owner may designate a homebuilder, an individual, company, partnership, or other entity (each a "**Third-Party Contractor**"), as a subcontractor for construction management services for one or more Authorized Improvements or Segments thereof. The Owner shall provide written notice to the City within three (3) business days of such designation. Within five (5) business days after executing a contract with a Third-Party Contractor, the Owner shall:

(i) provide a copy of the executed contract to the City Construction Representative, and

(ii) obtain from the Third-Party Contractor a collateral assignment of the Owner's rights under the contract with the Third-Party Contractor solely as they relate to the Authorized Improvements or Segments thereof related to the contract with the Third-Party Contractor, in a form satisfactory to the City Construction Representative, which authorizes the City to utilize the services of such Third-Party Contractor to complete the construction of such Authorized Improvements or Segments, thereof, if the Owner fails to do so as provided in this Agreement.

### **Section 3.04. Maintenance of Project, Warranties**

Unless otherwise provided for, the Owner (or the Owner's Association, as applicable) shall maintain each Authorized Improvement (or Segment thereof) in good and safe condition until such Authorized Improvement (or Segment thereof) is accepted by the City. The City's acceptance of Authorized Improvements shall be in accordance with the City's standard rules and procedures for the type of improvements being constructed. Prior to such acceptance, the Owner shall be responsible for performing any required maintenance on such Authorized Improvement. On or before the acceptance by the City of an Authorized Improvement (or Segment thereof), the Owner shall assign to the City all of the Owner's rights in any warranties, guarantees, maintenance obligations, or other evidence of contingent obligations of third persons with respect to such Authorized Improvement (or Segment thereof).

### **Section 3.05. Sales and Use Tax Exemptions**

(a) The parties agree that, under current law, as municipally and publicly owned and acquired properties, all costs of materials, other properties and services used in constructing the Authorized Improvements to be acquired by the City are exempt under the Texas Tax Code from sales and use taxes levied by the State of Texas, or by any county, city, special district, or other political subdivision of the State, as set forth in Texas Tax Code Section 151.309. Both Parties understand that the law may be changed by the Texas Legislature.

(b) The City will provide such certifications to the Owner and/or to suppliers and contractors as may be required to assure the exemptions claimed herein.

(c) The City and the Owner shall cooperate in structuring the construction contracts for the Authorized Improvements to comply with requirements (including those set forth in Texas Tax Code Section 151.309) for exemption from sales and use taxes.

**Section 3.06. Exemption from Public Bidding**

It is agreed that the construction of Authorized Improvements will be exempt from any public bidding or other purchasing and procurement policies pursuant to the current Texas Local Government Code Section 252.022(a)(9), which states that a project is exempt from such policies if “paving drainage, street widening, and other Authorized Improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements.” Both Parties understand that the law may be changed by the Texas Legislature.

**ARTICLE IV. PAYMENT FOR AUTHORIZED IMPROVEMENTS**

**Section 4.01. Overall Requirements**

(a) The City will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement and the Development Agreement, pay or reimburse, as applicable, the Owner for the Actual Costs of the Authorized Improvements from Assessment Revenues or PID Bond proceeds as provided further herein.

(b) Any payment obligation of the City hereunder shall be payable solely from Assessment Revenues or, if PID Bonds are issued, the proceeds of such PID Bonds. Unless approved by the City, no other funds, revenues, taxes, or income of any kind other than Assessment Revenues or, if PID Bonds are issued, the proceeds of such bonds shall be used to pay the City’s obligations hereunder. The obligations of the City under this Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or constitute a debt or other obligation of the City payable from any source other than Assessments Revenues or, if PID Bonds are issued, the proceeds of such bonds.

(c) The Parties anticipate that the Actual Costs to construct the Authorized Improvements will be greater than the Assessment Revenues or, if PID Bonds are issued, the net proceeds of such bonds available for Authorized Improvements. The Owner shall bear one hundred percent (100%) of the Actual Costs of constructing the Authorized Improvements not paid from the proceeds of the PID Bonds or Assessment Revenues.

(d) Upon completion of an Authorized Improvement (or Segment thereof), the Owner shall convey, and the City shall acquire, as more particularly described in Section 3.01, the given Authorized Improvement for the Actual Costs, after such Authorized Improvement (or Segment thereof) is completed and has been accepted by the City.

(e) Upon acceptance of an Authorized Improvement, and subject to any applicable

maintenance-bond period, the City shall be responsible for all operation and maintenance of such Authorized Improvements.

**Section 4.02.** Payments for Authorized Improvements Prior the Issuance of PID Bonds

(a) Upon the approval of an Assessment Ordinance and prior to the issuance of a series of PID Bonds, the City shall bill, collect, and immediately deposit the Assessment Revenues collected from the Assessed Property into the applicable Operating Account (excluding Annual Collection Costs and Delinquent Collection Costs). Funds in the Operating Account shall only be used to pay Actual Costs of the Authorized Improvements in accordance with this Agreement. Once a series of PID Bonds are issued, the applicable Indenture shall control in the event of any conflicts with this Agreement.

(b) The general process to receive funds from the applicable Operating Account described in Section 4.02(a) herein to pay the Actual Costs of the Authorized Improvements is as follows:

(1) the Owner shall deliver to the City Construction Representative and the City Engineer the following:

(A) a Certification for Payment substantially in the form attached hereto as Exhibit "D" executed by the Construction Manager and the Project Engineer evidencing the Actual Costs;

(B) evidence of the acceptance by the City of those Authorized Improvements to be funded by the PID Bond in question and the conveyance to the City of those Authorized Improvements to be funded by the PID Bonds as described in Section 2.03 above (for Completed Authorized Improvements only);

(C) waivers of liens for the work on the applicable Authorized Improvements through the previous Certification for Payment, receipts for payment and verification in form acceptable that any subcontractors have been paid;

(D) two-year maintenance bond; and

(E) an assignment of the warranties and guaranties in form reasonably acceptable to the City.

(2) After the Certification for Payment is submitted to the City Construction Representative, the City shall conduct a review to confirm those Authorized Improvements to be funded by the Assessment Revenues on deposit in the applicable Operating Account were constructed in accordance with the plans therefor (for Completed Authorized Improvements only) and to verify the Actual Costs of Authorized Improvements specified in such Certification for Payment. The City agrees to conduct such review in an expeditious manner after the Certification for Payment is submitted to the City Construction Representative and the Owner agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. Upon confirmation by the City that Authorized Improvements to be funded by the Assessment Revenues on deposit in the applicable Operating Account have been constructed in accordance with the plans therefor and this Agreement (for Completed Authorized Improvements only), verification and approval of the Actual Costs of those Authorized

Improvements, the City shall within sixty (60) calendar days thereafter accept those Authorized Improvements not previously accepted by the City and the City Construction Representative shall sign the Certification for Payment and forward the same to the City Manager. The City Manager shall then have up to 30 (30) business days to reimburse the Owner. Notwithstanding anything to the contrary stated herein, Owner shall not be required to complete construction of a particular Authorized Improvement in order to be reimbursed via a “progress payment” pursuant to this Section 4.02.

(c) The Owner shall be entitled to receive any unpaid amounts under a Certification for Payment approved under subsection (b) above (the “**Reimbursement Obligation Balance**”), plus simple interest on the Reimbursement Obligation Balance at the rate provided for in the applicable Acquisition and Reimbursement Agreement; provided, however, that the interest rate under this subsection (c) shall not exceed the maximum amount permissible under the PID Act. If any Actual Costs of the Authorized Improvements remain unreimbursed after the issuance of the PID Bonds, it is intended that Owner may request such Actual Costs to be reimbursed by a subsequent issuance of Parity Bonds.

#### **Section 4.03.** Payments for Authorized Improvements Upon the Issuance of PID Bonds

(a) Upon receipt of a Bond Issuance Request, the City will consider the issuance of the PID Bonds, subject to meeting the requirements and conditions stated in the Development Agreement, Section 5.01 hereof, and State law, to reimburse the Owner for Actual Costs of those Authorized Improvements that are complete as of the date of the Bond Issuance Request. The City will use diligent, reasonable and good faith efforts, subject to meeting the requirements and conditions stated herein and State law, to issue PID Bonds within four (4) to six (6) months after receiving a Bond Issuance Request from Owner.

(b) Once PID Bonds are issued pursuant to Article V hereof, the City shall bill, collect, and deposit into the applicable Pledged Revenue Fund all Assessment Revenues constituting “pledged revenues” as defined in the applicable Indenture. The City shall also deposit the proceeds of the PID Bonds and any other funds authorized by the applicable Indenture into the Project Fund. Funds in the Project Fund shall only be used to pay Actual Costs of the Authorized Improvements in accordance with the applicable Indenture. When PID Bonds are issued, the proceeds of the PID Bonds shall be used to pay or reimburse the Owner for Actual Costs incurred in constructing the Authorized Improvements that are or will be dedicated and transferred to and accepted by the City. The Owner is responsible for Actual Costs of Authorized Improvements not paid from proceeds of the PID Bonds from the Pledged Revenue Fund, and any cost overruns (after applying cost savings). The lack of proceeds of the PID Bonds or the availability of other funds in the Pledged Revenue Fund or the Project Fund shall not diminish the obligation of the Owner to pay the Actual Costs of the Authorized Improvements.

(c) At least thirty (30) calendar days prior to the date of closing of a series of PID Bonds, Owner may submit a Closing Disbursement Request (including any supporting documentation requested by the City) substantially in the form attached hereto in Exhibit “E” executed by the Construction Manager and the Project Engineer to the City Construction Representative to be reimbursed for those Owner Expended Funds accrued to date of such Closing Disbursement Request and not previously reimbursed. The City shall conduct a review to verify

the Owner Expended Funds specified in such Closing Disbursement Request. Prior to disbursement of proceeds, City Construction Representative will sign the Closing Disbursement Request and deliver said Closing Disbursement Request to the Trustee. At the closing of a series of PID Bonds, Owner shall be reimbursed an amount equal to the applicable Owner Expended Funds as stated in the applicable Closing Disbursement Request.

#### **Section 4.04. Parity Bonds**

(a) Any Actual Costs for Authorized Improvements for a given Improvement Area not paid or reimbursed from the proceeds of the initial series of PID Bonds for that Improvement Area or the proceeds from an Acquisition and Reimbursement Agreement may be paid or reimbursed from the proceeds of Parity Bonds for that Improvement Area. It is contemplated that Parity Bonds may be issued after issuance of the initial series of PID Bonds for an Improvement Area.

(b) The purpose of a Parity Bond issuance for an Improvement Area would be to fund (i) Authorized Improvements benefitting such Improvement Area that were not completed at the time the initial PID Bonds secured by that Improvement Area were issued; or (ii) the Actual Costs of Authorized Improvements that were completed at the time the initial PID Bonds secured by Assessments levied on such Improvement Area but that were not fully reimbursed by said initial PID Bonds or any applicable Acquisition and Reimbursement Agreement.

(c) There may be more than one series of Parity Bonds secured by Assessments levied on a specific Improvement Area. If the Parity Bonds secured by Assessments levied on a specific Improvement Area are sufficient to fully reimburse Owner for the unreimbursed Actual Costs for that Improvement Area, then Owner's right to receive any portion of the Assessments for such purposes shall automatically terminate. However, if the net proceeds of Parity Bonds are not sufficient to reimburse Owner for the unreimbursed Actual Costs eligible to be paid from Assessments for a given Improvement Area, or if the amount to be funded by such Parity Bonds is insufficient to justify issuance in the City's reasonable discretion, then Owner shall continue to receive the Assessments for that Improvement Area to the extent, and only to the extent, those funds remain available therefor after debt service is paid on the applicable PID Bonds until the date the Owner is fully repaid for the unreimbursed Actual Costs eligible to be paid from Assessments.

#### **Section 4.05. Payment Pursuant to Acquisition and Reimbursement Agreement**

(a) The City and Owner shall enter into one or more Acquisition and Reimbursement Agreement(s), which will provide that any Assessment Revenues attributable to an Improvement Area remaining after payment of debt service on the PID Bonds will be used to reimburse the Owner for any Actual Costs attributable to the Authorized Improvements not paid pursuant to Section 4.02, Section 4.03 or Section 4.04 of this Agreement.

(b) Pursuant to the terms of the applicable Acquisition and Reimbursement Agreement, Owner shall convey, and the City shall acquire, the given Authorized Improvement or Segment thereof for the Actual Cost, after such Authorized Improvement or Segment thereof is completed and has been approved for acceptance by the City.

## ARTICLE V. PID BONDS

### Section 5.01. Issuance of PID Bonds

(a) Subject to the terms and conditions set forth in this Section V, the City intends to pay for the Authorized Improvements by issuing PID Bonds in one or more series. The City agrees to use diligent, reasonable and good faith efforts, subject to meeting the requirements and conditions stated herein and State law, to issue, within four to six months after receiving from the Owner a Bond Issuance Request, the applicable PID Bonds, provided that Owner can reasonably demonstrate to the City and its financial advisors (i) that there is sufficient security for such PID Bonds, based upon the bond market conditions existing at the time of such proposed sale, (ii) that the Owner is current on all taxes, assessments, fees and obligations to the City, and (iii) by delivery to the City a certification or other evidence from an independent appraiser acceptable to the City confirming that the special benefits conferred on the properties being assessed for the Authorized Improvements increase the value of the property by an amount at least equal to the amount assessed against such property.

(b) The aggregate principal amount of PID Bonds required to be issued hereunder shall not exceed an amount sufficient to fund: (i) the Actual Costs of the Authorized Improvements, (ii) required reserves and capitalized interest of not more than 12 months after the completion of construction of the applicable Authorized Improvements funded by the PID Bond issue in question and in no event for a period greater than 12 months from the date of the initial delivery of the applicable PID Bonds and (iii) Bond Issuance Costs. Provided, however, that to the extent the law(s) which limit the period of capitalized interest to 12 months after completion of construction change, the foregoing limitation may be adjusted to reflect the law(s) in effect at the time of future PID Bond issuances.

(c) The final maturity for each series of PID Bonds, including Refunding Bonds, shall occur no later than 30 years from the issuance of said PID Bonds, and in no event shall the final maturity of a series of PID Bonds exceed the final year an Assessment is levied.

(d) Assessments on any portion of the Property shall bear a direct proportionate relationship to the special benefit of the Authorized Improvements to that portion of the Property.

(e) The minimum appraised value to lien ratio at the issuance date of each series of PID Bonds shall be 3 to 1 as evidenced by an Appraisal.

(f) In addition to any other requirements of this Agreement, including but not limited to City Council approval, PID Bonds are not required to be issued under this Article V unless (i) the statutory requirements set forth in Chapter 372 of the Texas Local Government Code have been satisfied; (ii) the City receives at the time of issuance of such PID Bonds an opinion of counsel selected by the City stating in effect that the PID Bonds are legal and valid obligations under State law and that all preconditions to their issuance under State law have been satisfied; and (iii) the Attorney General has issued an opinion approving issuance of the bonds as required by the PID Act.

(g) If in connection with an issuance of PID Bonds, including Refunding Bonds, the City is required to deliver a certificate as to tax exemption (a "**Tax Certificate**") to satisfy requirements of the Internal Revenue Code, the Owner agrees to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Owner represents that such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of the Owner providing such facts and estimates, true, correct and complete as of such date. To the extent that it exercises control or direction over the use or investment of the PID Bond proceeds (including, but not limited to, the use of the Authorized Improvements), the Owner further agrees that it will not knowingly make, or permit to be made, any use or investment of such funds that would cause any of the covenants or agreements of the City contained in a Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

(h) If the Owner is requesting Parity Bonds, the Owner must demonstrate that any applicable additional bonds test can be satisfied.

(i) The Authorized Improvements to be financed by the PID Bonds have been constructed according to the City's required standards for similar developments including without limitation any Regulatory Requirements.

(j) Delivery by the Owner to the City of a certification or other evidence from an independent appraiser acceptable to the City confirming that the special benefits conferred on the properties being assessed for the Authorized Improvements increase the value of the property by an amount at least equal to the amount assessed against such property.

(k) The foregoing requirements apply to each series of PID Bonds issued other than Refunding Bonds and except as noted.

#### **Section 5.02.** Project Fund

The City hereby covenants and agrees that when PID Bonds are issued, an Indenture will establish a Project Fund as a separate fund to be held by the Trustee under an Indenture. The portion of the proceeds of the PID Bonds issued to pay Actual Costs of Authorized Improvements and Bond Issuance Costs shall be deposited upon issuance into separate accounts within the Project Fund.

#### **Section 5.03.** Denomination, Maturity, Interest, and Security for Bonds

(a) Each series of PID Bonds is subject to authorization by the City Council. If authorized, the PID Bonds shall be issued in the denominations, shall mature and be prepaid, shall bear interest, and shall be secured by and payable solely from the PID Bond Security, all to be as described and provided in a PID Bond Ordinance or Indenture, as applicable.

(b) The final and adopted versions of each PID Bond Ordinance and Indenture (and all documents incorporated or approved therein) shall contain provisions relating to the withdrawal,

application, and uses of the proceeds of the PID Bonds when and as issued and delivered and otherwise contain such terms and provisions as are mutually approved by the City and the Owner.

**Section 5.04. Sale of PID Bonds**

The PID Bonds, when issued by the City, shall be marketed, and sold through a negotiated, competitive, or privately placed sale to an approved third party or parties with the cooperation and assistance of the Owner in all respects with respect to the preparation of marketing documents, such as a preliminary and final securities offering document or in such other marketing and/or sales method mutually agreed upon by the City and the Owner.

**Section 5.05. Phased Issuance of Debt**

It is contemplated that the City will issue a minimum of four series of PID Bonds, to pay or reimburse the Owner for a portion of the Actual Costs of the Authorized Improvements. Following the issuance of an initial series of PID Bonds, Parity Bonds may be issued over the upcoming years as the value of the Property increases or additional Authorized Improvements are completed.

**Section 5.06 Special Obligations**

THE PID BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY SECURED SOLELY BY PLEDGED REVENUES (AS DEFINED IN AN INDENTURE) AND ANY OTHER FUNDS HELD UNDER AN INDENTURE, AS AND TO THE EXTENT PROVIDED IN AN INDENTURE. THE PID BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY AND ARE NOT SECURED EXCEPT AS PROVIDED IN AN INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND ANY OTHER FUNDS HELD UNDER AN INDENTURE, AS AND TO THE EXTENT PROVIDED IN AN INDENTURE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO THE OWNERS OF THE BONDS TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES. NONE OF THE CITY OR ANY OF ITS ELECTED OR APPOINTED OFFICIALS OR ANY OF ITS OFFICERS, EMPLOYEES, CONSULTANTS OR REPRESENTATIVES SHALL INCUR ANY LIABILITY HEREUNDER TO THE OWNER OR ANY OTHER PARTY IN THEIR INDIVIDUAL CAPACITIES BY REASON OF THIS AGREEMENT OR THEIR ACTS OR OMISSIONS UNDER THIS AGREEMENT.

**ARTICLE VI. REPRESENTATIONS, WARRANTIES, AND INDEMNIFICATION**

**Section 6.01. Representations and Warranties of City**

The City makes the following covenant, representation, and warranty for the benefit of the Owner:



The City is a political subdivision of the State of Texas, duly incorporated, organized and existing under the Constitution and general laws of the State, and has full legal right, power, and authority under the PID Act and other applicable law (i) to enter into, execute and deliver this Agreement, (ii) to adopt the Assessment Ordinance, and (iii) to carry out and consummate the transactions contemplated by this Agreement.

**Section 6.02. Covenants, Representation, and Warranties of Owner**

The Owner makes the following representations, warranties, and covenants for the benefit of the City:

(a) Owner represents and warrants that it is a duly organized and validly existing Texas limited partnership, that it is in compliance with the laws of the State of Texas, and that it has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) The Owner represents and warrants that the Owner has the power and authority to enter into this Agreement and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of the Owner.

(c) The Owner represents and warrants that this Agreement is valid and enforceable obligation of the Owner and is enforceable against the Owner in accordance with its terms, subject to bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(d) The Owner represents and warrants that it will not request payment from the City for the acquisition of any Authorized Improvements that are not part of the Project.

(e) For a period of two (2) years after the final Acceptance Date of each applicable Authorized Improvement, the Owner covenants to maintain proper books of record and account for the Authorized Improvements and all costs related thereto. The Owner covenants that such accounting books will be maintained in accordance with sound accounting practices and will be available for inspection by the City or its agent at any reasonable time during regular business hours upon at least 72 hours' notice.

(g) The Owner agrees to provide the information required pursuant to the Owner Continuing Disclosure Agreement executed by the Owner in connection with the PID Bonds.

(h) The Owner covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Owner further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of the Owner providing such facts and estimates, true, correct, and complete as of that date, and (ii) the Owner will make reasonable inquiries to ensure such truth, correctness and completeness. The Owner covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that

would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

(i) The Owner covenants that once it commences construction of a Segment it will use its reasonable and diligent efforts to cause such Segment to be completed in accordance with this Agreement.

### **Section 6.03. Qualified Tax-Exempt Status.**

(a) Generally. In any calendar year in which PID Bonds are issued, the Owner agrees to pay the City its actual additional costs (“**Additional Costs**”) the City may incur in the issuance of its own public securities or obligations on its own taxing power of municipal revenues (the “**City Obligations**”), as described in this section, if the City Obligations are deemed not to qualify for the designation of qualified tax-exempt obligations (“**QTEO**”), as defined in section 265(b)(3) of the Internal Revenue Code (“**IRC**”) as amended, as a result of the issuance of PID Bonds by the City in any given year. The City agrees to deposit all funds for the payment of such Additional Costs received under this section into a segregated account of the City, and such funds shall remain separate and apart from all other funds and accounts of the City until December 31 of the calendar year in which the PID Bonds are issued, at which time the City is authorized to utilize such funds for any purpose permitted by law; provided, however that if the City fails to use diligent, good faith efforts to issue PID Bonds as required by Article V and that failure causes PID Bonds to be issued in a different calendar year or not be issued at all, the City shall refund to Owner all Additional Costs paid by Owner as a result of such failure. Additionally, the City will provide the Owner on an annual basis no later than December 15<sup>th</sup> each year the projected amount of City Obligations to be issued in the upcoming year based on its annual budget process however such projection is not a binding amount under this agreement but merely an expression of the City's then expected amount of Obligations to be issued during the next calendar year. On or before January 15<sup>th</sup> of the following calendar year, the final Additional Costs shall be calculated. By January 31<sup>st</sup> of such year, any funds in excess of the final Additional Costs that remain in such segregated account on December 31<sup>st</sup> of the preceding calendar year shall be refunded to the Owner and any deficiencies in the estimated Additional Costs paid to the City by the Owner shall be remitted to the City by the Owner).

(b) Issuance of PID Bonds prior to City Obligations. In the event the City issues PID Bonds prior to the issuance of City Obligations, the City, with assistance from its Financial Advisor, shall estimate the Additional Costs based on the market conditions as they exist approximately forty five (45) days prior using independent third party public pricing information to the date of the pricing of the PID Bonds (the “**Estimated Costs**”). The Estimated Costs are an estimate of the increased cost to the City to issue its City Obligations as non QTEO. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to the Owner and the Owner shall have twenty (20) days to review and provide input on the calculation to the City. The Owner shall pay such Estimated Costs on or before the earlier of: (i) twenty (20) business days after the date of said invoice, or (ii) fifteen (15) business days prior to pricing the PID Bonds. The City shall not be required to price or sell any series of PID Bonds until the Owner has paid the invoice of Estimated Costs related to the PID Bonds then being issued.

(d) Upon the City's issuance of the City Obligations, and if the City actually issues PID Bonds in that calendar year, the Financial Advisor shall calculate the Additional Costs to the City of issuing its City Obligations as non QTEO. The City will, within five (5) business days of the issuance of the City Obligations, provide written notice to the Owner of the amount of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the City will refund to the Owner the difference between the Additional Costs and the Estimated Costs within ten (10) business days of the date of the City's notice to the Owner required under this paragraph. If the Additional Costs are more than the Estimated Costs, the Owner will pay to the City the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the City's notice required under this paragraph. If the Owner does not pay to the City the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the City's notice required under this paragraph, the Owner shall not be paid any reimbursement amounts under any PID agreement related to the Property until such payment of Additional Costs is made in full. If the City does not issue the City Obligations by the end of the calendar year in which PID Bonds are issued, the City will refund to the Owner the Additional Costs paid by the Owner in such calendar year within ten (10) business days after the end of such calendar year.

(e) Issuance of City Obligations prior to PID Bonds.

In the event the City issues City Obligations prior to the issuance of PID Bonds, the City, with assistance from the Financial Advisor, shall calculate the Estimated Costs based on the market conditions as they exist approximately forty-five (45) days prior to the date of the pricing of the City Obligations. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to the Owner and the Owner shall have twenty (20) days to review and provide input on the calculation to the County. The Owner shall pay such Estimated Costs to the City at least fifteen (15) days prior to the pricing the City Obligations. If the Owner has not paid the Estimated Costs to the City by the required time, the City, at its option, may elect to designate the City Obligations as QTEO, and the City shall not be required to issue any PID Bonds in such calendar year.

Upon the City's approval of the City Obligations, and if the City actually issues PID Bonds in that calendar year, the Financial Advisor shall calculate the actual Additional Costs to the City of issuing non QTEO City Obligations. The City will, within five (5) business days of the issuance of the City Obligations, provide written notice to the Owner of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the City will refund to the Owner the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the City's notice to the Owner. If the Additional Costs are more than the Estimated Costs, the Owner will pay to the City the difference between the Additional Costs and the Estimated Costs within fifteen (15) business days of the date of the City's notice. If the Owner does not pay to the City the difference between the Additional Costs and the Estimated Costs as required under this paragraph, then the Owner shall not be paid any reimbursement amounts under any PID agreement related to the Property until such payment of Additional Costs is made in full.

(f) To the extent any Owner(s) or property owner(s) (including the Owner, as applicable) has (have) paid Additional Costs for any particular calendar year, any such Additional

Costs paid subsequently by a developer or property owner (including the Owner, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer(s) or property owner(s) (including the Owner, as applicable) as necessary so as to put all developers and property owners (including the Owner, if applicable) so paying for the same calendar year in the proportion set forth in subsection (e), below, said reimbursement to be made by the City within 15 business days after its receipt of such subsequent payments of such Additional Costs.

(f) The City shall charge Additional Costs attributable to any other developer or property owner on whose behalf the City has issued debt in the same manner as described in this section, and the Owner shall only be liable for its portion of the Additional Costs under this provision, and if any Additional Costs in excess of the Owner's portion has already been paid to the City under this provision, then such excess of Additional Costs shall be reimbursed to the Owner. The portion owed by the Owner shall be determined by dividing the total proceeds from any debt issued on behalf of the Owner in such calendar year by the total proceeds from any debt issued by the City pursuant to the PID Act for the benefit of all developers (including the Owner) in such calendar year.

#### **Section 6.04 Indemnification and Hold Harmless by Owner**

THE OWNER WILL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY, AND ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES, AND AGENTS (IN THIS SECTION, THE “CITY”) AGAINST AND FROM, AND WILL PAY TO THE CITY, THE AMOUNT OF, ALL ACTIONS, DAMAGES, CLAIMS, LOSSES, OR EXPENSE OF ANY TYPE, WHETHER OR NOT INVOLVING A THIRD-PARTY CLAIM (COLLECTIVELY, “DAMAGES”), ARISING DIRECTLY OR INDIRECTLY, FROM (i) THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE OWNER; (ii) THE NEGLIGENT DESIGN, ENGINEERING, OR CONSTRUCTION BY THE OWNER OF ANY AUTHORIZED IMPROVEMENT ACQUIRED BY THE CITY; OR (iii) THE OWNER’S NONPAYMENT UNDER CONTRACTS WITH THE OWNER FOR ANY AUTHORIZED IMPROVEMENT UNDER THIS AGREEMENT. THE OWNER WILL DEFEND THE CITY AGAINST ALL SUCH CLAIMS AND THE CITY WILL REASONABLY COOPERATE AND ASSIST IN PROVIDING SUCH DEFENSE. THIS SECTION SURVIVES THE TERMINATION OF THIS AGREEMENT INDEFINITELY, SUBJECT TO APPROPRIATE STATUTES OF LIMITATIONS, AS THEY MAY BE TOLLED OR EXTENDED BY AGREEMENT OR OPERATION OF LAW.

#### **ARTICLE VII. DEFAULT AND REMEDIES**

(a) A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe, or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

(b) Before any failure of any Party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has



P.O. Box 427  
1311 Chestnut Street  
Bastrop, Texas 78602

With a copy to: Bojorquez Law Firm, PC  
Attn: Alan BJORQUEZ  
11675 Jollyville Rd, Ste 300  
Austin, Texas 78759

If to Owner: Continental Homes of Texas, L.P.,  
Attn: Adib Khoury  
10700 Pecan Park Blvd., Suite 400  
Austin, Texas 78750

With a copy to: Metcalfe Wolff Stuart & Williams, LLP  
Attn: Talley Williams  
221 W. 6th, Suite 1300  
Austin, Texas 78701

#### **Section 8.02. Fee Arrangement /Administration of District**

(a) The Owner agrees that it will pay all of the City's reasonable costs and expenses (including the City's third-party advisors and consultants) related to the creation and administration of the District, as well as costs and expenses relating to the development and review of the Service and Assessment Plan (including legal fees and financial advisory fees) ("**City PID Costs**"). Prior to closing of the applicable PID Bonds, the City shall (i) submit to the Owner and the Trustee invoices and other supporting documentation evidencing the City PID Costs and (ii) direct the Trustee to pay these fees, as applicable, to the City or on behalf of the City from proceeds of the applicable PID Bonds. In addition to any City PID Costs pursuant to the preceding sentences, all fees of legal counsel related to the issuance of the applicable PID Bonds, including fees for the review of the District creation and District administration documentation, the preparation of customary bond documents and the obtaining of Attorney General approval for the applicable PID Bonds incurred by the Owner or otherwise, will be paid at closing from proceeds of the applicable PID Bonds.

Notwithstanding the foregoing, Owner and the City have entered into that certain Professional Service Agreement dated March 9, 2021 (as may be amended, the "**Professional Service Agreement**") where Owner agreed to pay the City PID Costs. All City PID Costs paid by the Owner pursuant to the Professional Service Agreement prior to the closing of the applicable PID Bonds shall be included in invoices paid at closing from proceeds of the PID Bonds.

(b) The Owner shall be solely responsible for the costs associated with the issuance of any Parity Bonds. The terms of subparagraph (a) above shall apply to the Owner in the event that any Parity Bonds are issued.

(c) The City has entered into a separate agreement with the Administrator to administer the District after closing. The Annual Collection Costs shall be collected as part of and in the same

manner as Annual Installments in the amounts set forth in the Service and Assessment Plan.

### **Section 8.03. Assignment**

(a) Notwithstanding subsection 2.05 herein, Owner may assign in whole or part its rights and obligations under this Agreement to persons purchasing all or a part of the Property but not to an individual purchaser of a Lot within a recorded final plat. This Agreement may be assigned by Owner without the consent of the City to any third-party entity that is not in default in the payment of taxes, assessments, fees, or any agreements with the City and that entity has the financial capacity to perform this Agreement and Owner will be released from its obligations under this Agreement upon delivery of a notice of assignment to the City.

(b) Any sale of a portion of the Property or assignment of any right hereunder shall not be deemed a sale or assignment to a Designated Successor or Assign unless the conveyance or transfer instrument effecting such sale or assignment expressly states that the sale or assignment is to a Designated Successor or Assign.

(c) This Agreement shall be binding upon the Parties, their grantees, successors, assigns, or subsequent purchaser. In the event of an assignment of fee ownership, in whole or in part, of the Property by Owner, only the Designated Successor or Assign and then current owners of any portion of the Property so assigned shall be liable under this Agreement for any subsequent default occurring after the conveyance and affecting only the portion or portions of the Property so assigned. Any reference to Owner or City shall be deemed to and will include the successors or assigns thereof, and all the covenants and agreements in this Agreement shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. Each contract, deed or conveyance of any kind conveying all or a portion of the Property will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not they are set out in full or by reference in said contract, deed or conveyance.

### **Section 8.04. Construction of Certain Terms**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction shall apply:

(a) Words importing a gender include either gender.

(b) Words importing the singular include the plural and vice versa.

(c) A reference to a document includes an amendment, supplement, or addition to, or replacement, substitution, or novation of, that document but, if applicable, only if such amendment, supplement, addition, replacement, substitution, or novation is permitted by and in accordance with that applicable document.

(d) Any term defined herein by reference to another instrument or document shall continue to have the meaning ascribed thereto whether or not such other instrument or document remains in effect.

(e) A reference to any Party includes, with respect to Owner, its Designated Successors and Assigns, and reference to any Party in a particular capacity excludes such Party in any other capacity or individually.

(f) All references in this Agreement to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Agreement. All references in this Agreement to "Exhibits" are to the designated Exhibits to this Agreement.

(g) The words "herein," "hereof," "hereto," "hereby," "hereunder," and other words of similar import refer to this Agreement as a whole and not to the specific Section or provision where such word appears.

(h) The words "including" and "includes," and words of similar import, are deemed to be followed by the phrase "without limitation."

(i) Unless the context otherwise requires, a reference to the "Property," the "Authorized Improvements," or the "District" is deemed to be followed by the phrase "or a portion thereof."

(j) Every "request," "order," "demand," "direction," "application," "appointment," "notice," "statement," "certificate," "consent," "approval," "waiver," "identification," or similar action under this Agreement by any Party shall, unless the form of such instrument is specifically provided, be in writing duly signed by a duly authorized representative of such Party.

(k) The Parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Agreement. Accordingly, the Parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Agreement.

#### **Section 8.05.** Table of Contents; Titles and Headings

The titles of the articles and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

#### **Section 8.06.** Amendments

This Agreement may be amended, modified, revised, or changed by written instrument executed by the Parties and approved by the City Council.

#### **Section 8.07.** Time

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls



on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

**Section 8.08. Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

**Section 8.09. Entire Agreement**

This Agreement contains the entire agreement of the Parties.

**Section 8.10. Severability; Waiver**

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

**Section 8.11. Owner as Independent Contractor**

In performing under this Agreement, it is mutually understood that the Owner is acting as an independent contractor, and not an agent of the City.

**Section 8.12. Supplemental Agreements**

Other agreements and details concerning the obligations of the Parties under and with respect to this Agreement are/or will be included in the Service and Assessment Plan, the Assessment Ordinance, PID Bond Ordinance and/or Indenture. The Owner will provide any continuing disclosures required under an Indenture and will execute a separate agreement outlining Owner's continuing disclosure obligations, if required.

**Section 8.13. City's Acceptance of Authorized Improvements**

The City hereby agrees that it will not unreasonably withhold the final acceptance of any of the Authorized Improvements and will work with the Owner in good faith to expedite review and acceptance of such Authorized Improvements.

**Section 8.14. Boycotts and Foreign Business Engagements**

(a) The Owner hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this

Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owner understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(b) The Owner represents that neither it nor any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Owner and any of its respective parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owner understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(c) The Owner hereby verifies, for purposes of Section 2274 of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session), that at the time of execution and delivery of this Agreement, neither the Owner, nor any of its parent company, wholly- or majority- owned subsidiaries, and other affiliates of the same, if any, have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association or will discriminate during the term of this Agreement against a firearm entity or firearm trade association. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" means, with respect to the entity or association, to (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association, as set forth in Section 2274.001(3), Texas Government Code. The Owner

understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

(d) The Owner hereby verifies, for purposes of Section 2274 of the Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session), that neither the Owner, nor any parent company, wholly- or majority- owned subsidiaries, and other affiliates of the same, if any, boycott energy companies or will boycott energy companies through the term of this Agreement. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" means, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A), as set forth in Section 809.001, Texas Government Code. The Owner understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Owner and exists to make a profit.

**Section 8.15.** HB 1295 Compliance.

Section 2252.908 of the Texas Government Code requires that for certain types of contracts, you must fill out a conflict of interest form ("Disclosure of Interested Parties") at the time you submit your signed contract to the District. For further information please go to the Texas Ethics Commission website via the following link.  
[https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm).

**Section 8.16.** No Personal liability of Public Officials or the City.

To the extent permitted by State law, neither the City, any City agent or representative, nor any public official or employee shall be personally liable or responsible for any liability arising under or related to this Agreement.

**Section 8.17.** Exhibits

The following exhibits are attached to and incorporated into this Agreement for all purposes:

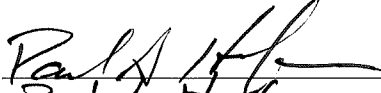
- Exhibit A - Definitions
- Exhibit B - Property Description
- Exhibit B-1 - Major Improvement Area Description
- Exhibit B-2 - Improvement Area #1 Description
- Exhibit B-3 - 10-acre Tract
- Exhibit C - Authorized Improvements
- Exhibit D - Forms of Certification for Payment

- Exhibit E - Closing Disbursement Request
- Exhibit F - Estimated Boundaries of Improvement Areas
- Exhibit G Home Buyer Disclosure Program
- Exhibit G-1 Notice of Obligation to Pay

[Signature Pages Follow]

**CITY:**

**CITY OF BASTROP, TEXAS**

By:   
Name: Paul A. Holtmann  
Title: City Manager

**OWNER:**

**Continental Homes of Texas, L.P.**  
(a Texas limited partnership)

By: CHTEX of Texas, Inc.  
(a Delaware corporation)  
*Its General Partner*


By:   
Name: Adib R Khoury  
Title: Asst Secretary

EXHIBIT "A"  
DEFINITIONS

Unless the context requires otherwise, and in addition to the terms defined above, each of the following terms and phrases used in this Agreement has the meaning ascribed thereto below:

**"10-acre Tract"** shall have the meaning given in the Recitals of this Agreement.

**"Acceptance Date"** means, with respect to an Authorized Improvement or Segment, the date that the Actual Cost thereof is paid to the Owner pursuant to the terms hereof.

**"Acquisition and Reimbursement Agreement"** means those agreements to be entered into by the Developer and City in accordance with the terms of Sections 4.02 hereof.

**"Actual Cost(s)"** means, with respect to the Authorized Improvements, the Owner's demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a payment request in a form that has been reviewed and approved by the City and in an amount not to exceed the amount for each Authorized Improvements as set forth in the Service and Assessment Plan (subject to cost overruns). Actual Costs may include (a) the costs incurred by or on behalf of the Owner (either directly or through affiliates) for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements, (b) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvements, (c) Construction Management Fee, (d) the costs incurred by or on behalf of the Owner for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, (e) all labor, bonds and materials, including equipment and fixtures, by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees and charges, insurance premiums, and all payments for Annual Collection Costs after the date of a resolution authorizing such reimbursement, plus Interest, if any, at the lower of (x) the maximum interest rate permitted by the PID Act or (y) the interest rate of the Bonds calculated from the respective dates of the expenditures until the date of reimbursement therefore.

**"Administrator"** shall mean P3Works, LLC, or any subsequent person or entity designated by the City.

**"Affiliate"** means an entity which is controlled by, controls, or is under common control with Owner.

**"Agreement"** has the meaning given in the recitals to this Agreement.

**"Annual Collection Costs"** means the administrative, organization, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) legal

counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the District and preparing the assessment roll, (iii) computing, levying, collecting and transmitting the Assessments or the installments thereof, (iv) maintaining the record of installments, payments and reallocations and/or cancellations of the Assessments, (v) issuing, paying and redeeming the PID Bonds, (vi) investing or depositing the Assessments, (vii) complying with the PID Act with respect to the PID Bonds, (viii) paying the paying agent/registrar's and trustee's fees and expenses (including the fees and expenses of its legal counsel), and (ix) administering the construction of the Authorized Improvements, in accordance with the terms of this Agreement.

**"Annual Installment"** shall have the meaning given in the Service and Assessment Plan.

**"Appraisal"** means each independent third party appraisal of the Property (or applicable component thereof, as required by Section 2.01(h) hereof.

**"Assessed Property"** shall have the meaning given in the Service and Assessment Plan.

**"Assessment(s)"** means the assessments levied against properties in the District, as provided for in an Assessment Ordinance, including any supplemental assessments or reallocation of assessments levied in accordance with Sections 372.019 and 372.020 of the PID Act.

**"Assessment Levy Request"** means a written request made by Owner to the City to levy Assessments for an applicable Improvement Area.

**"Assessment Ordinance"** means each ordinance, resolution or order adopted by the City Council levying the Assessments on the Property, as required by Article II of this Agreement.

**"Assessment Revenues"** means money collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an assessed parcel, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs (as defined in an Indenture), and (iv) Foreclosure Proceeds (as defined in an Indenture).

**"Attorney General"** means the Texas Attorney General's Office.

**"Authorized Improvements"** means the improvements authorized by Section 372.003 of the PID Act, as further described in the Service and Assessment Plan. The Authorized Improvements contemplated for this Project are listed on Exhibit "C" attached hereto.

**"Bond Counsel"** means the bond counsel selected and retained by the City, or their successor.

**"Bond Issuance Costs"** means costs relating to the authorization, sale and issuance of the PID Bonds including, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges of the Trustee, including its first annual administration fee, expenses incurred by the City or Owners in connection with the issuance of the PID Bonds (provided such expenses are defined as "issuance costs" under the Tax Code), the SAP Consultant's fees, bond (underwriter's) discount or underwriting fee, legal fees and charges,



including Bond Counsel, charges for execution, transportation and safekeeping of the PID Bonds and other costs, charges and fees in connection with the issuance of the PID Bonds.

**“Bond Issuance Request”** means written request made by Owner to the City in good faith as evidenced by Owner’s expenditure of necessary amounts for market studies, financial analysis, legal counsel, and other professional services and due diligence necessary to support the request.

**“Bond Proceeds”** shall have the meaning given to them in Section 5.01(i) hereof.

**“Certification for Payment”** means the certificate (whether one or more) in substantially the same form as Exhibit “D” attached hereto.

**“City”** means the City of Bastrop, Texas.

**“City Construction Representative”** means the City Engineer, or such other person selected by the City to oversee the construction of the Authorized Improvements on behalf of the City.

**“City Council”** means the City Council of the City of Bastrop, Texas.

**“City Manager”** means the City Manager of the City of Bastrop, Texas.

**“City PID Costs”** shall have the meaning given in Section 8.02(a) of this Agreement.

**“Closing Disbursement Request”** means the request (whether one or more) in substantially the same form as Exhibit “E” attached hereto.

**“Completed Authorized Improvements”** means any Authorized Improvement that has been 100% completed, dedicated and conveyed by the Owner and accepted by the City.

**“Completion Agreement”** shall have the meaning given in Section 3.07 of this Agreement.

**“Construction Manager”** means initially the Owner, and thereafter subject to change in accordance with Article III of this Agreement. The City acknowledges and agrees that (i) the Owner intends to subcontract out the duties of Construction Manager to a third party and (ii) Owner’s hiring of the initial subcontractor to serve as the Construction Manager shall not be deemed a change in the Construction Manager pursuant to the terms and conditions of Article III of this Agreement.

**“Construction Management Fee”** means 4% of the costs incurred by or on behalf of Owner for the construction of each Segment. The Construction Management Fee is part of the Actual Costs.

**“County”** means Bastrop County, Texas.

**“Debt”** means any bond, note, or other evidence of indebtedness incurred, entered into, or issued by the City related exclusively to the District.

**“Delinquent Collection Costs”** means interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment, or an Annual Installment thereof, in accordance with the PID Act which includes the Actual Costs related to pursuing collection of such delinquent Assessment, or an Annual Installment thereof, and the Actual Costs related to foreclosing the lien against the Assessed Property, including attorney’s fees to the extent permitted under State law.

**“Designated Successors and Assigns”** shall mean (i) an entity to which Owner assigns (in writing) its rights and obligations contained in this Agreement pursuant to Section 8.03 related to all or a portion of the Property, (ii) any entity which is the successor by merger or otherwise to all or substantially all of Owner’s assets and liabilities including, but not limited to, any merger or acquisition pursuant to any public offering or reorganization to obtain financing and/or growth capital; or (iii) any entity which may have acquired all of the outstanding stock or ownership of assets of Owner.

**“Development Agreement”** has the meaning given in the recitals of this Agreement.

**“District”** has the meaning given in the recitals to this Agreement.

**“End User”** means any tenant, user, or owner of a fully developed and improved lot.

**“Effective Date”** has the meaning given in the recitals to this Agreement.

**“Force Majeure”** shall mean delays due to strikes, acts of God, inability to obtain labor or materials, litigation, enemy action, civil commotion, fire, rain or windstorm, governmental action or inaction, or similar causes, provided such similar causes are beyond the reasonable control of the party whose obligations are affected by such acts.

**“Home Buyer Disclosure Program”** means the disclosure program, administered by the Administrator as set forth in a document in substantially the same form as Exhibit “G” attached hereto, that establishes a mechanism to disclose to each End User the terms and conditions under which their lot is burdened by the District.

**“IA #1 PID Bonds”** has the meaning given in Section 2.01(b) of this Agreement.

**“Improvement Area”** has the meaning given in Section 2.01(b) of this Agreement.

**“Improvement Area #1”** has the meaning given in Section 2.01(b) of this Agreement.

**“Improvement Area #1 Improvements”** shall be those Authorized Improvements set forth on Exhibit “C” attached hereto.

**“Indenture”** means the applicable Indenture of Trust between the City and a trustee relating to the issuance of a series of PID Bonds for financing costs of Authorized Improvements, as it may be amended from time to time.

**“Interest”** shall mean the interest rate charged for the PID Bonds or such other interest rate as may be required by applicable law.

**“Lot”** means (i) for any portion of the Property for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (ii) for any portion of the Property for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat.

**“Major Improvements”** shall mean those Authorized Improvements set forth on Exhibit “C” attached hereto.

**“Major Improvement Area”** has the meaning given in Section 2.01(b) of this Agreement.

**“Major Improvement Area PID Bonds”** has the meaning given in Section 2.01(b) of this Agreement.

**“Maximum Assessment”** shall have the meaning given in the Service and Assessment Plan.

**“Operating Account”** shall have the meaning given in Section 2.02 of this Agreement.

**“Owner”** has the meaning given in the recitals to this Agreement.

**“Owner’s Association”** means a homeowner’s association or property owner’s association.

**“Owner Continuing Disclosure Agreement”** shall have the meaning given in an Indenture or any purchase agreement relating to the sale of the PID Bonds.

**“Owner Expended Funds”** means the funds expended by the Owner to date to pay Actual Costs of the Authorized Improvements that have not been previously reimbursed by the City.

**“Party”** means the Owner or the City, as parties to this Agreement, and “Parties” means collectively, the Owner and the City.

**“Parity Bonds”** means any PID Bonds issued subsequent to the Improvement Area #1 PID Bonds, Major Improvement Area PID Bonds or PID Bonds issued for subsequent Improvement Area(s) and secured on a parity basis therewith.

**“PID Act”** means Chapter 372, Local Government Code.

**“PID Bonds”** means the special assessment revenue bonds to be issued by the City, in one or more series, to finance the Authorized Improvements that confer special benefit on the land within the District, which may include funds for any required reserves and amounts necessary to pay the Bond Issuance Costs, and to be secured by the revenues and funds pledged under an Indenture, consisting primarily of the Assessments, pursuant to the authority granted in the PID Act, and as described by this Agreement for the purposes of (i) financing the costs of Authorized Improvements and related costs and (ii) reimbursing the Owner for Actual Costs paid prior to the issuance of the PID Bonds. This term is used to collectively refer to the Major Improvement Area PID Bonds, the Improvement Area #1 PID Bonds and any Parity Bonds throughout this

Agreement.

**“PID Bond Ordinance”** means and refers to the ordinances of the City that will authorize and approve the issuance and sale of a series of PID Bonds and provide for their security and payment, either under the terms of the bond ordinance or an Indenture.

**“PID Bond Security”** means the funds that are to be pledged in or pursuant to a PID Bond Ordinance or an Indenture to the payment of the debt service requirements on a series of PID Bonds, consisting of the Assessments, including earnings and income derived from the investment or deposit of Assessments in the special funds or accounts created and established for the payment and security of a series of PID Bonds, unless such earnings are required to be deposited into a rebate fund for payment to the federal government.

**“Pledged Revenue Fund”** means the separate and unique fund established by the City under such name pursuant to an Indenture wherein the Assessment Revenues are deposited.

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

**“Professional Service Agreement”** shall have the meaning given in Section 8.02(a) of this Agreement.

**“Project”** has the meaning given in the recitals to this Agreement.

**“Project Engineer”** means the civil engineer or firm of civil engineers selected by the Owner to perform the duties set forth herein, which is currently BGE, Inc. Owner reserves the right to replace the Project Engineer at any time in Owner’s sole discretion.

**“Project Fund”** means the separate and unique fund established by the City under such name pursuant to an Indenture as described in Section 5.02 hereof.

**“Property”** has the meaning given in the recitals to this Agreement.

**“Regulatory Requirements”** means the requirements and provisions of the City over the Authorized Improvements, as adjusted by the Development Agreement.

**“Reimbursement Obligation Balance”** has the meaning given in Section 4.02(c) of this Agreement.

**“SAP Consultant”** means Development Planning & Financing Group, Inc.

**“Segment” or “Segments”** means the discrete portions of the Authorized Improvements identified as such.

**“Service and Assessment Plan”** means the Viridian Public Improvement District Service and Assessment Plan (as such plan is based on the Preliminary Service and Assessment Plan and

is amended, supplemented, and updated from time to time), to be initially adopted by the City Council in the initial Assessment Ordinance for the purpose of assessing allocated costs against property located within the boundaries of the District having terms, provisions and findings approved and agreed to by the Owner, as required by Article II of this Agreement.

“**State**” means the State of Texas.

“**Tax Certificate**” shall have the meaning given in Section 5.01(g) hereof.

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

“**Transfer**” shall have the meaning given in Section 2.05 hereof.

“**Transferee**” shall have the meaning given in Section 2.05 hereof.

“**Trustee**” means the trustee under an Indenture, and any successor thereto permitted under such Indenture and any other Trustee under a future Indenture.

“**Underwriter**” means the underwriter selected and retained by the City, or its successor.

**Exhibit "B"**

PROPERTY DESCRIPTION

[to be attached]

# Exhibit "B-1"

## MAJOR IMPROVEMENT AREA DESCRIPTION

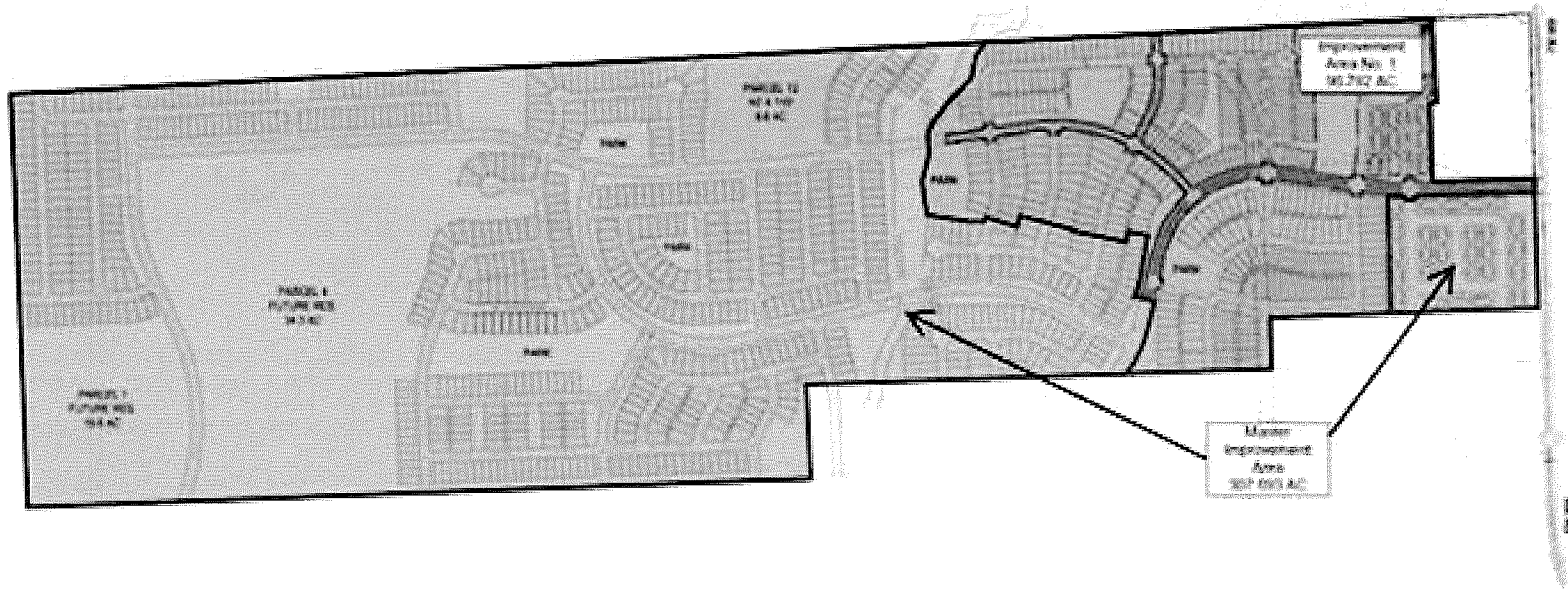
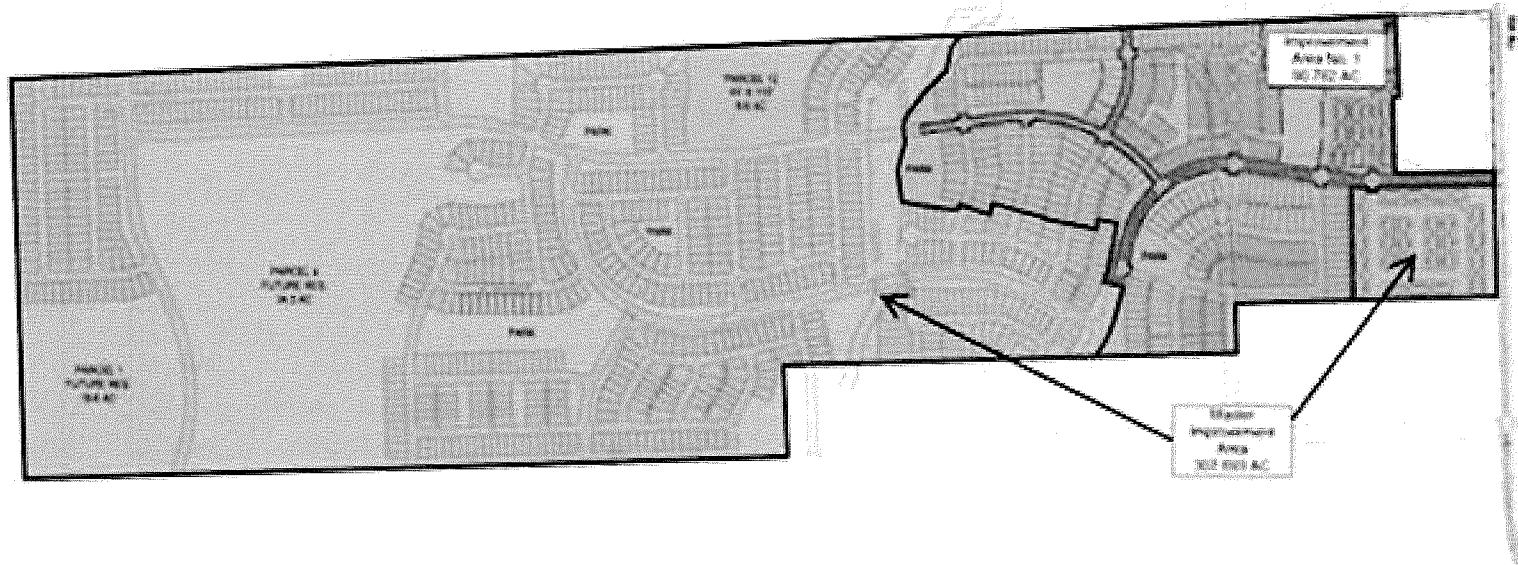


Exhibit "B-2"

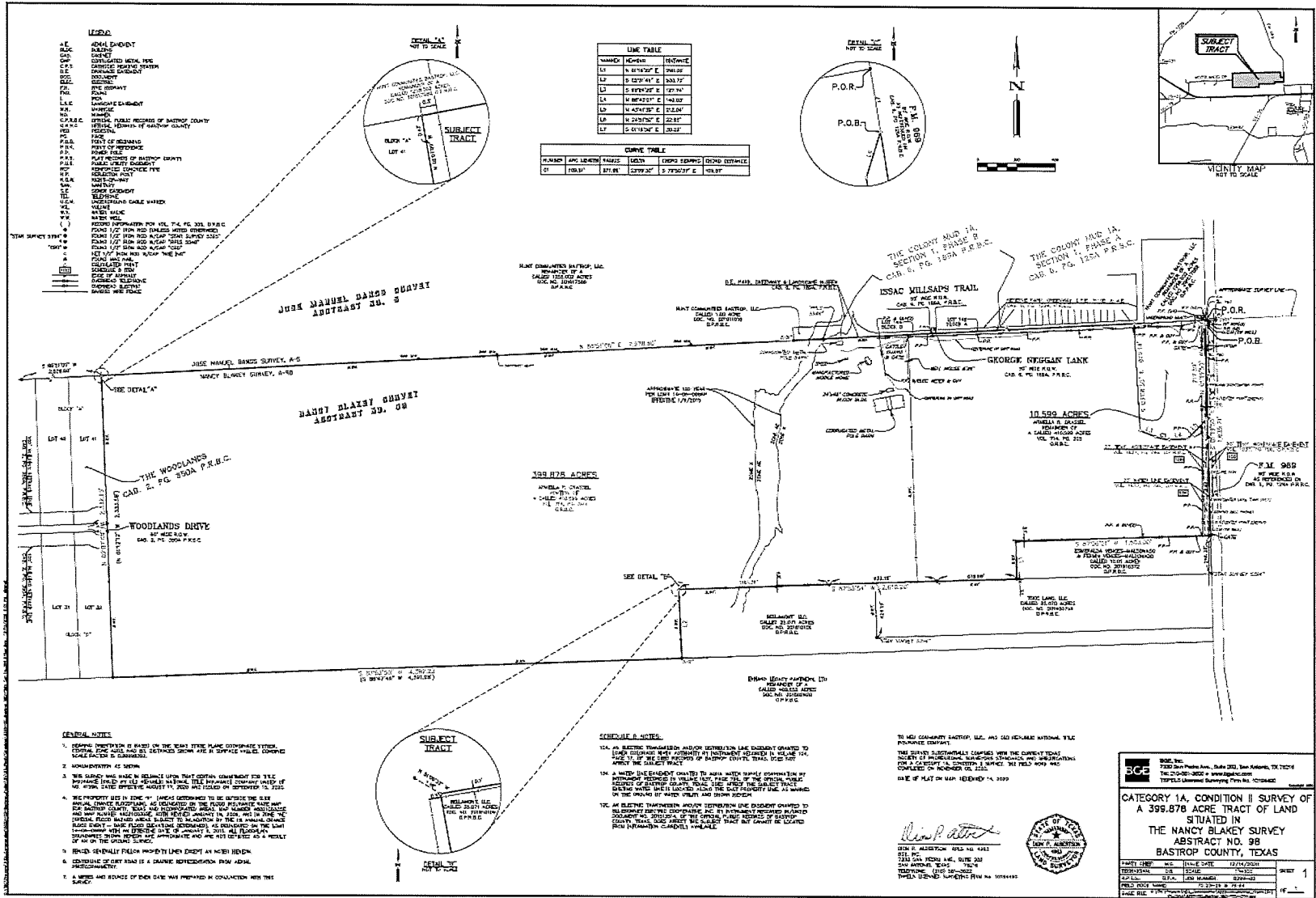
IMPROVEMENT AREA #1 DESCRIPTION





**Exhibit "B-3"**

10-acre Tract



- LEGEND**
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**LINE TABLE**

NAME	BEARING	DISTANCE
L1	N 87°45'00" E	200.00
L2	S 89°45'00" E	200.00
L3	S 89°45'00" E	200.00
L4	N 87°45'00" E	200.00
L5	N 87°45'00" E	200.00
L6	S 89°45'00" E	200.00
L7	S 89°45'00" E	200.00

**CURVE TABLE**

CURVE NO.	ARC LENGTH	CHORD	CHORD BEARING	CHORD DISTANCE
1	100.00	100.00	S 89°45'00" E	100.00

- GENERAL NOTES**
1. GENERAL INFORMATION IS BASED ON THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.
  2. INFORMATION IS BASED ON THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.
  3. THIS SURVEY WAS MADE IN RELIANCE UPON THAT CERTAIN INFORMATION FOR THIS SURVEY WAS OBTAINED FROM THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.
  4. THE PROPERTY IS IN LINE "A" (AS SHOWN ON THE PLAN) AND IS SUBJECT TO THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.
  5. THE PROPERTY IS IN LINE "A" (AS SHOWN ON THE PLAN) AND IS SUBJECT TO THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.
  6. CONTAINMENT OF THIS PLAN IS A GRAPHIC REPRESENTATION FROM AERIAL PHOTOGRAPHY.
  7. A METRIC AND SCALE OF THIS DATE WAS PREPARED IN CONSULTATION WITH THE SURVEYOR.

- SPECIAL NOTES**
134. AN ELECTRIC TRANSMISSION AND/OR DISTRIBUTION LINE EXISTING OR TO BE CONSTRUCTED HEREIN IS SUBJECT TO THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.
  135. A WATER INTERFERENT EXISTING OR TO BE CONSTRUCTED HEREIN IS SUBJECT TO THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.
  136. AN ELECTRIC TRANSMISSION AND/OR DISTRIBUTION LINE EXISTING OR TO BE CONSTRUCTED HEREIN IS SUBJECT TO THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.

TO THE COMMUNITY SURVEY, ILL. AND THE RECENT STATE PLANNING COMMISSION'S STUDY OF THE AREA AND IS SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.

**BCB**

1325 East Main Street, Suite 200, San Antonio, TX 78204  
 Tel: 210-350-3000 • www.bcb.com  
 100% Satisfaction Guarantee

**CATEGORY 1A, CONDITION II SURVEY OF A 399.878 ACRE TRACT OF LAND SITUATED IN THE NANCY BLAKEY SURVEY ABSTRACT NO. 98 BASTROP COUNTY, TEXAS**

DATE	BY	SCALE	DATE	SHEET
12/14/2024	J. M. BLAKEY	AS SHOWN		1

FILED: 12/14/2024 10:00 AM  
 BASTROP COUNTY CLERK'S OFFICE  
 1000 WEST BROADWAY, BASTROP, TEXAS 78003



DESCRIPTION OF A 10.599 ACRE TRACT OF LAND

FIELD NOTES FOR A 10.599 ACRE TRACT OF LAND IN THE NANCY BLAKEY SURVEY, ABSTRACT NO. 98, IN BASTROP COUNTY, TEXAS; BEING THE REMAINING PORTION OF A CALLED 410.599 ACRE TRACT AS CONVEYED UNTO ARMELLA R. GRASSEL IN VOLUME 714, PAGE 305 OF THE OFFICIAL RECORDS OF BASTROP COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** at a 1/2-inch iron rod found on the westerly right-of-way line of Farm to Market (F.M.) 969 (R.O.W. ~ 80') as shown on the plat of The Colony MUD 1A, Section 1, Phase "A", as recorded in Cabinet 6, Page 129A of the Plat Records of Bastrop County, Texas, at the southeast corner of a remaining portion of a called 1,258.002 acre tract of land as conveyed unto Hunt Communities Bastrop, LLC in Document Number 201617588 of the Official Public Records of Bastrop County, Texas, being the northeast corner of the remaining portion of said 410.599 acre tract and **POINT OF BEGINNING** of the herein described tract;

THENCE, S 01°19'49" E, coincident with the common line of said right-of-way and the remaining portion of the 410.599 acre tract, a distance of 30.02 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the common corner of a called 399.878 acre tract of land as conveyed unto Continental Homes of Texas, L.P. in Document Number 202022279 of the Official Public Records of Bastrop County, Texas, and the remaining portion of the 410.599 acre tract, for an angle point of the herein described tract;

THENCE, departing said right-of-way line, coincident with the common line of the remainder of the 410.599 acre tract and said 399.878 acre tract the following seven (7) courses:

- 1) S 24°51'52" W, a distance of 22.65 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
- 2) S 01°19'50" E, a distance of 717.59 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an angle point of the herein described tract;
- 3) S 43°41'39" W, a distance of 212.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for the southeasterly corner of the herein described tract;
- 4) S 88°43'07" W, a distance of 140.03 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the beginning of a non-tangent curve of the herein described tract;
- 5) Curving to the right, with a radius of 271.69 feet, an arc length of 109.81 feet, a central angle of 23°09'30", a chord bearing of N 79°50'37" W, and a chord distance of 109.07 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the end of this curve;

- 6) N 68°24'20" W, a distance of 127.74 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for the southwesterly corner of the herein described tract;
  
- 7) N 03°08'55" W, a distance of 829.14 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the south line of the aforementioned The Colony MUD 1A Section 1, Phase "A", at the common corner of the remainder of the 410.599 acre tract and the 399.878 acre tract, for the northwest corner of the herein described tract;

THENCE, N 86°51'05" E, coincident with the common line of the remainder of the 410.599 acre tract, said The Colony MUD 1A Section 1, Phase "A", and the aforementioned remaining portion of the 1,258.002 acre tract, a distance of 551.14 feet to the **POINT OF BEGINNING** and containing 10.559 acres of land, more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE, Inc and are true and correct to the best of my knowledge. The Basis of Bearing recited herein is the Texas State Plane Coordinate System, Central Zone, NAD 83.

An exhibit plat of even date was prepared in conjunction with this metes and bounds.



Dion P. Albertson RPLS No. 4963  
BGE, Inc.  
7330 San Pedro Ave, Suite 202  
San Antonio TX 78216  
Telephone: 210-581-3600  
TBPELS Licensed Surveying Firm No. 10194490



3/26/2021

Date

Date: March 26, 2021  
Job No: 8563-00

## **Exhibit “C”**

### **PROPOSED AUTHORIZED IMPROVEMENTS**

#### Authorized Improvements (Major Improvement Area)

##### **STREET IMPROVEMENTS**

The Owner will construct and dedicate to the City of Bastrop a total of approximately 56,100 linear feet (approximately 10.6 miles). The streets are compliant with the City of Bastrop design criteria. Signage and striping will also be constructed as required. Each street in the project will have a sidewalk on each side.

##### **TRAFFIC IMPROVEMENTS**

As a result of the traffic impacts generated by the development, FM 969 along the project's eastern boundary is expected to require additional improvements. Studies indicate a traffic signal and turn lane improvements will be required to upgrade the FM 969 intersection with the development's entry. These improvements to FM 969 will provide added safety benefits to the Project.

##### **DRAINAGE IMPROVEMENTS**

The Project will have a storm sewer system to collect excess rainfall runoff. Curb inlets in the streets and area inlets behind the sidewalks will be used to intercept the rainfall runoff and deliver it to a storm sewer trunk line that will transport the runoff to storm water facilities. Approximately 36,000 linear feet of storm sewer trunk line is expected to be used. An approximate 150 curb inlets and approximately 150 manholes/junction boxes are expected for the Project.

##### **POND IMPROVEMENTS**

The storm sewer system described above will convey rainfall runoff to storm water facilities or ponds. These facilities are intended to detain runoff and release at pre-development rates, into offsite channels or natural streams. Construction of the ponds is necessary in order to provide safe conditions to downstream properties.

##### **WATER AND WASTEWATER IMPROVEMENTS**

The Project will provide potable water service and wastewater service for up to 862 Living Unit Equivalents throughout the development. The project will connect to existing City of Bastrop infrastructure at FM 969. Approximately 59,000 linear feet of water main is expected within the project to provide potable water service and fire protection. Water service will be provided by the City of Bastrop.

Wastewater Improvements will connect to existing City of Bastrop infrastructure at US 71. Approximately 33,000 linear feet of gravity wastewater line is expected within the development to provide wastewater service. Wastewater service will be provided by the City of Bastrop.

##### **OFFSITE IMPROVEMENTS**

The wastewater system described above will collect at a common lift station located on the Property. The lift station will be constructed to service all the area lots within the Master Improvement Area as well as the Improvement Area # 1. There will be approximately 12,900 linear feet of off-site force main that will connect to the existing City's gravity system along US 71. The City has agreed to a point of connection that the development will pump wastewater to with treatment of the wastewater occurring at the City's treatment plant, offsite.

#### Authorized Improvements (Improvement Area #1)

##### **STREET IMPROVEMENTS**

The Owner will construct and dedicate to the City of Bastrop a total of approximately 17,000 linear feet (approximately 3.2 miles). The streets are compliant with the City of Bastrop design criteria. Signage and striping will also be constructed as required. Each street in the project will have a sidewalk on each side.

##### **DRAINAGE IMPROVEMENTS**

The Project will have a storm sewer system to collect excess rainfall runoff. Curb inlets in the streets and area inlets behind the sidewalks will be used to intercept the rainfall runoff and deliver it to a storm sewer trunk line that will transport the runoff to storm water facilities. Approximately 11,000 linear feet of storm sewer trunk line is expected to be used. An approximate 50 curb inlets and approximately 60 manholes/junction boxes are expected for the Project.

##### **WATER AND WASTEWATER IMPROVEMENTS**

The Project will provide potable water service and wastewater service for up to 396 Living Unit Equivalentents throughout the development. The Project will connect to existing City of Bastrop infrastructure at FM 969. Approximately 18,000 linear feet of water main is expected within the Project to provide potable water service and fire protection.

Wastewater Improvements will connect to existing City of Bastrop infrastructure at US 71. Approximately 10,000 linear feet of gravity wastewater line is expected within the development to provide wastewater service. Utility Service will be provided by the City of Bastrop.

**Exhibit “D”**  
FORM OF CERTIFICATION FOR PAYMENT  
[IMPROVEMENT AREA #\_\_\_\_][MAJOR IMPROVEMENT AREA]  
**(Design – Viridian)**

\_\_\_\_\_ (“Construction Manager”) hereby requests payment for the percentage of design costs completed (the “Design Costs”) described in Attachment A attached hereto. Capitalized undefined terms shall have the meanings ascribed thereto in the Viridian Public Improvement District Financing and Reimbursement Agreement between Continental Homes of Texas, L.P., a Texas limited partnership, and the City of Bastrop (the “City”), dated as of \_\_\_\_\_ (the “Finance Agreement”). In connection with this Certification for Payment, the undersigned, in his or her capacity as the \_\_\_\_\_ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.
2. The design work described in Attachment A has been completed in the percentages stated therein.
3. The true and correct Design Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.
4. Attached hereto as Attachment B is a true and correct copy of a bills-paid affidavit evidencing that any contractor or subcontractor having performed design work described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.
5. Attached hereto as Attachment C are invoices, receipts, worksheets, and other evidence of costs which are in sufficient detail to allow the City to verify the Design Costs for which payment is requested.

[Signature Page Follows]



SIGNATURE PAGE TO  
FORM OF CERTIFICATION FOR PAYMENT

Date : \_\_\_\_\_

[Construction Manager Signature Block to be  
added]

APPROVAL BY THE CITY

The Design described in Attachment A has been reviewed, verified, and approved by the City Construction Representative. Payment of the Design Costs is hereby approved.

Date: \_\_\_\_\_

**CITY OF BASTROP, TEXAS**

By: \_\_\_\_\_

## ATTACHMENT A TO CERTIFICATION OF PAYMENT (DESIGN)

Jurisdiction Name: Travis County  
 Bella Fortuna Public Improvement District  
 Certification of Payment #:  
 Date:

Reimbursement Detail						Required Disbursements (Completed by Administrator)			Allocation to Project Accounts		
Vendor	Description of Work	Invoice Number	Check Number	Date Paid	Amount	Invoice	Cancelled Check	Use Release or All	Project Category #1	Project Category #2	Project Ca
								Bills Paid Affidavit			
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ATTACHMENT B TO CERTIFICATION OF PAYMENT (DESIGN)

[attached – bills paid affidavit]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (DESIGN)

[attached – receipts]

FORM OF CERTIFICATION FOR PAYMENT  
[IMPROVEMENT AREA # \_\_\_\_][MAJOR IMPROVEMENT AREA]  
(Construction – Viridian)

\_\_\_\_\_ (“Construction Manager”) hereby requests payment of the Actual Cost of the work described in Attachment A attached hereto (the “Draw Actual Costs”). Capitalized undefined terms shall have the meanings ascribed thereto in the Viridian Public Improvement District Financing and Reimbursement Agreement between Continental Homes of Texas, L.P. a Texas limited partnership, and the City of Bastrop (the “City”) dated as of \_\_\_\_\_. In connection with this Certification for Payment, the undersigned, in his or her capacity as the \_\_\_\_\_ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is a duly authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.

2. The true and correct Draw Actual Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.

3. Attached hereto as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work on a Segment described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.

4. Attached hereto as Attachment C are invoices, receipts, worksheets, and other evidence of costs which are in sufficient detail to allow the City to verify the Draw Actual Costs of each Segment for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO  
FORM OF CERTIFICATION FOR PAYMENT

Date : \_\_\_\_\_

[Construction Manager Signature Block to

Be inserted]

## JOINDER OF PROJECT ENGINEER

The undersigned Project Engineer joins this Certification for Payment solely for the purposes of certifying that the representations made by Construction Manager in Paragraph 2 above are true and correct in all material respects.

---

Project Engineer



APPROVAL BY THE CITY

The Draw Actual Costs of each Segment described in Attachment A has been reviewed, verified and approved by the City Construction Representative of the City. Payment of the Draw Actual Costs of each such Segment is hereby approved.

Date: \_\_\_\_\_

**CITY OF BASTROP, TEXAS**

By: \_\_\_\_\_



ATTACHMENT B TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[bills paid affidavit – attached]

ATTACHMENT C TO CERTIFICATION OF PAYMENT (CONSTRUCTION)

[receipts – attached]

**Exhibit "E"**

**FORM OF CLOSING DISBURSEMENT REQUEST**

The undersigned is a lawfully authorized representative for CONTINENTAL HOMES OF TEXAS, L.P., a Texas limited partnership, (the "Owner") and requests payment from the [ ] Costs of Issuance Account of the Project Fund (as defined in the Viridian Public Improvement District Financing Agreement between Owner and the City of Bastrop, Texas (the "City")) from \_\_\_\_\_ (the "Trustee") in the amount of \_\_\_\_\_ (\$ \_\_\_\_\_) to be transferred from the [ \_\_\_\_\_ Costs of Issuance Account of the Project Fund] upon the delivery of the [ \_\_\_\_\_ Bonds] for costs incurred in the establishment, administration, and operation of the Viridian Public Improvement District (the "District"), as follows.

In connection to the above referenced payment, the Owner represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Owner, is qualified to execute this Closing Disbursement Request on behalf of the Owner and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below 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 Owner with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan. The itemized costs are as follows:

*[insert itemized list of costs here]*

TOTAL REQUESTED: \$ \_\_\_\_\_

4. The Owner is in compliance with the terms and provisions of the Viridian Public Improvement District Financing and Reimbursement Agreement, the Indenture, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture and [the Major Acquisition and Reimbursement Agreement or IA Acquisition and Reimbursement Agreement for \_\_\_\_\_] for the payment hereby requested have been satisfied.

6. The Owner 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 its review.

**Payments requested hereunder shall be made as directed below:**

[Information regarding Payee, amount, and deposit instructions]

I hereby declare that the above representations and warranties are true and correct.

**Continental Homes of Texas, L.P.**  
(a Texas limited partnership)

By: CHTEX of Texas, Inc.  
(a Delaware corporation)  
*Its General Partner*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the [\_\_\_\_] Costs of Issuance Account upon delivery of the Bonds.

**CITY OF BASTROP, TEXAS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit "F"**

Estimated Boundaries of Improvement Areas



## Exhibit "G"

### HOME BUYER DISCLOSURE PROGRAM

1. A Builder<sup>1</sup> for an Assessed Property shall provide each residential homebuyer with the "Notice of Obligation to Pay Public Improvement District Assessment to the City", the form of which is attached hereto as Exhibit "G-1".
2. A Builder for an Assessed Property shall provide evidence of compliance with 1 above, signed by such residential homebuyer, to the City upon receipt of written request by the City or the Builder which sets forth the County's mailing address and other contact information.
3. A Builder for an Assessed Property shall prominently display signage provided by the Owner or the Administrator in the Builder's model homes, if any, located within the Property.
4. If prepared and provided by the City and approved by Owner (such approval not to be unreasonably withheld), a Builder for an Assessed Property shall distribute informational brochures about the existence and effect of the District in prospective homebuyer sales packets.
5. A Builder shall include Assessments in estimated property taxes if such Builder estimates monthly ownership Actual Costs for prospective homebuyers for an Assessed Property.
6. The Owner must post signage along the main entry/exits located at the boundaries of the District that identifies the area as a public improvement district. All signage shall be clearly visible to all motorists entering and exiting the District.

---

<sup>1</sup> Builder" means a commercial builder who is in the business of constructing and/or selling residences to individual home buyers.

Exhibit "G-1"

VIRIDIAN PID – LOT TYPE [ ]: HOMEBUYER DISCLOSURE

NOTICE OF OBLIGATION TO PAY  
PUBLIC IMPROVEMENT DISTRICT ASSESSMENTS  
TO THE CITY OF BASTROP, TEXAS

CONCERNING THE PROPERTY AT:

\_\_\_\_\_  
STREET ADDRESS

OUTSTANDING PRINCIPAL OF ASSESSMENT FOR AUTHORIZED  
IMPROVEMENT: \$[ ]

As the purchaser of the real property located at the street address set forth above, you are obligated to pay assessments to Travis County, Texas, for the Actual Costs of a portion of Authorized Improvements (the "Authorized Improvements"), undertaken for the benefit of the property within the "Viridian Public Improvement District" (the "District"), also known as "Viridian", created under Subchapter A, Chapter 372, Local Government Code, as amended.

**THE OUTSTANDING PRINCIPAL OF THE ASSESSMENT AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS IS [\$ ], WHICH MAY BE PAID IN FULL AT ANY TIME; HOWEVER, IF NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS WHICH MAY VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION ACTUAL COSTS, ADMINISTRATIVE ACTUAL COSTS, AND DELINQUENCY ACTUAL COSTS.**

An estimate of the annual installments is attached; **however, it is only an estimate and is subject to change.** The exact amount of the annual installments, including the annual installments thereof, will be approved each year by the City Council of the City of Bastrop, Texas in the Annual Service Plan Update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Bastrop, Texas.

You may ask your mortgage company to include the Annual Installments in your monthly escrow payment.

Your failure to pay any assessment, or any annual installment thereof, may result in penalties and interest being added to what you owe and could result in a lien on and the foreclosure of your property.

The undersigned purchaser acknowledges receipt of the foregoing notice prior to the effective date of a binding contract for the purchase of the real property at the street address set forth above.

IN WITNESS WHEREOF, I have signed this certificate on the date specified below my signature.

**PURCHASER:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF TEXAS                    §  
  §  
BASTROP COUNTY                   §

The foregoing instrument was acknowledged before me by \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public, State of Texas

STATE OF TEXAS                    §  
  §  
BASTROP COUNTY                   §

The foregoing instrument was acknowledged before me by \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed, in the capacity stated and as the act and deed of the above-referenced entities as an authorized signatory of said entities.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public, State of Texas

**PROJECTED ANNUAL INSTALLMENTS – LOT TYPE [ ]**

[WILL INSERT SCHEDULE OF PROJECTED ANNUAL INSTALLMENTS ONCE  
FINALIZED]

**APPENDIX G**

**PHOTOGRAPHS OF DEVELOPMENT IN THE DISTRICT**

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