

## NEW ISSUE

NOT RATED

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

*In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for purposes of federal income taxation under existing law, subject to the matters described under “TAX MATTERS” herein. See “TAX MATTERS – Tax Exemption” herein for a discussion of Bond Counsel’s opinion.*

**The Bonds WILL NOT be designated as “qualified tax-exempt obligations” for financial institutions.**

**\$18,733,000\***

**CITY OF PILOT POINT, TEXAS,**

**(a municipal corporation of the State of Texas located in Denton, Grayson, and Cooke Counties)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**

**(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B IMPROVEMENT AREA #1 PROJECT)**

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

**Due: September 15, as shown on the inside cover**

**Interest to Accrue from Date of Delivery**

The City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project) (the “Bonds”), are being issued by the City of Pilot Point, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 15 and September 15, commencing September 15, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on April 10, 2025, and an Indenture of Trust, dated as of April 1, 2025 (the “Indenture”), to be entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Zone B Improvement Area #1 Projects (as defined herein) (ii) paying the District Formation Costs (as defined herein) allocable to Zone B Improvement Area #1; and (iii) paying the Bond Issuance Costs (as defined herein) including funding a reserve fund and paying a portion of the interest on the Bonds during the period of construction and acquisition of the Zone B Improvement Area #1 Projects, and other costs related to the issuance of the Bonds. See “THE ZONE B IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX A — Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Assessments (as defined herein) to be levied against assessable properties in Zone B Improvement Area #1 of the Bryson Ranch Public Improvement District (the “District”) in accordance with a Service and Assessment Plan (as defined herein), and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.”

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

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, and for the Developer by its counsel, Boghetich Law, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about April 30, 2025 (the “Date of Delivery”).

**FMSbonds, Inc.**

\* Preliminary; subject to change.

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

CUSIP Prefix: \_\_\_\_\_ (a)

\$18,733,000\*

CITY OF PILOT POINT, TEXAS,

(a municipal corporation of the State of Texas located in Denton, Grayson, and Cooke Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B IMPROVEMENT AREA #1 PROJECT)

\$ \_\_\_\_\_ % Term Bonds, Due September 15, 20 \_\_, Priced to Yield \_\_\_\_\_ %; CUSIP Suffix: \_\_\_\_\_ (a) (c)

\$ \_\_\_\_\_ % Term Bonds, Due September 15, 20 \_\_, Priced to Yield \_\_\_\_\_ %; CUSIP Suffix: \_\_\_\_\_ (a) (c)

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

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

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\* Preliminary; subject to change.

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



**CITY OF PILOT POINT, TEXAS  
CITY COUNCIL**

<u>Name</u>	<u>Term Expires (May)</u>
Elisa Beasley, Mayor	2025
Brian Heitzman	2026
Ray Dane	2026
Andrew Ambrosio	2025
Elizabeth Jones	2025
Chad Major	2026
Everett Cummings	2027

**CITY MANAGER**  
Britt M. Lusk

**CITY SECRETARY**  
Lenette Cox

**CHIEF FINANCIAL OFFICER**  
Michele Sanchez

**ADMINISTRATOR**  
P3Works, LLC

**FINANCIAL ADVISOR TO THE CITY**  
Hilltop Securities Inc.

**BOND COUNSEL**  
Norton Rose Fulbright US LLP

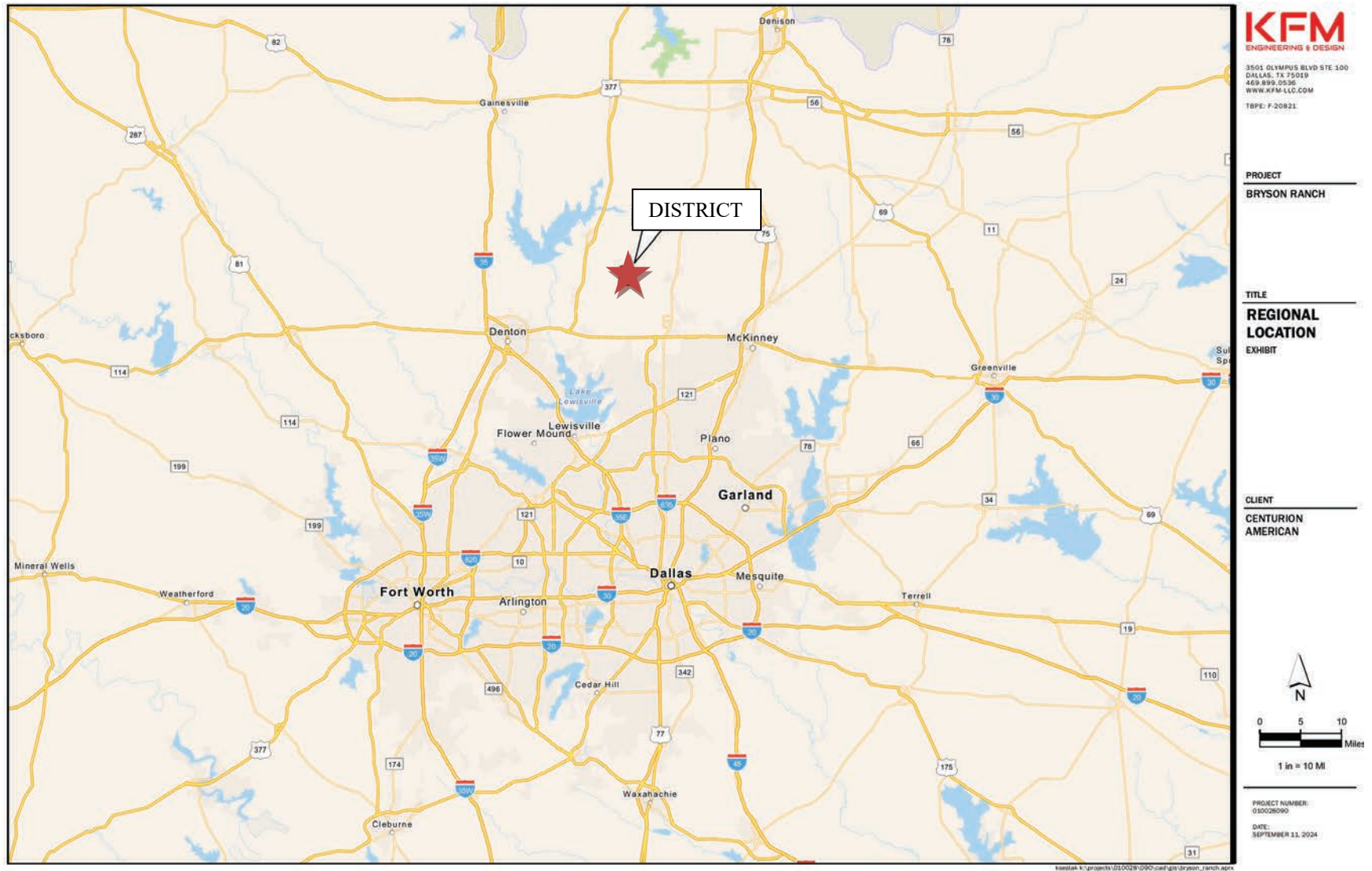
**UNDERWRITER'S COUNSEL**  
Greenberg Traurig, LLP

For additional information regarding the City, please contact:

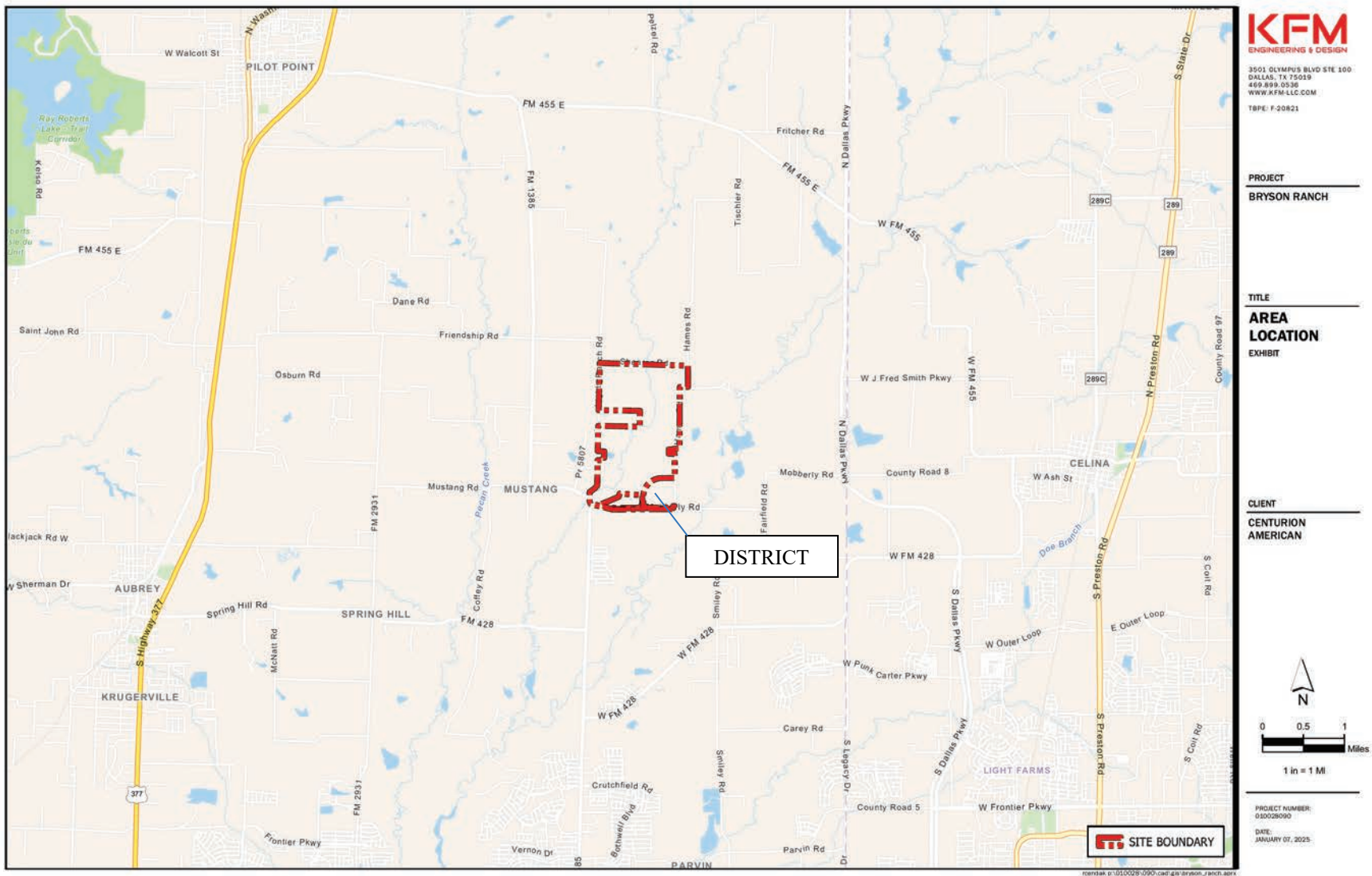
Britt M. Lusk  
City Manager  
City of Pilot Point, Texas  
102 E. Main Street  
Pilot Point, Texas 76258  
(940) 686-2165  
blusk@cityofpilotpoint.org

Jason Hughes  
Hilltop Securities Inc.  
1201 Elm Street  
Suite 3500  
Dallas, Texas 75270  
(214) 953-8707  
Jason.Hughes@hilltopsecurities.com

### REGIONAL LOCATION MAP OF THE DISTRICT

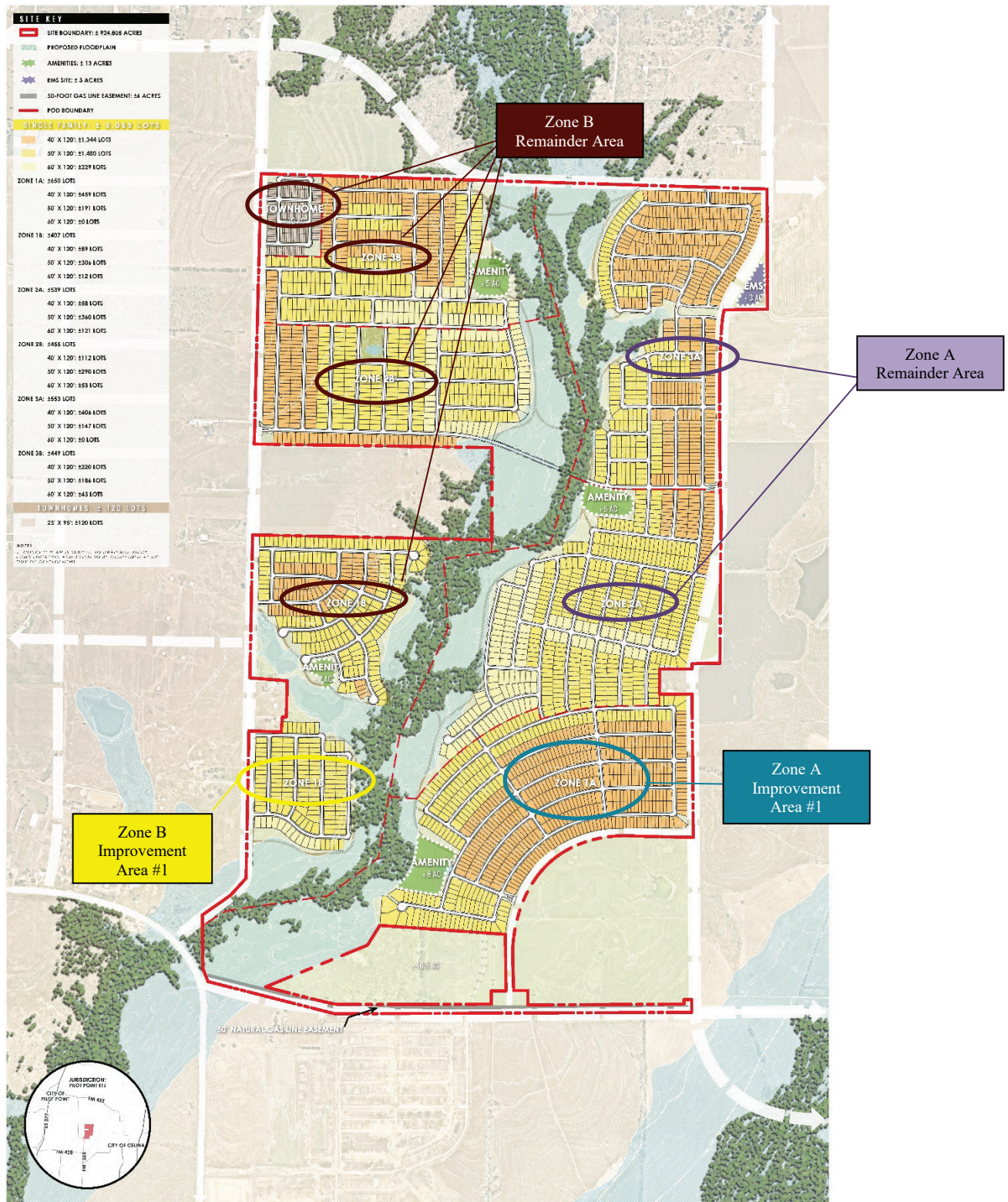


### AREA LOCATION MAP OF THE DISTRICT





# MAP SHOWING BOUNDARIES OF THE DISTRICT, PHASES, IMPROVEMENT AREAS AND ZONES



*FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM, THIS DOCUMENT CONSTITUTES A PRELIMINARY 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 OFFERED AND SOLD ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS ARE SET FORTH UNDER “BONDHOLDERS’ RISKS” HEREIN. EACH PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

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

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

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

THE 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.

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-

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

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**

**\$18,733,000\***

**CITY OF PILOT POINT, TEXAS,**

**(a municipal corporation of the State of Texas located in Denton, Grayson, and Cooke Counties)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**

**(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B IMPROVEMENT AREA #1  
PROJECT)**

### **INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Pilot Point, Texas (the “City”), of its \$18,733,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be enacted by the City Council of the City (the “City Council”) on April 10, 2025 (the “Bond Ordinance”), and an Indenture of Trust, dated as of April 1, 2025 (the “Indenture”), to be entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds will be secured by assessments (“Assessments”) expected to be levied against assessable property (the “Assessed Property”) located within Zone B Improvement Area #1 (as defined herein) of the Bryson Ranch Public Improvement District (the “District”) pursuant to an ordinance expected to be enacted by the City Council on April 10, 2025 (the “Assessment Ordinance”). The City created the District pursuant to a resolution adopted by the City Council on October 24, 2024 (the “Creation Resolution”).

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Construction, Funding, and Acquisition Agreement (as defined herein), the Bryson Ranch Development Agreement between the City and Centurion American Acquisitions, LLC, a Texas limited liability company, effective May 23, 2024 (the “Development Agreement”), as assigned to MM Bryson Ranch, LLC, a Texas limited liability company (the “Developer”), and P3Works, LLC (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the Form of

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\* Preliminary; subject to change.

Service and Assessment Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed in this Limited Offering Memorandum.

## **PLAN OF FINANCE**

### **The District**

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

The boundaries of the District are shown in the “MAP SHOWING BOUNDARIES OF THE DISTRICT, PHASES, IMPROVEMENT AREAS AND ZONES” on page v. The District is located within the corporate limits of the City.

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

The Developer purchased approximately 1,049 acres of land (the “Purchased Property”), including the land comprising the District, on June 21, 2024 at a total purchase price of \$83,961,280. The purchase of the Purchased Property was financed with (i) funds in the amount of \$20,331,161 from a loan from Trez Capital (2015) Corporation (the “Trez Loan”), (ii) \$17,040,307 in cash available from the simultaneous sale of approximately 120 acres of the Purchased Property (which property is located outside the District) as further described under “THE DEVELOPER – History and Financing of the District,” (iii) \$42,000,000 of earnest money delivered pursuant to the Lot PSAs (defined herein) in the District, (iv) \$4,526,992.22 in cash from the Developer, and (v) \$62,820 from credits available from Developer equity and proration of real estate taxes. Additionally, in order to effectuate the acquisition and loan closing, the Developer, utilizing cash, funded approximately \$2,500,000.00 in various closing expenses. See “– Homebuilders in the District” below and “THE DEVELOPMENT – Lot Purchase and Sale Agreements in the District.” As of March 1, 2025, the Trez Loan is outstanding in the amount of \$28,997,548.28. The Trez Loan note allows for the borrowing of up to \$61,500,000, with certain conditions on advances in excess of \$35,000,000 as more particularly described under “THE DEVELOPER – History and Financing of the District,” and is secured by all property within the District. The Developer is the current owner of all property within the District.

The District is composed of approximately 924 acres which are being developed as a master-planned residential development expected to contain approximately 3,053 single-family residential lots in 40’, 50’ and 60’ sizes, and 120 townhome lots. The Developer will develop the District in phases which will be designated as “Improvement Areas.” The boundaries of the initial phases and Improvement Areas are shown on the “MAP SHOWING BOUNDARIES OF THE DISTRICT, PHASES, IMPROVEMENT AREAS AND ZONES” on page v, and such areas are referred to herein as follows:

<b>Areas</b>	<b>Referred to herein as:</b>
Phase 1A	Zone A Improvement Area #1
Phase 2A and Phase 3A	Zone A Remainder Area
Phase 1A, Phase 2A and Phase 3A	Zone A
Phase 1B	Zone B Improvement Area #1
Phase 2B, Phase 3B, and Townhome	Zone B Remainder Area
Phase 1B, Phase 2B, Phase 3B, and Townhome	Zone B

Development in the District will begin with development of the infrastructure to serve Zone A Improvement Area #1, a portion of the major infrastructure to serve Zone A, the infrastructure to serve Zone B Improvement Area #1, and a portion of the major infrastructure to serve Zone B. Such development will be followed by development of the infrastructure to serve the Future Improvement Areas (as defined herein). See “THE DEVELOPMENT — Development Plan.” The first finished lot Improvement Areas are Zone A Improvement Area #1, which is expected

to consist of 650 single-family residential lots, and Zone B Improvement Area #1, which is expected to consist of 407 single-family residential lots.

The Developer expects to construct certain “Authorized Improvements” consisting of the following and which are referred to as shown below:

<b>Improvements</b>	<b>Referred to herein as:</b>
Roadway and paving, storm drainage, water, and District Formation Costs benefitting the entire District	Major Improvements
Wastewater improvements that benefit Zone A Improvement Area #1, Zone B Improvement Area #1 and the Non-Assessed Property (as such term is defined in the Service and Assessment Plan)	Shared Improvements
Roadway and paving, water, wastewater, storm drainage and soft costs benefitting only Zone A Improvement Area #1 and the Non-Assessed Property	Zone A Improvement Area #1 Improvements
Roadway and paving, storm drainage and soft costs benefitting only Zone A and the Non-Assessed Property	Zone A Improvements
Roadway and paving, water, wastewater, storm drainage and soft costs benefitting only Zone B Improvement Area #1	Zone B Improvement Area #1 Improvements
Roadway and paving, storm drainage and soft costs benefitting only Zone B	Zone B Improvements

In addition to the above, the following terms have the following meanings herein:

<b>Term</b>	<b>Meaning</b>
Zone A Improvement Area #1 Projects	Collectively, the (i) pro rata portion of the Major Improvements allocable to Zone A Improvement Area #1, (ii) the pro rata portion of the Shared Improvements allocable to Zone A Improvement Area #1, (iii) the pro rata portion of the Zone A Improvements allocable to Zone A Improvement Area #1, and (iv) the Zone A Improvement Area #1 Improvements
Zone A Remainder Area Projects	Collectively, (i) the pro rata portion of the Major Improvements allocable to the Zone A Remainder Area and (ii) the pro rata portion of the Zone A Improvements allocable to the Zone A Remainder Area
Zone B Improvement Area #1 Projects	Collectively, the (i) pro rata portion of the Major Improvements allocable to Zone B Improvement Area #1, (ii) the pro rata portion of the Shared Improvements allocable to Zone B Improvement Area #1, (iii) the pro rata portion of the Zone B Improvements allocable to Zone B Improvement Area #1, and (iv) the Zone B Improvement Area #1 Improvements
Zone B Remainder Area Projects	Collectively, (i) the pro rata portion of the Major Improvements allocable to the Zone B Remainder Area and (ii) the pro rata portion of the Zone B Improvements allocable to the Zone B Remainder Area

The Developer expects to begin construction of the Major Improvements, the Shared Improvements, the Zone A Improvement Area #1 Improvements, the Zone A Improvements, the Zone B Improvement Area #1 Improvements, and the Zone B Improvements in 1Q 2025 and complete such improvements in 3Q 2026.

As of March 19, 2025, the Developer has expended approximately \$676,287.00 on the Major Improvements, the Shared Improvements, the Zone A Improvement Area #1 Improvements, the Zone A Improvements, the Zone B Improvement Area #1 Improvements, and the Zone B Improvements, which costs were funded by the Trez Loan.

The expected cost of the Zone B Improvement Area #1 Projects (exclusive of any costs of issuance relating to the Bonds) is \$13,769,099\*. The City will pay a portion of the project costs for the Zone B Improvement Area #1 Projects from proceeds of the Bonds. The remainder of the costs of the Zone B Improvement Area #1 Projects will be funded by the Developer without reimbursement from the City using funds from the Trez Loan and Developer equity. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Zone B Improvement Area #1 Projects and be paid in accordance with the Indenture and the Bryson Ranch Public Improvement District Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement (the “Construction, Funding, and Acquisition Agreement”). See “THE ZONE B IMPROVEMENT AREA #1 PROJECTS – General,” “THE DEVELOPMENT – Development Plan” and “APPENDIX F – Form of Construction, Funding, and Acquisition Agreement.”

Concurrently with the issuance of the Bonds, the City will issue its \$26,281,000\* City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone A Improvement Area #1 Project) (the “Zone A Improvement Area #1 Bonds”) to finance a portion of the costs of the Zone A Improvement Area #1 Projects. The Zone A Improvement Area #1 Bonds will be secured by assessments on property in Zone A Improvement Area #1 of the District only. Concurrently with the issuance of the Bonds, the City will also issue its \$7,280,000\* City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone A Remainder Area Project) (the “Zone A Remainder Area Bonds”) to finance a portion of the costs of the Zone A Remainder Area Projects. The Zone A Remainder Area Bonds will be secured by assessments on property in the Zone A Remainder Area of the District only. Concurrently with the issuance of the Bonds, the City will also issue its \$6,044,000\* City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Remainder Area Project) (the “Zone B Remainder Area Bonds”) to finance a portion of the costs of the Zone B Remainder Area Projects. The Zone B Remainder Area Bonds will be secured by assessments on property in the Zone B Remainder Area of the District only.

Individual distinct areas which may be developed within the Zone A Remainder Area and the Zone B Remainder Area in the future are referred to herein as “Future Improvement Areas.” The City expects to issue one or more series of bonds (collectively, the “Future Improvement Area Bonds”) to finance the cost of local improvements benefitting the Future Improvement Areas (“Future Improvement Area Improvements”). The estimated costs of the Future Improvement Area Improvements will be determined at the same time 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 Future Improvement Areas of the District and financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District. The Developer anticipates that Future Improvement Area Bonds will be issued over a two-to-five-year period. See “THE DEVELOPMENT – Future Improvement Area Bonds.”

### **Homebuilders in the District**

The Developer has entered into contracts with DRHI, Inc. (“D.R. Horton”), Ashton Dallas Residential, L.L.C. (“Ashton Woods”), Beazer Homes of Texas, L.P. (“Beazer”), First Texas Homes, Inc. (“First Texas”) and M/I Homes of DFW, LLC (“M/I Homes”) for 3,038 of the expected 3,053 single family lots in the District as more particularly described under “THE DEVELOPMENT – Lot Purchase and Sale Agreements in the District.” The Developer has not entered into any contracts for the 120 townhome lots.

### **The Bonds**

Proceeds of the Bonds will be used primarily to provide funds for (i) paying a portion of the Actual Costs of the Zone B Improvement Area #1 Projects; (ii) paying the District Formation Costs allocable to Zone B Improvement Area #1; and (iii) paying the Bond Issuance Costs including funding a reserve fund and paying a portion of the interest on the Bonds during the period of construction and acquisition of the Zone B Improvement Area #1 Projects, and other costs related to the issuance of the Bonds. “District Formation Costs” means the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City or the

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\* Preliminary; subject to change.



Developer directly associated with the establishment of the District. “Bond Issuance Costs” means the costs associated with issuing the Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount may, at the option of the City, be transferred to another Account of the Project Fund or to the Principal and Interest Account of the Bond Fund to pay interest on the Bonds. See “THE ZONE B IMPROVEMENT AREA #1 PROJECTS,” “APPENDIX A – Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds will be secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Pledged Revenues, which consists primarily of the Assessments expected to be levied against the Assessed Property within Zone B Improvement Area #1, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” and “APPENDIX A – Form of Indenture.”

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

## DESCRIPTION OF THE BONDS

### General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing September 15, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, National Association is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000, then the authorized denomination of such Outstanding Bond shall be the amount of such Outstanding Bond (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

### Redemption Provisions

*Optional Redemption.* The City reserves the right and option to redeem the Bonds maturing on or after September 15, 20\_\_, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 15, 20\_\_, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

*Extraordinary Optional Redemption.* Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part and in an amount and on any date specified in a City Certificate, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the

Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to various provisions of the Indenture, any other transfers to the Redemption Fund under the terms of the Indenture, or as a result of unexpended amounts transferred from the Project Fund, as provided in the Indenture). The City will provide the Trustee a City Certificate directing the Bonds to be redeemed pursuant to the Indenture. No redemption shall be made which results in a Bond remaining outstanding in a principal amount less than an Authorized Denomination. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments and “APPENDIX A — Form of Indenture.”

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

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

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

† Stated maturity.

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

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

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

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

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

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

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

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

*Additional Provisions with Respect to Redemption.* The following defined terms apply to this subsection:

“Substantial Amount Redemption” means an extraordinary optional redemption of Bonds pursuant to the Indenture of a principal amount of Bonds that is greater than or equal to ten percent (10%) of the outstanding principal amount of the Bonds.

“Minor Amount Redemption” means an extraordinary optional redemption of Bonds pursuant to the Indenture of a principal amount of Bonds that is less than ten percent (10%) of the outstanding principal amount of the Bonds.

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

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

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

If less than all of a series of Bonds are called for extraordinary optional redemption pursuant to the Indenture, the Bonds or portion of a Bond, as applicable, of such series to be redeemed shall be selected in the following manner:

(i) with respect to a Substantial Amount Redemption, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Bonds of such series; and

(ii) with respect to a Minor Amount Redemption, the Outstanding Bonds of such series shall be redeemed in inverse order of maturity.

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

## BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY

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

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

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

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



the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
- 8) The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

## **SECURITY FOR THE BONDS**

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Pledged Revenues (as defined below), which consist primarily of Assessments expected 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 in connection with the levy of assessments in Zone B Improvement Area #1 of the District (as may be amended and supplemented, the “Service and Assessment Plan”) which describes the special benefit received by the property within the District, including Zone B Improvement Area #1 of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due each year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX B — Form of Service and Assessment Plan.”

### **Pledged Revenues**

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

Pursuant to the Indenture, Pledged Revenues are the sum of (i) the Assessment Revenue, less the Annual Collection Costs; and (ii) any additional revenues that the City may pledge to the payment of the Bonds. "Assessment Revenue" means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against a parcel of Assessed Property, or an Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment and (iii) Foreclosure Proceeds. "Annual Installments" means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Assessment Roll for Zone B Improvement Area #1 attached to the Service and Assessment Plan and related to the Zone B Improvement Area #1 Projects; which annual payment includes the Annual Collection Costs and the up to 0.50% additional interest rate (the "Additional Interest") collected on each annual payment of the Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update. The City has covenanted in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See "SECURITY FOR THE BONDS — Pledged Revenue Fund," "APPENDIX A — Form of Indenture" and "APPENDIX B — Form of Service and Assessment Plan."

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

### **Collection and Deposit of Assessments**

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

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

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

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

### **Unconditional Levy of Assessments**

The City will impose Assessments on the property within Zone B Improvement Area #1 of the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus up to 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated on September 1 and shall be billed on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due when billed on or about October 1, 2026, and will be delinquent if not paid prior to February 1, 2027.

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

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

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

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

### **Perfected Security Interest**

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

## **Pledged Revenue Fund**

The City has created a Pledged Revenue Fund under the Indenture to be held by the Trustee. On or before March 1 of each year while the Bonds are Outstanding and beginning March 1, 2026, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. Specifically, the City shall deposit or cause to be deposited Pledged Revenues (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to Additional Interest collected, if any, in accordance with the Indenture, (iv) fourth, to pay Actual Costs of the Zone B Improvement Area #1 Projects, and (v) fifth, to pay other costs permitted by the PID Act.

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

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

Notwithstanding the deposits described in (i) through (v) of the first paragraph of this subsection, the Trustee shall transfer Prepayments to the Redemption Fund as soon as practical after deposit of such amounts into the Pledged Revenue Fund.

Notwithstanding the deposits described in (i) through (v) of the first paragraph of this subsection, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Account to restore any transfers from the Reserve Account made with respect to the Assessed Parcels to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, and third, to the Redemption Fund.

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

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

## **Bond Fund**

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

If amounts in the Principal and Interest Account are insufficient for the purposes set forth above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in the

Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

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

<u>Date</u>	<u>Amount</u>
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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 Zone B Improvement Area #1 Projects Account of the Project Fund, as directed by the City, or if the Zone B Improvement Area #1 Projects 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**

Money on deposit in the Project Fund shall be used for the purposes specified in the Indenture. Money on deposit in the Zone B Improvement Area #1 Projects Account of the Project Fund shall only be used to pay Actual Costs of Zone B Improvement Area #1 Projects.

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or an executed, completed, and accepted Closing Disbursement Request. Disbursements from the Zone B Improvement Area #1 Projects Account of the Project Fund to pay Actual Costs of the Zone B Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Zone B Improvement Area #1 Projects Account of the Project Fund pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Zone B Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement. Such provisions and procedures related to such disbursements contained in the Zone B Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement, are incorporated in the Indenture by reference and deemed set forth in the Indenture in full, provided that the Trustee shall be permitted to rely fully on any Certification for Payment, City Certificate, or other written direction pursuant to the Indenture without independent investigation. See "APPENDIX A — Form of Indenture" and "APPENDIX F — Form of Construction, Funding, and Acquisition Agreement."

If the City Representative determines in his or her reasonable discretion after inquiry made to the Developer, that amounts then on deposit in the Zone B Improvement Area #1 Projects Account of the Project Fund are not expected to be expended for purposes of the Zone B Improvement Area #1 Projects Account of the Project Fund due to the abandonment, or constructive abandonment, of the Zone B Improvement Area #1 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Zone B Improvement Area #1 Projects Account of the Project Fund will ever or may otherwise legally be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Zone B Improvement Area #1 Projects Account of the Project Fund that are not expected to be used for purposes of such Account. If such City Certificate is so filed, the amounts on deposit in the Zone B Improvement Area #1 Projects Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

Upon the filing of a City Certificate stating that all Zone B Improvement Area #1 Projects have been completed and that all Actual Costs of the Zone B Improvement Area #1 Projects have been paid, or that any such Actual Costs of the Zone B Improvement Area #1 Projects are not required to be paid from the Zone B Improvement Area #1 Projects Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Zone B Improvement Area

#1 Projects Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant the Indenture as directed by the City Representative in a City Certificate filed with the Trustee, and (ii) shall close the Zone B Improvement Area #1 Projects Account. If the Zone B Improvement Area #1 Projects Account has been closed as provided above and the Costs of Issuance Account of the Project Fund has been closed pursuant to the Indenture, the Project Fund shall be closed.

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

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

Pursuant to the Indenture, a Reserve Account has been created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the initial Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of their date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of their date of issuance, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the date of delivery of the Bonds, the Reserve Account Requirement is \$\_\_\_\_\_.

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

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

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

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



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

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

#### **Additional Interest Reserve Account of the Reserve Fund**

Pursuant to the Indenture, an Additional Interest Reserve Account has been created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2026, an amount equal to the Additional Interest collected, if any, and as shown on the Zone B Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any later time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished to the Additional Interest Reserve Requirement. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to the Indenture, the Trustee may conclusively rely on the Annual Installments as shown on the Zone B Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

The Additional Interest Reserve Requirement is an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account. See “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

#### **Administrative Fund**

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

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

## **Defeasance**

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

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

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

## **Events of Default**

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

1. The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;
2. The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;

3. The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and
4. Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of 90 days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate Outstanding principal of the Bonds with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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

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

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

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

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

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

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

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy under the Indenture, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the

Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, as advised by counsel, 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 at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond 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.

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

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

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

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

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

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

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

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

## **Investment or Deposit of Funds**

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

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

## **Against Encumbrances**

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

So long as Bonds are Outstanding under the Indenture, and except as set forth in the Indenture, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Trust Estate, except for other indebtedness incurred in compliance with the Indenture.

## **Additional Obligations or Other Liens**

The City reserves the right, subject to the provisions contained in the Indenture, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues or Assessments levied against the Assessed Property so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

Other than Refunding Bonds issued to refund all or a portion of the Bonds issued in accordance with the Indenture, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and

will not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might or could be lost or impaired.

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

No Refunding Bonds, Additional Obligations, or subordinate obligations may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 15 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

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## DEBT SERVICE REQUIREMENTS

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

<b><u>Year Ending</u></b> <b><u>(September 30)</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	\$	\$	\$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

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## SOURCES AND USES OF FUNDS

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

### Sources of Funds:

Principal Amount	\$
Total Sources	\$

### Uses of Funds:

Deposit to Zone B Improvement Area #1 Projects Account of the Project Fund	\$
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to District Administration Account of the Administrative Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Underwriter's Discount <sup>(1)</sup>	
Total Uses	\$

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

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## OVERLAPPING TAXES AND DEBT

### Overlapping Taxes and Debt

The land within Zone B 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 to be levied by the City.

The District is located within the corporate limits of the City. In addition to the City, Denton County, Texas, and the Pilot Point Independent School District may each levy ad valorem taxes upon land in Zone B Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following tables reflect the estimated overlapping ad valorem tax rates and overlapping indebtedness payable from ad valorem taxes with respect to property within Zone B Improvement Area #1 of the District, as well as City debt secured by the Assessments after delivery of the Bonds.

### OVERLAPPING TAX RATES

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate<sup>(1)</sup></u>
The City	\$0.586126
Denton County, Texas	0.187869
Pilot Point Independent School District	<u>1.026260</u>
Total Existing Tax Rate	<u>\$1.800255</u>
<b>Estimated Average Annual Installment in Zone B Improvement Area #1 of the District as a tax rate equivalent <sup>(2)</sup></b>	<u><b>\$0.813932</b></u>
<b>Estimated Total Tax Rate and Average Annual Installment in Zone B Improvement Area #1 of the District as a tax rate equivalent <sup>(2)</sup></b>	<u><b>\$2.614187</b></u>

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

<sup>(2)</sup> Source: P3Works, LLC. Derived from information presented in the Service and Assessment Plan. See "APPENDIX B – Form of Service and Assessment Plan." *Preliminary, subject to change.*

Source: Denton Central Appraisal District and the City.

### OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of 3/1/2025</u>	<u>Estimated Percentage Applicable<sup>(1)</sup></u>	<u>Direct and Estimated Overlapping Debt<sup>(1),(2)</sup></u>
The City (Assessments - The Bonds) <sup>(2)</sup>	\$18,733,000	100.000%	\$18,733,000
The City (Ad Valorem Taxes)	79,005,000	4.061%	3,208,636
Denton County, Texas	673,670,000	0.020%	131,893
Pilot Point Independent School District	<u>43,310,000</u>	2.469%	<u>1,069,291</u>
<b>TOTAL</b>	<u><b>\$814,718,000</b></u>		<u><b>\$23,142,820</b></u>

<sup>(1)</sup> Based on the discounted cash flow value set forth in the Appraisal for Zone B Improvement Area #1 of the District and on the Tax Year 2024 Net Taxable Assessed Valuations for the taxing entities. See "APPRAISAL."

<sup>(2)</sup> *Preliminary, subject to change.*

Source: Municipal Advisory Council of Texas

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land's agricultural value. All of the property in the District is currently subject to an agricultural use valuation with respect to its ad valorem taxes. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation. The property in the District is subject to hay and/or grazing leases. These leases and lessees' operations on the property allow the property to maintain its agricultural valuation. The Developer expects to terminate these leases as construction of improvements commences. The Developer expects to terminate the agricultural valuation in Zone B Improvement Area #1 of the District in 2025.

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous 3 years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land's agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due.

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

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

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

### **Homeowners' Association**

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

## **ASSESSMENT PROCEDURES**

### **General**

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determined to defray a portion of the costs of the Zone B Improvement Area #1 Authorized Improvements (as hereinafter defined) through Assessments, it adopted a resolution generally describing the Zone B Improvement Area #1 Authorized Improvements and the land within Zone B Improvement Area #1 of the District to be subject to Assessments to pay the cost therefor. The City has caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll shows the land within Zone B Improvement Area #1 of the District to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice 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 Zone B Improvement Area #1 Authorized Improvements and funding a portion of the same with Assessments. The City expects to levy the Assessments and adopt the Assessment Ordinance immediately prior to adopting the Bond Ordinance. After such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments have been made.

Under the PID Act, the Actual Costs of the Zone B Improvement Area #1 Authorized Improvements may be assessed by the City against the assessable property in Zone B Improvement Area #1 of the District so long as the

special benefit conferred upon the Assessed Property by the Zone B Improvement Area #1 Authorized Improvements equals or exceeds the Assessments. The costs of the Zone B Improvement Area #1 Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within the District, including land in Zone B Improvement Area #1, 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 Zone B Improvement Area #1 Authorized Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Zone B Improvement Area #1 Authorized Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Zone B Improvement Area #1 Authorized Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Trust Estate consisting primarily of the Pledged Revenues, which consist primarily of 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 Zone B Improvement Area #1 Authorized Improvements will be allocated to the parcels against which the Assessments are to be levied by spreading the entire Assessment across all Parcels and Lots within Zone B Improvement Area #1 of the District based on the ratio of estimated build-out value of each Parcel or Lot to the estimated build-out value for all Parcels or Lots within Zone B 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 table 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 LEVERAGE PER UNIT IN ZONE B IMPROVEMENT AREA #1 OF THE DISTRICT\***

<b>Lot type</b>	<b>Planned No. of Units</b>	<b>Estimated Finished lot Value per unit<sup>(1)</sup></b>	<b>Projected Average Home Value per unit(2)</b>	<b>Assessment per unit</b>	<b>Average Annual Installment of Assessment per unit</b>	<b>Tax Rate Equivalent of Average Annual Installment of Assessment (per \$100 Lot Value)</b>	<b>Tax Rate Equivalent of Average Annual Installment of Assessment (per \$100 Home Value)</b>	<b>Ratio of Estimated Lot Value to Assessment</b>	<b>Ratio of Projected Average Home Value to Assessment</b>
40'	89	\$77,717	\$384,000	\$38,270	\$3,126	\$4.0216	\$0.8139	2.03	10.03
50'	306	\$96,255	\$480,000	\$47,837	\$3,907	\$4.0589	\$0.8139	2.01	10.03
60'	12	\$112,833	\$576,000	\$57,404	\$4,688	\$4.1550	\$0.8139	1.97	10.03

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

<sup>(1)</sup> Based on the percentage of total discounted value to retail value allocated pro rata to each respective lot type based on information provided in the Appraisal..

<sup>(2)</sup> Estimated Buildout value from the Service and Assessment Plan, per information provided by the Developer.

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

### **Collection and Enforcement of Assessment Amounts**

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

In the Indenture, the City will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Assessed Parcel. Assessments for Annual Collection Costs shall be allocated among all Assessed Parcels in proportion to the amount of the Annual Installments for the Assessed Parcels.

In the Indenture, the City will covenant, agree and warrant that, for so long as any Bonds are Outstanding, and amounts are due the Developer to pay it for its funds it has contributed to pay costs of the Zone B Improvement Area #1 Authorized Improvements, that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

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

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

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

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

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

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

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

#### **Assessment Amounts**

Assessment Amounts. The maximum amounts of the Assessments will be established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property consisting of the annual payment allocable to the Bonds and the Zone B Improvement Area #1 Authorized Improvements for each Assessed Property, which amount includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments are expected to be levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX B — Form of Service and Assessment Plan" and "APPENDIX F — Form of Construction, Funding, and Acquisition Agreement."

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

Division Prior to Recording of Subdivision Plat. Upon the division of any Assessed Property prior to 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 of the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Developer, relying on information from homebuilders, market studies, appraisals, Official Public

Records of the County, and any other relevant information regarding the Assessed Property. The calculation as confirmed by the City Council shall be conclusive and binding.

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 Annual Service Plan Update immediately following such reallocation.

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 Average Buildout Value of all newly subdivided Lots with same Lot Type

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

E= the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The calculation as confirmed by the City Council shall be conclusive and binding.

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 Annual Service Plan Update immediately following such reallocation.

Upon Consolidation. If two or more Lots or Parcels are consolidated into a single Lot or Parcel, 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 immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments.

Maximum Assessment. The Service and Assessment Plan establishes a “Maximum Assessment” for each lot type in Zone B Improvement Area #1 of the District, which Maximum Assessment is currently calculated at \$38,270\* for 40’ lots, \$47,837\* for 50’ lots and \$57,404\* for 60’ lots in Zone B Improvement Area #1.

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\* Preliminary; subject to change.

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

### **Prepayment of Assessments**

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

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

*Mandatory Prepayment of Assessments—Transfer to Exempt Entity.* If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefited Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefited Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer. If a reallocation causes the Assessment for any successor parcel to exceed the Maximum Assessment, the owner of the Parcel being reallocated must partially prepay the Assessment to the extent it exceeds the Maximum Assessment for such Parcel in an amount sufficient to reduce the Assessment to the Maximum Assessment.

*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 exceeding the applicable Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City’s approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. See “BONDHOLDERS’ RISKS — Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption” and “APPENDIX B — Form of Service and Assessment Plan.”

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property), (the “Remaining Property”) following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner will remain liable to pay in Annual Installments, or payable as otherwise provided by the Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Annual Installments applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner will be required to make a Prepayment in an amount



necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment and Annual Installments applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the assessment on the Remaining Property.

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to \$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 \$90 and the Annual Installments adjusted accordingly.

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

Notwithstanding the previous paragraphs in this subsection, 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.

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

The City is not required under any circumstance to purchase the property or to pay the delinquent Assessment on the corresponding Assessed Parcel.

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

In the Indenture, the City creates the Additional Interest Reserve Account under the Reserve Fund and will fund such account as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS – Additional Interest Reserve Account of the Reserve Fund,” “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

## THE CITY

### Background

The District is located within the corporate limits of the City. The City is located in Denton, Grayson, and Cooke Counties, 50 miles north of Dallas and 15 miles northwest of the City of Denton. Access to the City is provided by State Highway 377, State Highway 1385, and Farm Road 455. The City currently covers approximately 34 square miles. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. The City’s 2020 Census population was 4,381. The City’s current population estimate is 7,800.

### City Government

The City is a political subdivision and is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City adopted a Home Rule Charter in November 2009. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members who are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The current members of the City Council and their respective expiration of terms of office are set forth on page ii hereof.

### 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>
Chandler Cabinets	Retail Store	300
Western Son Distillery	Beverage Manufacturing Plant	300
Pilot Point ISD	Education	212
TrimLine Cabinets	Cabinetry	105
Cedar Ridge Nursing Center	Nursing Home	70
Empire Countertops	Counter Tops	65
City of Pilot Point	Government	60
Pilot Point Care Center	Nursing Home	58
Brookshire Brothers	Retail Grocery	50
TriTex Cabinets	Cabinet Construction	45

*Source: Municipal Advisory Council of Texas*

### Historical Employment in Denton County

	Average Annual				
	2025 <sup>(1)</sup>	2024	2023	2022	2021
Civilian Labor Force	599,355	594,996	581,563	556,405	526,040
Total Employed	577,207	572,903	560,655	538,019	502,502
Total Unemployed	22,148	22,093	20,908	18,386	23,538
Unemployment Rate	3.7%	3.7%	3.6%	3.3%	4.5%

Source: Texas Workforce Commission.

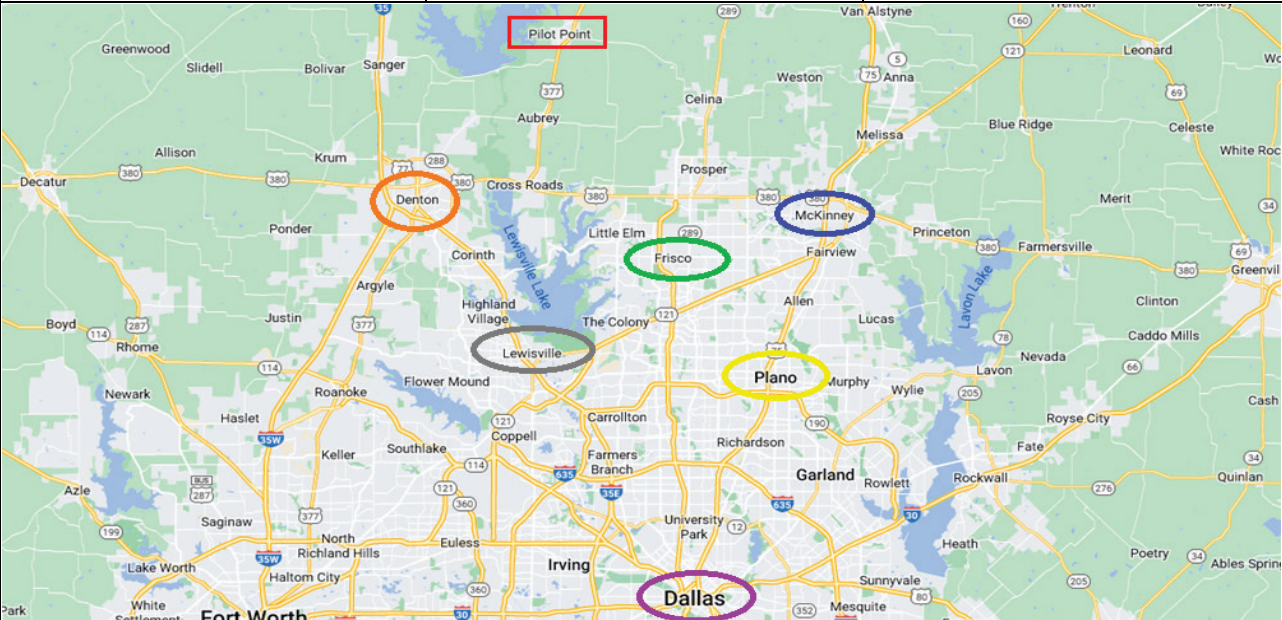
<sup>(1)</sup> Data through January 2025.

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## Surrounding Economic Activity

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

City of Denton Approximately 10 miles from the City		City of Frisco Approximately 33 miles from the City		City of McKinney Approximately 30 miles from the City		City of Plano Approximately 42 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
University of North Texas	8,891	Frisco ISD	8,799	Raytheon Space & Airborne Systems	3,096	JP Morgan Chase	9,500
Denton ISD	4,331	City of Frisco	1,738	McKinney Independent School District	2,800	Capital One Finance	7,542
Peterbilt Motors-Headquarters & Plant	2,000	T-Mobile USA	1,322	Torchmark/United American	1,640	Toyota Motor North America Inc.	4,573
Denton County	1,822	Keurig Dr. Pepper Inc.	1,213	City of McKinney	1,369	Bank of America	4,500
Denton State Supported Living Center	1,146	TIAA	906	Encore Wire Corp.	1,350	AT&T Foundry	2,500
City of Denton	1,104	Conifer	903	Collin College	852	Ericsson	2,406
Texas Presbyterian Hospital	1,100	Baylor Scott & White/Centennial Hospital	663	Baylor Medical Center	700	Liberty Mutual Insurance Company	2,385
Texas Women's University	1,077	Dallas Cowboys Football Club	471	Medical Center of McKinney	670	Medical City Plano	2,332
Sally Beauty Holdings, Inc.	1,000	Baylor Medical Center (Warren Parkway)	460	Timber Blinds	350	USAA	2,092
Medical City Denton	799	Lexipol	420	Watson & Chalin	350	Fannie Mae	2,000

City of Lewisville Approximately 23 miles from the City	
Employer	Employees
Lewisville ISD	3,551
Wal-Mart	900
City of Lewisville	842
Medical City of Lewisville	577
Mary Kay	571
Caliber Collision	545
SYSCO	476
Hoya Vision Care	325
Orthofix	250
The Flooring Services	250

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

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

### Powers and Authority

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

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

## THE ZONE B IMPROVEMENT AREA #1 PROJECTS

### General

The Zone B Improvement Area #1 Projects consist of (a) Zone B Improvement Area #1's proportionate share of the costs of the Zone B Improvements, (b) Zone B Improvement Area #1's proportionate share of the Shared Improvements, (c) Zone B Improvement Area #1's proportionate share of the Major Improvements, and (d) the Zone B Improvement Area #1 Improvements. A portion of the costs of construction of the Zone B Improvement Area #1 Projects will be funded with proceeds of the Bonds. The balance of the cost of the Zone B Improvement Area #1 Projects will be paid by the Developer without reimbursement from the City. See "SOURCES AND USES OF FUNDS." The Developer is responsible for the completion of the construction, acquisition or purchase of the Zone B Improvement Area #1 Projects, and the Developer or its designee will act as construction manager. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Zone B Improvement Area #1 Projects and be paid in accordance with the Indenture and the Construction, Funding, and Acquisition Agreement. See "THE DEVELOPMENT – Development Plan."

***Zone B Improvement Area #1 Improvements.*** The Zone B Improvement Area #1 Improvements include roadway and paving, water, wastewater, and storm drainage improvements benefitting only Zone B Improvement Area #1 of the District, as described below:

***Roadway and Paving:*** Improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, barrier free ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The roadway and paving improvements will provide benefit to each Lot within Zone B

Improvement Area #1. All roadway and paving improvements will be built to City standards and specifications and will be owned and maintained by the City.

**Water:** Improvements include trench excavation and embedment, trench safety, PVC piping, fittings, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within Zone B Improvement Area #1. All water improvements will be built to Mustang Special Utility District (“Mustang SUD”) standards and specifications and will be owned and maintained by the Mustang SUD.

**Wastewater:** Improvements include trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Zone B Improvement Area #1. All wastewater improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

**Storm Drainage:** Improvements include earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Zone B Improvement Area #1. All storm drainage improvements will be built to City standards and specifications and will be owned and maintained by the City.

**Soft Costs:** The soft costs include costs related to designing, constructing, and installing the Zone B Improvement Area #1 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees.

**Zone B Improvements.** The Zone B Improvement Area #1 Projects will also include Zone B Improvement Area #1’s allocable share of certain Zone B Improvements, as described below:

**Roadway and Paving:** Improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, barrier free ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The roadway and paving improvements will provide benefit to all Lots within Zone B. All roadway and paving improvements will be built to City standards and specifications and will be owned and maintained by the City.

**Storm Drainage:** Improvements include earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Zone B. All storm drainage improvements will be built to City standards and specifications and will be owned and maintained by the City.

**Soft Costs:** Soft costs include costs related to designing, constructing, and installing the Zone B Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees.

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

**Roadway and Paving:** Improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, barrier free ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The roadway and paving improvements will provide benefit to the entire District and the Non-Assessed Property. All roadway and paving improvements will be built to City standards and specifications and will be owned and maintained by the City.

**Storm Drainage:** Improvements include earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for the entire District and the Non-Assessed Property. All storm drainage improvements will be built to City standards and specifications and will be owned and maintained by the City.

**Water:** Improvements include trench excavation and embedment, trench safety, PVC piping, fittings, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to the entire District. All water improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

**District Formation Costs:** Costs related to District Formation and any related fees for the entire District.

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

**Wastewater:** Improvements include trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Zone B Improvement Area #1 and Zone B Improvement Area #1. All wastewater improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

The following table reflects the total expected costs of the Zone B Improvement Area #1 Projects, the first year's Annual Collection Costs related to the Bonds, and Bond Issuance Costs incurred in connection with the issuance of the Bonds (collectively, the "Zone B Improvement Area #1 Authorized Improvements"), along with the costs of the Zone A Improvements, the Zone A Improvement Area #1 Improvements, the Zone B Improvements, the Shared Improvements, and the Major Improvements, and the allocation of such costs among the property in the District, including Non-Assessed Property. The cost of the Zone B Improvement Area #1 Authorized Improvements is expected to be approximately \$18,765,326\*. A portion of such costs is expected to be paid with proceeds of the Bonds. The balance of such costs is expected to be paid by the Developer. See "SOURCES AND USES OF FUNDS."

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\* Preliminary; subject to change.



	Total Costs <sup>(a)</sup>	Non-Assessed Property <sup>(b)</sup>	Private <sup>(c)</sup>	District Eligible Costs	Zone A				Zone B			
					Zone A Improvement Area #1		Zone A Remainder Area		Zone B Improvement Area #1		Zone B Remainder Area	
					%	Cost	%	Cost	%	Cost	%	Cost
<b>Major Improvements<sup>(d)</sup></b>												
Roadway and Paving <sup>(e)</sup>	\$ 1,957,240	\$ 224,249	\$ -	\$ 1,732,991	19.22%	\$ 332,997	35.23%	\$ 610,514	13.48%	\$ 233,611	32.08%	\$ 555,869
Storm Drainage	1,066,665	122,212	-	944,453	19.22%	181,478	35.23%	332,720	13.48%	127,314	32.08%	302,940
Water	784,145	-	-	784,145	19.22%	150,675	35.23%	276,246	13.48%	105,704	32.08%	251,520
District Formation Costs	2,200,000	-	-	2,200,000	19.22%	422,733	35.23%	775,036	13.48%	296,565	32.08%	705,666
Soft Costs <sup>(e)</sup>	912,355	-	-	912,355	19.22%	175,310	35.23%	321,413	13.48%	122,987	32.08%	292,645
	\$ 6,920,405	\$ 346,462	\$ -	\$ 6,573,943		\$ 1,263,193		\$ 2,315,929		\$ 886,181		\$ 2,108,640
<b>Shared Improvements<sup>(f)</sup></b>												
Wastewater												
Orange Wastewater Line	\$ 1,364,492	\$ 348,508	\$ -	\$ 1,015,984	58.77%	\$ 597,096	0.00%	\$ -	41.23%	\$ 418,887	0.00%	\$ -
Purple Wastewater Line	396,908	-	-	396,908	58.77%	233,264	0.00%	-	41.23%	163,644	0.00%	-
Soft Costs <sup>(e)</sup>	264,210	-	-	264,210	58.77%	155,277	0.00%	-	41.23%	108,933	0.00%	-
	\$ 2,025,610	\$ 348,508	\$ -	\$ 1,677,102		\$ 985,637		\$ -		\$ 691,464		\$ -
<b>Zone A Improvement Area #1 Improvements<sup>(h)</sup></b>												
Roadway and Paving <sup>(e)</sup>	\$ 6,101,128	\$ -	\$ -	\$ 6,101,128	100%	\$ 6,101,128	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Wet Utilities												
Water	2,563,432	361,820	-	2,201,612	100%	2,201,612	0.00%	-	0.00%	-	0.00%	-
Storm Drainage	3,644,425	-	-	3,644,425	100%	3,644,425	0.00%	-	0.00%	-	0.00%	-
Wastewater	1,603,940	-	-	1,603,940	100%	1,603,940	0.00%	-	0.00%	-	0.00%	-
Soft Costs <sup>(e)</sup>	2,007,322	-	-	2,007,322	100%	2,007,322	0.00%	-	0.00%	-	0.00%	-
	\$ 15,920,247	\$ 361,820	\$ -	\$ 15,558,427		\$ 15,558,427		\$ -		\$ -		\$ -
<b>Zone A Improvements<sup>(i)</sup></b>												
Roadway and Paving <sup>(e)</sup>	\$ 2,040,252	\$ 395,761	\$ -	\$ 1,644,491	35.29%	\$ 580,396	64.71%	\$ 1,064,095	0.00%	\$ -	0.00%	\$ -
Storm Drainage	828,950	158,062	-	670,888	35.29%	236,779	64.71%	434,109	0.00%	-	0.00%	-
Contingency	862,158	-	-	862,158	35.29%	304,285	64.71%	557,873	0.00%	-	0.00%	-
Soft Costs <sup>(e)</sup>	1,018,508	-	-	1,018,508	35.29%	359,466	64.71%	659,042	0.00%	-	0.00%	-
	\$ 4,749,867	\$ 553,823	\$ -	\$ 4,196,044		\$ 1,480,926		\$ 2,715,119		\$ -		\$ -
<b>Zone B Improvement Area #1 Improvements</b>												
Roadway and Paving <sup>(e)</sup>	\$ 4,749,791	\$ -	\$ -	\$ 4,749,791	0.00%	\$ -	0.00%	\$ -	100%	\$ 4,749,791	0.00%	\$ -
Wet Utilities												
Water	1,357,552	-	-	1,357,552	0.00%	-	0.00%	-	100%	1,357,552	0.00%	-
Storm Drainage	2,100,808	-	-	2,100,808	0.00%	-	0.00%	-	100%	2,100,808	0.00%	-
Wastewater	1,641,248	-	-	1,641,248	0.00%	-	0.00%	-	100%	1,641,248	0.00%	-
Soft Costs <sup>(e)</sup>	1,475,667	-	-	1,475,667	0.00%	-	0.00%	-	100%	1,475,667	0.00%	-
	\$ 11,325,064	\$ -	\$ -	\$ 11,325,064		\$ -		\$ -		\$ 11,325,064		\$ -
<b>Zone B Improvements<sup>(j)</sup></b>												
Roadway and Paving <sup>(e)</sup>	\$ 1,630,693	\$ -	\$ -	\$ 1,630,693	0.00%	\$ -	0.00%	\$ -	29.59%	\$ 482,529	70.41%	\$ 1,148,164
Storm Drainage	794,198	-	-	794,198	0.00%	-	0.00%	-	29.59%	235,007	70.41%	559,191
Soft Costs <sup>(e)</sup>	503,046	-	-	503,046	0.00%	-	0.00%	-	29.59%	148,853	70.41%	354,192
	\$ 2,927,936	\$ -	\$ -	\$ 2,927,936		\$ -		\$ -		\$ 866,389		\$ 2,061,547
<b>Private<sup>(k)</sup></b>												
Private Improvements	\$ 26,011,310	\$ -	\$ 26,011,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 26,011,310	\$ -	\$ 26,011,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Bond Issuance Costs<sup>(k)</sup></b>												
Debt Service Reserve Fund	\$ 4,534,575	\$ -	\$ -	\$ 4,534,575		\$ 2,036,655		\$ 571,685		\$ 1,451,595		\$ 474,640
Capitalized Interest	5,877,159	-	-	5,877,159		2,420,042		946,400		1,724,997		785,720
Underwriter Discount	1,166,760	-	-	1,166,760		525,620		145,600		374,660		120,880
Underwriter Counsel	583,380	-	-	583,380		262,810		72,800		187,330		60,440
Cost of Issuance	3,791,970	-	-	3,791,970		1,708,265		473,200		1,217,645		392,860
	\$ 15,953,844	\$ -	\$ -	\$ 15,953,844		\$ 6,953,392		\$ 2,209,685		\$ 4,956,227		\$ 1,834,540
<b>Other Costs<sup>(k)</sup></b>												
Deposit to Administrative Fund	\$ 160,000	\$ -	\$ -	\$ 160,000		\$ 40,000		\$ 40,000		\$ 40,000		\$ 40,000
	\$ 160,000	\$ -	\$ -	\$ 160,000		\$ 40,000		\$ 40,000		\$ 40,000		\$ 40,000
<b>Total</b>	<b>\$ 85,994,284</b>	<b>\$ 1,610,613</b>	<b>\$ 26,011,310</b>	<b>\$ 58,372,361</b>		<b>\$ 26,281,575</b>		<b>\$ 7,280,733</b>		<b>\$ 18,765,326</b>		<b>\$ 6,044,727</b>

**Footnotes:**

- [a] Per Engineer's Report dated February 12, 2025.  
[b] The Developer has agreed to pay for the allocable share of the Actual Costs of these Authorized Improvements that benefits the Non-Assessed Property. The costs of Authorized Improvements have been allocated between Assessed Property and Non-Assessed Property as shown in **Exhibit B-2, Exhibit B-3, Exhibit B-4, Exhibit B-5**.  
[c] Non-reimbursable to the Developer through Assessments or PID Bonds.  
[d] District eligible Major Improvements are allocated pro rata across the Assessed Property based on Estimated Buildout Value. The costs of Major Improvements allocated to Non-Assessed Property is shown in **Exhibit B-2**.  
[e] Roadway and paving costs include costs related to roadway, paving, and earthwork.  
[f] District eligible Shared Improvements are allocated pro rata across Zone A Improvement Area #1 and Zone B Improvement Area #1 based on Estimated Buildout Value. The costs of Shared Improvements allocated to Non-Assessed Property is shown in **Exhibit B-3**.  
[g] Soft Costs include engineering fees, testing fees, contingency, construction management fees, and permit fees. Soft Costs attributable to Major Improvements are allocated pro rata based on the Zone A and Zone B construction costs.  
[h] The costs of Zone A Improvement Area #1 Improvements allocated to Non-Assessed Property is shown in **Exhibit B-4**.  
[i] District eligible Zone A Improvements are allocated pro rata across Zone A based on Estimated Buildout Value. The costs of Zone A Improvements allocated to Non-Assessed Property is shown in **Exhibit B-5**.  
[j] District eligible Zone B Improvements are allocated pro rata across Zone B based on Estimated Buildout Value.  
[k] Estimates only and subject to change upon issuance of PID Bonds.

## Ownership and Maintenance of Improvements

The Zone B Improvement Area #1 Projects will be dedicated to and accepted by the City and the Mustang SUD, as applicable, and will constitute a portion of the City's and Mustang SUD's infrastructure improvements. The City and Mustang SUD, as applicable, will provide for the ongoing operation, maintenance and repair of the Zone B Improvement Area #1 Projects, other than those maintained by the HOA, 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 or the Underwriter have any way of guaranteeing the accuracy of such information.

### Overview

The land within the District will be developed as a development to be known as "Bryson Ranch" (the "Development"). The Development is an approximately 924-acre master planned project currently located within the corporate limits of the City, near the intersection of FM 1385 and Mobberly Road. The Development is approximately 21 miles northeast of the City of Frisco, Texas, 38 miles northeast of the City of Plano, Texas, and 43 miles northeast of Dallas Fort Worth International Airport. The City, located in the north-central region of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the "DFW MSA"), is poised for significant growth as the overall DFW MSA continues its growth trajectory.

The land within the Development is owned by the Developer, which is an affiliate of Centurion American Custom Homes Inc. d/b/a Centurion American Development Group Inc. ("Centurion"), as described below in "THE DEVELOPER — Description of the Developer." See "THE DEVELOPER — History and Financing of the District." The Developer develops infrastructure and community improvements (amenities, parks, trails, etc.) and sells residential lots to high-quality production homebuilders under lot takedown contracts. The Development will include a variety of trails, ponds, an amenity center and open space areas for its residents and others to enjoy. This combination will provide its residents a community environment in which to live. The Development is located in the Pilot Point Independent School District.

An additional approximately 120 acres of land adjacent to the District and sold by the Developer simultaneous with its purchase of the Purchased Property are expected to be developed as multifamily and commercial development. The land within the Development and such additional 120 acres are referred to herein as the "Bryson Ranch Development."

### Development Plan

The Developer expects to develop the Development as a master planned residential development which is expected to contain approximately 3,053 single-family residential lots, in 40', 50' and 60' sizes, and 120 townhome lots at buildout. The Developer will develop the Development in distinct areas, which development will begin with development of (i) the infrastructure to serve Zone A Improvement Area #1 of the District, (ii) a portion of the major infrastructure to serve all of Zone A of the District, (iii) the infrastructure to serve Zone B Improvement Area #1 of the District, and (iv) a portion of the major infrastructure to serve all of Zone B of the District. Such development is expected to continue with development of the infrastructure to serve the Future Improvement Areas located in Zone A and Zone B. See "THE ZONE B IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT — Concept Plan" and "—Expected Build-Out and Home Prices in the Development," and "APPENDIX B — Form of Service and Assessment Plan."

The Developer expects to begin construction of the Major Improvements, the Shared Improvements, the Zone A Improvement Area #1 Improvements, the Zone A Improvements, the Zone B Improvement Area #1 Improvements, and the Zone B Improvements in 1Q 2025 and complete such improvements in 3Q 2026.

As of March 19, 2025, the Developer has expended approximately \$676,287.00 on the Major Improvements, the Shared Improvements, the Zone A Improvement Area #1 Improvements, the Zone A Improvements, the Zone B Improvement Area #1 Improvements, and the Zone B Improvements, which costs were funded by the Trez Loan.

The expected cost of the Zone B Improvement Area #1 Projects is \$13,769,099\*. The City will pay a portion of the project costs for the Zone B Improvement Area #1 Projects from proceeds of the Bonds. The remainder of the

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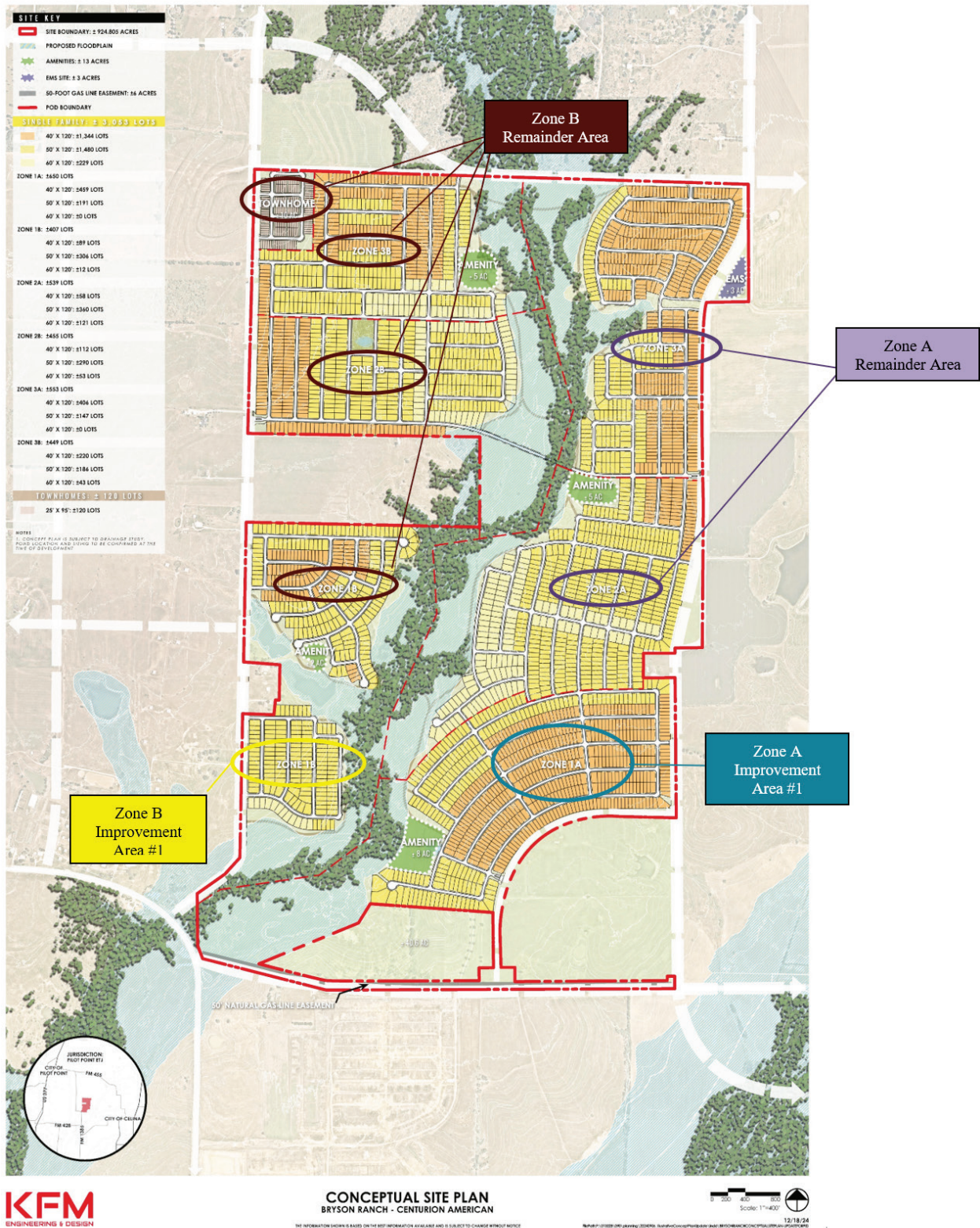
\* Preliminary; subject to change.

costs of the Zone B Improvement Area #1 Projects will be funded by the Developer without reimbursement from the City using funds from the Trez Loan and Developer equity. See “SOURCES AND USES OF FUNDS.” Proceeds of the Zone A Improvement Area #1 Bonds are expected to pay for a portion of the costs of the Zone A Improvement Area #1 Projects, proceeds of the Zone A Remainder Area Bonds are expected to pay a portion of the costs of the Zone A Remainder Area Projects, and proceeds of the Zone B Remainder Area Bonds are expected to pay a portion of the costs of the Zone B Remainder Area Projects. The balance of the costs of the Zone A Improvement Area #1 Projects, Zone A Remainder Area Projects and Zone B Remainder Area Projects are expected to be paid by the Developer using funds from the Trez Loan and Developer equity. See “PLAN OF FINANCE.”

### **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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## Lot Purchase and Sale Agreements in the District

The Developer has entered into five lot purchase and sale agreements (collectively, the “Lot PSAs”) for 3,038 of the expected 3,053 single-family residential lots within the District as described below. The Developer expects to amend the Lot PSAs to account for the remaining 15 single-family residential lots in the District as development and final lots splits occur between the builders in the District. The Developer has not entered into a contract for the 120 expected townhome lots.

*Ashton Woods.* The Developer has entered into a Contract of Sale with Ashton Woods (the “Ashton Woods PSA”) for approximately 324 single-family residential lots in Phase 1, Phase 2 and Phase 3 of the District in the approximate lot mix, at the prices, and under the takedown schedule described below.

The Ashton Woods PSA also contains provisions that allow the Developer to increase the purchase price of the lots due to increases in construction costs of lots from those projected at the execution of the Ashton Woods PSA. In the event of an increase in construction costs for lots of less than 5%, the Developer may provide notice to Ashton Woods with evidence of such increase in construction costs and the Developer’s proposed price adjustment, and the lot price shall be proportionally increased based on such increased costs. In the event of an increase in lot construction costs of greater than 5%, the Developer may provide notice to Ashton Woods of such increase and the Developer’s proposed adjustment to the lot price. After receipt of such notice, Ashton Woods has 30 days to (i) accept the increase in lot price and continue closing on the applicable lots at the increased lot price provided in the Developer’s notice or (ii) reject the increased lot price set forth in the notice. If Ashton Woods rejects the increased lot price, the Developer has 30 days to either (a) proceed with closing the applicable lots under the Ashton Woods PSA as if the increase in construction costs equaled 5% or (b) terminate the Ashton Woods PSA.

Under the Ashton Woods PSA, the Developer must complete the Phase 1 lots on or prior to 24 months after June 21, 2024, except for delays caused by force majeure, but in no event, later than 27 months after June 21, 2024 (the “AW Outside Completion Date”). If the Developer fails to complete construction of the Phase 1 lots by the AW Outside Completion Date, Ashton Woods has the option (i) to extend the AW Outside Completion Date or (ii) to terminate the Ashton Woods PSA. Further, the Developer must complete the lots in Phase 2 and Phase 3 such that no interruption occurs in the takedown schedule set forth in the Ashton Woods PSA, but, with respect to Phase 2, no later than 18 months after the completion of Phase 1 and, with respect to Phase 3, no later than 18 months after the completion of Phase 2. In the event the Developer fails to complete the Phase 2 or Phase 3 lots within the applicable time period, Ashton Woods may (a) deliver notice to the Developer and the Developer shall have 60 days to complete the applicable lots (subject to an additional up to 60 days in the event of delays caused by force majeure), or (b) elect to extend the applicable completion date for up to 6 months, during which time Ashton Woods’ obligation to take down lots and pay any additional consideration from a lot price annual escalator shall abate. If Ashton Woods elects to provide the 60 day or 6 month extension described in the preceding sentence and the Developer fails to complete the applicable lots by the applicable deadline, Ashton Woods may terminate the Ashton Woods PSA.

Under the Ashton Woods PSA, the Developer shall construct (i) an amenity center which shall be completed within 24 months after completion of Phase 1, and (ii) entry monumentation, common area landscaping and irrigation, screening walls and other hardscape improvements within each phase, which shall be completed within 120 days of completion of the applicable phase. In the event that the amenity center or common area features are not completed within such time period, Ashton Woods’ obligations to purchase lots and pay any additional consideration from a lot price annual escalator shall abate until completion of the amenity center or common area features.

The Developer has reserved a right of first offer under the Ashton Woods PSA in the event Ashton Woods elects to sell a lot on which a foundation or home has not been constructed.

*Beazer.* The Developer has entered into a Contract of Sale with Beazer (the “Beazer PSA”) for approximately 324 single-family residential lots in Phase 1, Phase 2 and Phase 3 of the District in the approximate lot mix, at the prices, and under the takedown schedule described below.

Under the Beazer PSA, the Developer must complete Phase 1 of the District on or prior to 20 months after June 21, 2024, but in no event, except for delays caused by force majeure, later than 24 months after June 21, 2024 (the “Beazer Outside Completion Date”). If the Developer fails to complete construction of the Phase 1 lots by the

Beazer Outside Completion Date, Beazer has the option (i) to extend the Beazer Outside Completion Date or (ii) to terminate the Beazer PSA. The Developer's current expectations for completion of Phase 1 are by the Beazer Outside Completion Date. Further, the Developer must complete the lots in Phase 2 and Phase 3 such that no interruption occurs in the takedown schedule set forth in the Beazer PSA. In the event the Developer fails to complete the Phase 2 or Phase 3 lots within the applicable time periods, Beazer may (a) deliver notice to the Developer and the Developer shall have 60 days to complete the applicable lots (subject to additional delays in the event of force majeure), or (b) elect to extend the applicable completion date for up to 6 months, during which time Beazer's obligation to take down lots and pay any additional consideration from a lot price annual escalator shall abate. If Beazer elects to provide the 60 day or 6 month extension described in the preceding sentence and the Developer fails to complete the applicable lots by the applicable deadline, Beazer may terminate the Beazer PSA.

Under the Beazer PSA, the Developer shall construct (i) an amenity center which shall be completed within 24 months after completion of Phase 1, and (ii) entry monumentation, common area landscaping and irrigation, screening walls and other hardscape improvements within each phase, which shall be completed within 120 days of completion of the applicable phase. In the event that the amenity center or common area features are not completed within such time period, Beazer's obligations to purchase lots and pay any additional consideration from a lot price annual escalator shall abate until completion of the amenity center or common area features.

The Developer has reserved a right of first offer under the Beazer PSA in the event Beazer elects to sell a lot on which a foundation or home has not been constructed.

First Texas. The Developer has entered into a Contract of Sale with First Texas (the "First Texas PSA") for approximately 324 single-family residential lots in Phase 1, Phase 2 and Phase 3 of the District in the approximate lot mix, at the prices, and under the takedown schedule described below.

Under the First Texas PSA, the Developer must complete Phase 1 of the District on or prior to 20 months after June 21, 2024, but in no event, except for delays caused by force majeure, later than 24 months after June 21, 2024 (the "FT Outside Completion Date"). If the Developer fails to complete construction of the Phase 1 lots by the FT Outside Completion Date, First Texas has the option (i) to extend the FT Outside Completion Date or (ii) to terminate the First Texas PSA. The Developer's current expectations for completion of Phase 1 are by the FT Outside Completion Date. Further, the Developer must complete the lots in Phase 2 and Phase 3 such that no interruption occurs in the takedown schedule set forth in the First Texas PSA. In the event the Developer fails to complete the Phase 2 or Phase 3 lots within the applicable time periods, First Texas may (a) deliver notice to the Developer and the Developer shall have 60 days to complete the applicable lots (subject to additional delays in the event of force majeure), or (b) elect to extend the applicable completion date for up to 6 months, during which time First Texas' obligation to take down lots and pay any additional consideration from a lot price annual escalator shall abate. If First Texas elects to provide the 60 day or 6 month extension described in the preceding sentence and the Developer fails to complete the applicable lots by the applicable deadline, First Texas may terminate the First Texas PSA.

Under the First Texas PSA, the Developer shall construct (i) an amenity center, which shall be completed within 24 months after completion of Phase 1 and (ii) entry monumentation, common area landscaping and irrigation, screening walls and other hardscape improvements within each phase, which shall be completed within 120 days of completion of the applicable phase. In the event that the amenity center or common area features are not completed within such time periods, First Texas' obligations to purchase lots and pay any additional consideration from a lot price annual escalator shall abate until completion of the amenity center or common area features.

The Developer has reserved a right of first offer under the First Texas PSA in the event First Texas elects to sell a lot on which a foundation or home has not been constructed.

M/I Homes. The Developer has entered into a Contract of Sale with M/I Homes (the "M/I Homes PSA") for approximately 324 single-family residential lots in Phase 1, Phase 2 and Phase 3 of the District in the approximate lot mix, at the prices, and under the takedown schedule described below.

Under the M/I Homes PSA, the Developer must complete the Phase 1 lots on or prior to 24 months after June 21, 2024, except for delays caused by force majeure, but in no event, later than 27 months after June 21, 2024 (the "M/I Outside Completion Date"). If the Developer fails to complete construction of the Phase 1 lots by the M/I



Outside Completion Date, M/I Homes has the option (i) to extend the M/I Outside Completion Date or (ii) to terminate the M/I Homes PSA. Further, the Developer must complete the lots in Phase 2 and Phase 3 such that no interruption occurs in the takedown schedule set forth in the M/I Homes PSA, but, with respect to Phase 2, no later than 18 months after the completion of Phase 1 and, with respect to Phase 3, no later than 18 months after the completion of Phase 2. In the event the Developer fails to complete the Phase 2 or Phase 3 lots within the applicable time period, M/I Homes may (a) deliver notice to the Developer and the Developer shall have 60 days to complete the applicable lots (subject to an additional up to 60 days in the event of delays caused by force majeure), or (b) elect to extend the applicable completion date for up to 6 months, during which time M/I Homes' obligation to take down lots and pay any additional consideration from a lot price annual escalator shall abate. If M/I Homes elects to provide the 60 day or 6 month extension described in the preceding sentence and the Developer fails to complete the applicable lots by the applicable deadline, M/I Homes may terminate the M/I Homes PSA.

Under the M/I Homes PSA, the Developer shall construct (i) an amenity center, including a pool and cabana and related amenities with a minimum budget of \$2,000,000 which shall be completed within 30 months after completion of Phase 1, and (ii) entry monumentation, common area landscaping and irrigation, screening walls and other hardscape improvements within each phase, which shall be completed within 120 days of completion of such phase. In the event that the amenity center or other amenities are not completed within such time periods, M/I Homes' obligation to purchase lots and pay any additional consideration from a lot price annual escalator shall abate until completion of the amenity center or common area features.

The Developer has reserved a right of first offer under the M/I Homes PSA in the event M/I Homes elects to sell a lot on which a foundation or home has not been constructed.

*D.R. Horton.* The Developer has entered into a Contract of Sale with D.R. Horton, as amended (the "D.R. Horton PSA") for approximately 1,742 single-family residential lots in Zone A (Phase 1A, 2A and 3A) of the District in the approximate lot mix, at the prices, and under the takedown schedule described below. The 1,742 lot total includes one additional lot and breakdown of lot mixes pursuant to an amendment executed by the Developer and the local D.R. Horton office, but which is awaiting signature from the D.R. Horton's national corporate office (the "Expected Lot Count Amendment").

The D.R. Horton PSA also contains provisions that allow the Developer to increase the purchase price of the lots in Phase 2A and Phase 3A (as shown on the concept plan) due to increases in construction costs of lots from those projected at the execution of the D.R. Horton PSA. In the event of an increase in construction costs for such lots that is less than 10%, the Developer may provide notice to D.R. Horton with evidence of such increase in construction costs and the Developer's proposed price adjustment, and the lot price shall be proportionally increased based on such increased costs. In the event of an increase in lot construction costs of greater than 10%, the Developer may provide notice to D.R. Horton of such increase and the Developer's proposed adjustment to the lot price. After receipt of such notice, D.R. Horton has 30 days to (i) accept the increase in lot price and continue closing on the applicable lots at the increased lot price provided in the Developer's notice or (ii) reject the increased lot price set forth in the notice. If D.R. Horton rejects the increased lot price, the Developer has 30 days to either (a) proceed with closing the applicable lots under the D.R. Horton PSA as if the increase in construction costs equaled 10% or (b) terminate the D.R. Horton PSA.

Under the D.R. Horton PSA, the Developer shall use good faith efforts to complete the Phase 1 lots on or prior to 24 months after June 21, 2024. If the Developer fails to complete construction of the Phase 1 lots prior to 27 months after June 21, 2024, D.R. Horton has the option to (i) extend such completion date for one or more periods not exceeding, in the aggregate, two years or (ii) terminate the D.R. Horton PSA. The Developer shall commence construction of the Phase 2 lots prior to substantial completion of Phase 1, and use good faith efforts to achieve substantial completion for Phase 2 within 23 months after the initial closing of lots in Phase 1. In the event the Developer has failed to complete the Phase 2 lots within 26 months of the initial closing of lots in Phase 1, D.R. Horton has the option to (i) extend such completion date for one or more periods not exceeding, in the aggregate, two years or (ii) terminate the D.R. Horton PSA. The Developer shall commence construction of the Phase 3 lots prior to substantial completion of Phase 2, and use good faith efforts to achieve substantial completion for Phase 3 within 23 months after the initial closing of lots in Phase 2. In the event the Developer has failed to complete the Phase 2 lots within 26 months of the initial closing of lots in Phase 2, D.R. Horton has the option to (i) extend such completion date for one or more periods not exceeding, in the aggregate, two years or (ii) terminate the D.R. Horton PSA.

The D.R. Horton PSA provides that the Developer shall (i) commence construction of the amenity center within 90 days after the initial closing of lots in Phase 1 and complete the amenity center no later than 30 months after substantial completion of Phase 1 and (ii) complete entry monumentation, common area landscaping and irrigation, screening walls and other hardscape improvements within each phase within 120 days of completion of such phase. In the event that the amenity center or other amenities are not completed within such time frames, D.R. Horton's obligations to purchase lots and pay the amenity fees shall abate until completion of the amenity center or applicable common area features. In the event the Developer fails to construct the amenity center, D.R. Horton may elect to construct the amenity center and the Developer shall remain liable for the costs thereof.

Under each of the Lot PSAs, the tax rate equivalent for each lot shall not exceed \$3.09 per \$100 of assessed value in the aggregate when taking into account the Annual Installments of the Assessments.

Each of the builders have deposited and released earnest money pursuant to their respective Lot PSA. The following table provides a summary of the earnest money deposited and released under the Lot PSAs.

<b><u>Homebuilder</u></b>	<b><u>Earnest Money Required</u></b>	<b><u>Earnest Money Deposited</u></b>	<b><u>Earnest Money Released</u></b>	<b><u>Earnest Money Remaining</u></b>
Ashton Woods	\$5,000,000	\$5,000,000	\$5,000,000	\$0
Beazer	\$5,000,000	<u>\$5,000,000</u>	<u>\$5,000,000</u>	\$0
First Texas	\$5,005,000	\$5,005,000	\$5,005,000	\$0
M/I Homes	\$5,000,000	\$5,000,000	\$5,000,000	\$0
Horton	<u>\$22,000,000</u>	<u>\$22,000,000</u>	<u>\$22,000,000</u>	<u>\$0</u>
	<b><u>\$42,005,000</u></b>	<b><u>\$42,005,000</u></b>	<b><u>\$42,005,000</u></b>	<b><u>\$0</u></b>

The Developer has executed a joint earnest money deed of trust with Ashton Woods, Beazer, First Texas, and M/I Homes, granting each an equal share of interest in certain property in the District to secure the earnest money provided by each pursuant to their respective Lot PSA. The Developer has executed a separate earnest money deed of trust securing the earnest money deposited by D.R. Horton. Such earnest money deeds of trust are subordinate to the deed of trust securing the Trez Loan. The Developer used the earnest money to partially fund the acquisition of the Purchased Property as described under "THE DEVELOPER – History and Financing of the District."

The following table provides a summary of the prices, fees and takedown terms of the Lot PSAs.

#### LOT PURCHASE AND SALE AGREEMENTS

<b><u>Homebuilder</u></b>	<b><u>Phase</u></b>	<b><u>Total Lots</u></b>	<b><u>Lot Size</u></b>	<b><u>Base Price Per Lot</u></b>	<b><u>Fees</u></b>	<b><u>Lots per Takedown</u></b>
Ashton Woods	1B	22	40'	\$72,000	\$500 marketing  \$2,000 amenity	Initial closing –18 lots in Phase 1 within 20 days after the completion date of Phase 1 lots.  Subsequent closings – 18 lots every 90 days after initial closing until all lots are acquired.  If a subsequent phase has not been completed in such time as to allow Ashton Woods to acquire not less than 18 lots at any subsequent closing, Ashton Woods shall close on any remaining completed lots and the initial closing for the uncompleted subsequent phase shall occur on the later of (i) 60 days following the last closing in which Ashton Woods acquired lots in the preceding phase or (ii) 15 days after completion date of the applicable phase and subsequent closings in such phase shall occur as set forth above.
		76	50'	\$90,000		
		3	60'	\$108,000		
	2B	28	40'	\$76,000		
		71	50'	\$95,000		
		13	60'	\$114,000		
	3B	55	40'	\$80,000		
		46	50'	\$100,000		
		10	60'	\$120,000		

Beazer	1B	22	40'	\$72,000	\$500 marketing  \$2,000 amenity	<p>Initial closing –18 lots in Phase 1 within 20 days after the completion date of Phase 1 lots.</p> <p>Subsequent closings – 18 lots every 90 days after initial closing until all lots are acquired.</p> <p>If a subsequent phase has not been completed in such time as to allow Beazer to acquire not less than 18 lots at any subsequent closing, Beazer shall close on any remaining completed lots and the initial closing for the uncompleted subsequent phase shall occur on the later of (i) 60 days following the last closing in which Beazer acquired lots in the preceding phase or (ii) 15 days after completion date of the applicable phase and subsequent closings in such phase shall occur as set forth above.</p>
		76	50'	\$90,000		
		3	60'	\$108,000		
	2B	28	40'	\$76,000		
		71	50'	\$95,000		
		13	60'	\$114,000		
	3B	55	40'	\$80,000		
		46	50'	\$100,000		
		10	60'	\$120,000		
First Texas	1B	22	40'	\$72,500	\$500 marketing  \$2,000 amenity	<p>Initial closing –18 lots in Phase 1 within 20 days after the completion date of Phase 1 lots.</p> <p>Subsequent closings – 18 lots every 90 days after initial closing until all lots are acquired.</p> <p>If a subsequent phase has not been completed in such time as to allow First Texas to acquire not less than 18 lots at any subsequent closing, First Texas shall close on any remaining completed lots and the initial closing for the uncompleted subsequent phase shall occur on the later of (i) 60 days following the last closing in which First Texas acquired lots in the preceding phase or (ii) 15 days after completion date of the applicable phase and subsequent closings in such phase shall occur as set forth above.</p>
		76	50'	\$90,500		
		3	60'	\$108,500		
	2B	28	40'	\$76,500		
		71	50'	\$95,500		
		13	60'	\$114,500		
	3B	55	40'	\$80,500		
		46	50'	\$100,500		
		10	60'	\$120,500		
M/I Homes	1B	22	40'	\$72,000	\$500 marketing  \$2,000 amenity	<p>Initial closing –18 lots in Phase 1 within 20 days after the completion date of Phase 1 lots.</p> <p>Subsequent closings – 18 lots every 90 days after initial closing until all lots are acquired. If a subsequent phase has not been completed in such time as to allow M/I Homes to acquire not less than 18 lots at any subsequent closing, M/I Homes shall close on any remaining completed lots and the initial closing for the uncompleted subsequent phase shall occur on the later of (i) 60 days following the last closing in which M/I Homes acquired lots in the preceding phase or (ii) 15 days after completion date of the applicable phase and subsequent closings in such phase shall occur as set forth above.</p>
		76	50'	\$90,000		
		3	60'	\$108,000		
	2B	28	40'	\$76,000		
		71	50'	\$95,000		
		13	60'	\$114,000		
	3B	54	40'	\$80,000		
		47	50'	\$100,000		
		10	60'	\$120,000		



D.R. Horton**	1A	459	40'	\$72,000	\$500 marketing	Initial closing – 110 lots no later than 20 days after the later of substantial completion or the delivery of a notice of suitability
		191	50'	\$90,000		
	2A	58	40'	\$72,000	\$2,000 amenity	Subsequent closings – 110 lots every 180 days after initial closing until all lots are closed
		360	50'	\$90,000		
		121	60'	\$108,000		
	3A	406	40'	\$72,000		
		147	50'	\$90,000		
Total		<u><b>3,038</b></u>				

\* Excludes 8% annual escalator.

\*\* As provided in the Expected Lot Count Amendment.

### Expected Build-Out and Home Prices in the Development

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

#### ESTIMATED HOME PRICES

<u>Improvement Area</u>	<u>Lot Size</u>	<u>Quantity</u>	<u>Base Lot Price Excluding Fees</u>	<u>Estimated Average Base Home Price*</u>
Zone A IA #1	40'	459	\$72,000	\$384,000
	50'	191	\$90,000	\$480,000
Zone A Remainder Area	40'	464	\$76,000	\$384,000
	50'	507	\$95,000	\$480,000
	60'	121	\$114,000	\$576,000
Zone B IA #1	40'	89	\$72,000	\$384,000
	50'	306	\$90,000	\$480,000
	60'	12	\$108,000	\$576,000
Zone B Remainder Area	40'	332	\$80,000	\$384,000
	50'	476	\$100,000	\$480,000
	60'	96	\$120,000	\$576,000
	Townhome	120	\$60,000*	\$300,000

\* Developer estimates.

The Developer expects to complete the Development in several phases over a ten year period. The following tables provide the Developer's expected build-out schedule of the District and absorption schedule of lots for the District.

#### EXPECTED BUILD-OUT SCHEDULE OF THE DISTRICT

<u>Improvement Area</u>	<u>Phase</u>	<u>Lots</u>	<u>Expected Start of Internal Infrastructure</u>	<u>Expected Internal Infrastructure Completion Date</u>	<u>Expected Final Lot Sale Date</u>
Zone A IA #1	Phase 1A	650	Q1 2025	Q3 2026	Q1 2029
Zone A Remainder Area	Phase 2A	539	Q3 2026	Q1 2028	Q3 2031
	Phase 3A	553	Q1 2028	Q3 2029	Q1 2034
Zone B IA #1	Phase 1B	407	Q1 2025	Q3 2026	Q4 2027
Zone B Remainder Area*	Phase 2B	455	Q3 2026	Q1 2028	Q3 2029
	Phase 3B and Townhome	569	Q1 2028	Q3 2029	Q1 2031
Total		3,173			

\* Includes townhome lots.

### EXPECTED ABSORPTION OF LOTS IN THE DISTRICT

<u>Zone A Improvement Area #1</u>		<u>Zone A Remainder Area (Phase #2A)</u>		<u>Zone A Remainder Area (Phase #3A)</u>	
<u>Expected Final Sale Date</u>	<u>Total Lots</u>	<u>Expected Final Sale Date</u>	<u>Total Lots</u>	<u>Expected Final Sale Date</u>	<u>Total Lots</u>
Q3 2026	110	Q1 2029	10	Q3 2031	21
Q4 2026	0	Q2 2029	0	Q4 2031	0
Q1 2027	110	Q3 2029	110	Q1 2032	110
Q2 2027	0	Q4 2029	0	Q2 2032	0
Q3 2027	110	Q1 2030	110	Q3 2032	110
Q4 2027	0	Q2 2030	0	Q4 2032	0
Q1 2028	110	Q3 2030	110	Q1 2033	110
Q2 2028	0	Q4 2030	0	Q2 2033	0
Q3 2028	110	Q1 2031	110	Q3 2033	110
Q4 2028	0	Q2 2031	0	Q4 2033	0
Q1 2029	<u>100</u>	Q3 2031	89	Q1 2034	<u>92</u>
Total	650	Total	539	Total	553

<u>Zone B Improvement Area #1</u>		<u>Zone B Remainder Area (Phase #2B)</u>		<u>Zone B Remainder Area (Phase #3B)*</u>	
<u>Expected Final Sale Date</u>	<u>Total Lots</u>	<u>Expected Final Sale Date</u>	<u>Total Lots</u>	<u>Expected Final Sale Date</u>	<u>Total Lots</u>
Q3 2026	72	Q1 2028	72	Q3 2029	49
Q4 2026	72	Q2 2028	72	Q4 2029	72
Q1 2027	72	Q3 2028	72	Q1 2030	72
Q2 2027	72	Q4 2028	72	Q2 2030	72
Q3 2027	72	Q1 2029	72	Q3 2030	72
Q4 2027	<u>47</u>	Q2 2029	72	Q4 2030	72
Total	407	Q3 2029	<u>23</u>	Q1 2031	40
		Total	455	Total	449

\* Phase #3B excludes townhome lots, the absorption for which is not yet known.

### 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 benefitting the Future Improvement Areas of the District will be determined at the same time such Future Improvement Areas are developed, and the Service and Assessment Plan will be updated to identify the Future Improvement Area Improvements to be constructed and financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District. The Developer anticipates that Future Improvement Area Bonds will be issued over a two-to-five-year period.

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

## Development Agreement

The Development Agreement sets forth certain agreements between the City and the Developer relating to the development of all property within the Bryson Ranch Development (the “Property”), including the Developer’s and the City’s respective contributions to development of the Property, the issuance of public improvement district bonds for development in the District, and agreements relating to the creation of a tax increment reinvestment zone (a “TIRZ”) which includes the land with the District.

Pursuant to the Development Agreement, the maximum amount of bonds to be issued for the District is \$225,000,000. In addition, the Development Agreement provides that the maximum tax rate equivalent of any assessments shall not exceed \$1.25 per \$100 assessed value at the time such assessments are levied, and the maximum overlapping tax rate equivalent in the District shall not exceed \$3.09 per \$100 assessed value. Under the Development Agreement, the value to lien ratio of bonds issued for direct improvements applicable to a particular phase shall be at least 2:1. For any major improvement public improvement bonds, the value to lien ratio shall not be less than 2.5:1. Notwithstanding the foregoing, the total aggregate amount of assessments levied in the District shall have a minimum value to lien ratio of at least 1.1:1. In the event the value to lien ratio for a particular series of bonds falls below 1.5:1, the Developer shall be responsible for making a cash deposit to cover the costs of private improvements not otherwise paid for out of the bond proceeds but required to complete the respective phase of development.

In accordance with the Development Agreement, the City has created the TIRZ, which consists of approximately 1,031 acres and includes all land within the District. Under the Development Agreement, the Developer has requested that the City provide tax increment revenue generated from the TIRZ as follows: (i) fifty percent (50%) of the ad valorem tax increment generated by the TIRZ for a period of up to thirty-six (36) years (the “City Participation”), or (ii) until the aggregate amount of the City’s TIRZ increment placed into the TIRZ fund, including interest on any balance, totals \$200,000,000, whichever comes first. The City Participation will be reduced dollar for dollar with participation by Denton County, if any. The funds placed in the TIRZ fund are expected to be provided to the Developer in the form of an economic development grant (the “Developer Grant”) as an economic incentive for the development of the Property as a master planned mixed use development. The City and the Developer have not yet entered into the grant agreement.

Under the Development Agreement, the Developer has agreed to dedicate approximately 2 acres for use as an emergency medical services site (the “EMS Site”), which dedication shall occur when the Bonds are issued. In the event of a shift in boundary lines of the EMS Site such that any portion of the EMS Site contains property subject to assessments, the Developer has agreed to make a prepayment so that such dedicated site is no longer subject to assessments. The EMS Site is tentatively located in Phase 3A.

The Development Agreement requires the Developer to submit a permit application for each amenity center in the District within 45 days of the City’s acceptance of the public improvements within the adjacent phase of property. If the City timely provides the Developer a permit for such construction, the Developer shall commence construction of each amenity center within 180 days of the City’s acceptance of the public improvements within the adjacent phase of property and complete each amenity center within 12 months after commencement of construction thereof. In the event the Developer fails to timely commence construction of any amenity center or fails to timely complete any amenity center, and thereafter fails to cure such default within 30 days of receiving notice of such default from the City, the Developer has agreed to pay the City damages in the amount of \$250 per day until the amenity center default has been cured, but in no event shall such damages exceed \$250,000.

Under the Development Agreement, the Developer shall also construct certain roadway improvements, including:

- a maximum of two lanes of roadway improvements adjacent to the Property along Lights Ranch Road, Mobberly Road, and Hames Road;
- A collector road connecting Mobberly Road and Hames Road;
- An expansion of the existing Mobberly Road adjacent to the Property to a three-lane section; and
- A two lane internal residential road running east/west across the floodplain.

Under the Development Agreement, the City has waived all applicable impact fees except roadway impact fees (the “Roadway Impact Fee”) to be collected within any portion of the Property utilized for residential purposes. The City has agreed to credit the Roadway Impact Fee until such time as the City has credited Roadway Impact Fees in the amount of \$20,624,521, after which the Roadway Impact Fees will be collected in accordance with City regulations.

The Development Agreement requires the Developer to prohibit D.R. Horton or any of its affiliates from constructing its “Express Series” homes within the property, and Lennar Corporation, Pulte Homes or any entity affiliated with Lennar Corporation or Pulte Homes from constructing an equivalent of D.R. Horton’s Express Series homes, or such builders’ lowest level home, within the Property. This restriction is expected to be contained in the covenants, conditions and restrictions recorded for the Development.

## **Zoning**

The District is zoned as a planned development pursuant to Ordinance No. 567-16-2024 (“PD Ordinance”) adopted by the City Council on October 24, 2024. The PD Ordinance allows certain residential uses and establishes guidelines pertaining to purpose, height, area, and setbacks in the District, and also allows certain commercial and multifamily uses on the land adjacent to the Development. Because the Development lies within the city limits of the City, the City’s zoning and subdivision regulations control to the extent they do not conflict with the PD Ordinance.

## **Private Improvements**

The Developer plans to construct or fund certain private improvements to serve the entire District consisting of grading/site preparation, retaining walls, dry utilities, and miscellaneous items and soft costs related thereto and to the District (collectively, the “Private Improvements”). The Private Improvements are expected to be constructed with each phase of development, with commencement of construction beginning not later than six months after acceptance of the phase and completion occurring approximately twelve months after acceptance of the phase. The approximate cost of the Private Improvements in Zone A Improvement Area #1 of the District is \$12,000,000 and Zone B Improvement Area #1 of the District is \$5,500,000. The costs of the Private Improvements for Zone A Improvement Area #1 and Zone B Improvement Area #1 will be paid entirely by the Developer using funds from the Trez Loan without reimbursement by the City. Private Improvements in Future Improvement Areas are expected to be funded by future development loans.

The Private Improvements will be dedicated to and accepted by the HOA. The HOA will provide for the ongoing operation, maintenance and repair of the Private Improvements through HOA fees to be paid by each lot owner within the District.

## **Amenities**

The Developer will construct certain amenities within the Development, including hike and bike trails, playgrounds, open space improvements, screening walls, ponds and two amenity centers which will include a pool, clubhouse, open space, a play area, restrooms and parking. Construction of the first amenity center, which will be located in Zone A Improvement Area #1, is expected to begin in 1Q 2027 and be completed in 1Q 2028. The first amenity center is expected to cost approximately \$2,500,000 and be financed with builder amenity fees and other Developer funds. The second amenity center is expected to be similar to the first amenity center and be located in Zone B. The cost and timeline of the construction of the second amenity center is not yet known. The second amenity center is expected to be funded through private financing to be acquired by the Developer in connection with the development of later phases in Zone A of the District. Construction of the amenities other than the amenity centers and applicable to each phase will be completed on a phase-by-phase basis as each phase is developed. The expected cost of the amenities other than the amenity center allocable to Zone A Improvement Area #1 is \$2,000,000, which is expected to be funded with the Trez Loan. The expected cost of the amenities other than the amenity center allocable to Zone B Improvement Area #1 is \$1,000,000, which is expected to be funded with the Trez Loan.

The Lot PSAs and the Development Agreement contain certain deadlines for the construction of the amenities and the amenity centers. The Developer expects to meet such deadlines.

## Education

Pilot Point Independent School District (“PPISD”) which serves a portion of Collin and Denton Counties, serves the District. PPISD enrolls over 1,500 students in one high school, one middle school, one elementary school and one early childhood center. Students in the District desiring to attend public school will attend Pilot Point Elementary School (approximately 8 miles from the District), Pilot Point Middle School (approximately 7.8 miles from the District) and Pilot Point High School (approximately 9.4 miles from the District). According to the Texas Education Agency (“TEA”), PPISD and Pilot Point High School received a “District Accountability Rating” of “B,” Pilot Point Middle School received a “District Accountability Rating” of “C,” and Pilot Point Elementary School received a “District Accountability Rating” of “A” from the TEA for the 2021-2022 school year, the latest year for which ratings are available. Greatschools.org rates Pilot Point Middle School a 5/10 and Pilot Point High School a 5/10. Greatschools.org has not rated Pilot Point Elementary School.

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

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

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

Although the Developer does not expect the above-described Third-Party Property Rights, or the exercise of such rights or any other third-party real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Third Party Property Rights.”

## Environmental

Environmental. A Phase One Environmental Site Assessment (a “Phase One ESA”) of the Purchased Property was completed on January 20, 2024 by Environmental Property Investigations, Inc. (“EPI”). Based on the information presented in the Phase One ESA, EPI concluded that there were no recognized environmental conditions existing on the Purchased Property.

Endangered Species. The Developer is not aware of any endangered species located on District property.

## Flood Designation

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) Panel No. 48121C0260G and 48121C0280G each dated April 18, 2011 (the “FIRM Maps”), approximately 299.57 acres of the property of the District lies within the 100 year floodplain which is distributed in the District as follows: 59.23 acres in Zone A Improvement Area #1 of the District, 105.29 acres are located in the Zone A Remainder Area of the District, 64.02 acres are located in Zone B Improvement Area #1 of the District and 71.03 acres are located in the Zone B Remainder Area. The areas in the floodplain lie within two flood designations: Zone X and Zone AE. Zone X is an area determined to be outside the 0.2% annual chance of floodplain. Zone AE is an area subject to inundation by a 1% annual chance of flood.

Approximately 64.9 acres of land within the floodplain, including 2.7 acres in Zone A Improvement Area #1, 22.89 acres in the Zone A Remainder Area, 9.15 acres in Zone B Improvement Area #1 and 9.19 acres located in the Zone B Remainder Area is expected to be reclaimed for future lot development. The remainder of the land within the floodplain is expected to be open space. The Developer expects to apply for letters of map revision (“LOMRs”) to remove the reclaimed land from the floodplain on a phase-by-phase basis. The Developer expects to apply for the LOMR for Zone A Improvement Area #1 and Zone B Improvement Area #1 in April 2025 and receive approval of the LOMR in December 2025.

## **Utilities**

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

The Developer is constructing certain onsite water and wastewater improvements as part of the Zone A Improvement Area #1 Improvements and the Zone B Improvement Area #1 Improvements to provide water and wastewater service to lots in Zone A Improvement Area #1 and Zone B Improvement Area #1, respectively. Mustang SUD has completed a feasibility study outlining certain additional offsite water and wastewater infrastructure that must be constructed in order to provide service to the lots in the Zone A Remainder Area and the Zone B Remainder Area. The Developer and Mustang SUD are expected to negotiate a Non-Standard Service Agreement delineating the construction and payment responsibilities for such infrastructure in the future.

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

## **THE DEVELOPER**

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

## **General**

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

## **Description of the Developer**

The Developer is an affiliate of Centurion and was created by Centurion for the purpose of managing and ultimately conveying property in the District to third parties, as described under the caption “THE DEVELOPMENT.”

The Developer is a nominally capitalized limited liability company, the primary asset of which is unsold property within the District. The Developer will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District or funds advanced to the Developer by an affiliated party. The Developer's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds.

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

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

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

<u>Name</u>	<u>County</u>	<u>Property Type</u>	<u>Starting Home Price</u>	<u>Status of Development</u>
Alpha Ranch	Wise/Denton	Single-family	\$400,000	Pre-development process.
Anna Hurricane Creek*	Collin	Single-family	\$390,000	PID Bonds issued; Phase 1: Started 9/2018, Currently Being Developed
Anna Hurricane North*	Collin	Single-family	\$390,000	Development Ongoing - HB Building
Arboretum Estates*	Kaufman	Mixed-use	\$390,000	Pre-development process.
Bear Creek	Dallas	Single-family	\$280,000	Development Ongoing - HB Building
Cartwright Ranch*	Kaufman	Single-family	\$290,000	Development Ongoing - HB Building
Chalk Hill*	Collin	Single-family	\$390,000	Development Ongoing - HB Building
City Point*	Tarrant	Mixed-use	\$390,000	Development Ongoing - HB Building
Collin Creek Redevelopment*	Collin	Mixed-use	\$515,000	Development Ongoing - HB Building
Cottonwood*	Grayson	Mixed-use	\$400,000	Pre-development process
Creekside of Crowley	Tarrant	Single-family	\$350,000	Development Ongoing - Mattamy Building
Creekview Meadows*	Denton	Single-family	\$420,000	Development Ongoing - HB Building
Duck Point*	Denton	Single-family	\$390,000	Pre-development process.
Edgewood Creek*	Denton	Single-family	\$670,000	Development Ongoing - HB Building
Enchanted Creek	Collin	Single-family	\$1,000,000	Phase 3; Under Development
Entrada at Westlake	Tarrant	Mixed-use	\$1,100,000	Development Ongoing - HB Building
Erwin Farms	Collin	Single-family	\$529,000	Development Ongoing - HB Building
"Faith Ranch* (Taylor Ranch)"	Grayson	Single-family	\$400,000	Pre-development process
Frisco Hills	Denton	Single-family	\$720,000	Development Complete / HB Finishing Up

Harper Estates*	Collin	Single-family	\$1,280,000	PID Bonds issued; Development Ongoing
"Highpoint Village* (Mantua Tract)"	Grayson	Single-family	\$380,000	Pre-development process
Iron Horse Village*	Dallas	Mixed-use	\$250,000	Development Ongoing / HB Complete
Kensington Gardens	Dallas	Single-family	\$750,000	Development Ongoing / HB Building
Lakeside Crossing*	Denton	Townhome/Multi-family	\$365,000	PID Bonds issued; Development Ongoing
Lily Estates at Sutton Fields*	Collin	Single-family	\$500,000	PID Bonds issued; Development Ongoing
Mercer Crossing*	Dallas	Mixed-use	\$590,000	Last Phase Going - HB Building
Mobberly Farms*	Denton	Single-family	\$278,000	Development Ongoing - HB Building
Montalcino Estates	Denton	Single-family	\$1,500,000	Development Ongoing - HB Building
Northlake Estates*	Denton	Single-family	\$570,000	Development Ongoing - HB Building
Polo Ridge*	Kaufman	Single-family	\$480,000	Development Ongoing - HB Building
Saddlebrook Estates	Ellis	Single-family	\$320,000	Next Phase Going Through Engineering
Spiritas Ranch East*	Denton	Single-family	\$390,000	Development Ongoing - HB Building
Spiritas Ranch*	Denton	Single-family	\$460,000	Development Ongoing - HB Building
Sutton Fields East*	Collin	Single-family	\$490,000	PID Bonds issued; Development Ongoing
Sutton Fields*	Denton	Single-family	\$480,000	Development Ongoing - HB Building
Swan Lake Estates	Dallas	Single-family	\$850,000	Pre-development process
Tenison Village at Buckner Terrace	Dallas	Single-family	\$450,000	Development Complete - Builders Finishing Up
The Bridges at Preston Crossings	Grayson	Single-family	\$700,000	Development Ongoing; New Phase Being Developed
The Estates at Eagle Mountain* (Sheelin)	Tarrant	Single-family	\$490,000	Pre-development process.
The Resort on Eagle Mountain Lake	Tarrant	Single	\$550,000	Development Ongoing - Builder Doing Takedowns
Thunder Rock*	Burnet	Mixed-use	\$320,000	Development Ongoing - HB Building
Travis Ranch	Kaufman	Single-family	\$290,000	Development Ongoing - HB Building
University Hills	Dallas	Single-family	\$390,000	Pre-development process
Valencia on the Lake*	Denton	Single-family	\$500,000	Next Phase Going Through Engineering
Verandah	Rockwall	Single-family	\$250,000	Development Ongoing - HB Building
Wade Settlement	Collin	Single-family	\$600,000	Last Phase Going - Mattamy Building
Walden Pond	Kaufman	Single/Multi-family	\$320,000	Development Ongoing - HB Building
Water's Edge	Denton	Single/Multi-family	\$450,000	Development Ongoing - HB Building
Waterfront at Enchanted Bay	Tarrant	Single-family	\$400,000	Phase 1: Started 5/2005 * Phase 1: Delivered 2/2007 Phase 2: Being Engineered
Whitewing Trails*	Collin	Single-family/Multi-family	\$400,000	Development Ongoing - HB Building
Barcelona	Collin	Single-family	\$450,000	Development Complete / HB Complete
Bloomridge	Collin	Single-family	\$400,000	Development Complete / HB Complete
Bonds Ranch	Tarrant	Single-family	\$250,000	Purchased all Finished Lots / All Lots sold in Q4 2017
Brookfield	Denton	Single-family	\$280,000	Sold Land
Carter Ranch	Collin	Single-family	\$250,000	Development Complete / HB Complete



Chateaus of Coppell	Dallas	Single-family	\$1,300,000	Development Ongoing - HB Building
Creeks of Legacy	Denton/Collin	Single-family	\$450,000	Development Complete / HB Complete
Crestview at Prosper Creek	Collin	Single-family	\$350,000	Complete - Megatel Finishing Construction
Crown Valley	Parker	Single-family	\$350,000	Development Complete / Sold Phase / Pod Sale
Deer Creek North	Tarrant	Single-family	\$225,000	Development Complete / HB Complete
Dominion Estates	Tarrant	Single-family	\$225,000	Development Complete / HB Complete
Dove Creek	Collin	Single-family	\$450,000	Development Complete / HB Complete
Estancia	Tarrant	Single-family	\$550,000	Development Complete / HB Complete
Estancia Estates	Denton	Single-family	\$500,000	Development Complete / HB Complete
Falls of Prosper	Collin	Single-family	\$500,000	Development Complete / HB Complete
Founders Parc	Tarrant	Single/Multi-family	480,000	Development Complete / HB Complete
Frisco Ranch	Denton	Single-family	\$350,000	Development Complete / HB Complete
Garden Springs	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Hickory Farms*	Dallas	Single-family	TBD	Development Complete / HB Complete
Highlands Glen	Denton	Single-family	\$400,000	Development Complete / HB Complete
Hills of Lake Country	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
Hillstone Pointe*	Denton	Single-family	\$350,000	Phase 1: Delivered 12/2017, Remainder Raw Land Sold to Horton & Lennar
Kings Ridge (Denton)	Denton	Single/Multi-family	\$250,000	Sold Land to DR Horton
Knox Ranch	Hood	Mixed-use	\$550,000	HB Complete
Lakewood Hills	Denton	Single-family	\$550,000	Development Complete / HB Complete
Lexington Parke	Travis	Single-family	\$250,000	Development Complete / HB Complete
Llano Springs	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
McKinney Greens	Collin	Single-family	\$250,000	Development Complete / HB Complete
Mountain Creek	Dallas	Multi-family	\$325,000	Development Complete / HB Complete
Northpointe Crossing	Collin	Single-family	\$200,000	Development Complete / HB Complete
Oak Hollow	Collin	Single-family	\$200,000	Development Complete / HB Complete
Owensby Farms	Collin	Single-family	\$400,000	Development Complete / HB Complete
Palomar Estates	Tarrant	Single-family	\$850,000	Development Complete / HB Complete
Preston Hills	Collin	Single-family	\$400,000	Development Complete / HB Complete
Prestwyck	Collin	Mixed-use	\$390,000	Development Complete / HB Complete
Residences at the Stoneleigh	Dallas	Condo	\$750,000	Development Complete
Rolling Meadows	Tarrant	Single-family	\$300,000	Phase 1: Completed * Phase 2A2 & 3 HB Completed
Rosemary Ridge	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Rough Hollow	Travis	Single-family	\$600,000	Development Complete / HB Complete
Sendera Ranch	Tarrant	Single-family	\$300,000	Centurion Owns Future Land / Banking Land
Shahan Prairie	Denton	Single-family	\$250,000	Sold Land
Shale Creek	Wise	Single-family	\$250,000	Development Complete / HB Complete
Silver Ridge	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Spring Creek	Tarrant	Single-family	\$300,000	Development Complete / HB Complete

Steeplechase	Denton	Single-family	\$500,000	Development Complete / HB Complete
Sweetwater Crossing	Collin	Single-family	\$250,000	Development Complete / HB Complete
Terracina	Denton	Single-family	\$500,000	Completed
The Dominion	Dallas	Single-family	\$350,000	Development Complete / HB Complete
The Highlands at Trophy Club	Denton	Single-family	\$350,000	Development Complete / HB Complete
The Villas at Twin Creeks	Collin	Single-family	\$400,000	Completed
The Villas of Indian Creek	Denton	Single-family	\$300,000	Development Complete / HB Complete
Thornbury	Travis	Single-family	\$300,000	Development Complete / HB Complete
University Place	Dallas	Single-family	\$500,000	Development Complete / HB Complete
Villages of Woodland Springs	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
Water's Edge at Hogan's Glen	Denton	Single-family	\$580,000	Completed/Ashton Finishing Construction
Windmill Farms	Kaufman	Single-family	\$300,000	HB Complete
Williamsburg	Rockwall	Single-family	\$350,000	Development Complete / HB Complete
Winn Ridge*	Denton	Single-family	\$350,000	Development Complete / HB Complete

\* — developments utilizing public improvement districts

## Executive Biography

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

Before forming Centurion in 1990, Mr. Moayedí completed several construction and fee development projects in Northeast Tarrant County, Texas subdivisions as well as various construction and remodeling projects. Centurion has become broadly diversified, with residential developments ranging from upscale high-rise residential towers to affordable housing communities for first-time home buyers.

## General Development Financing by Centurion

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

In 2021, Centurion completed a financing (the "Financing") under which acquisition loans relating to certain projects (the "Financing Projects") owned by various Centurion affiliates were refinanced with the proceeds of securities issued by an unaffiliated newly-formed limited liability company created for the purpose of (i) acquiring the property relating to such Financing Projects, (ii) providing funds for limited infrastructure development by the Centurion affiliates related to such Financing Projects and (iii) issuing the bonds secured by inter alia, the property relating to such Financing Projects and certain proceeds derived from lot contracts relating to such Financing Projects. The Financing was completed for the purpose of refinancing loans related to the Financing Projects at a lower rate and achieving debt service savings, terminating certain covenants and freeing up certain collateral related to the refinanced loans, and providing additional funds for development of a portion of the Financing Projects, which funds are expected to be provided at a lower interest rate than development loans typically available relating to the Financing Projects from traditional lenders. Property relating to the Financing Projects is cross-collateralized under the Financing. No property in the District is subject to the Financing.

## History and Financing of the District

*Acquisition and Simultaneous Sales.* The Developer purchased the Purchased Property, which consisted of approximately 1,049 acres of land, including the land comprising the District, on June 21, 2024 from Blue Star Land, L.P., Bryson Ranch, L.P., and 103AC Denton BSL, LLC at a total purchase price of \$83,961,280.

The purchase of the Purchased Property was financed with (i) funds in the amount of \$20,331,161 from the Trez Loan, (ii) \$17,040,307 in cash available from the simultaneous sale of approximately 120 acres of the Purchased Property (which property is located outside the District) as further described below, (iii) \$42,000,000 of earnest money delivered pursuant to the Lot PSAs, (iv) \$4,526,992.22 in cash from the Developer, and (v) \$62,820 from credits available from Developer equity and proration of real estate taxes. Additionally, in order to effectuate the acquisition and loan closing, the Developer, utilizing cash, funded approximately \$2,500,000.00 in various closing expenses. See “THE DEVELOPMENT – Lot Purchase and Sale Agreements in the District.”

Simultaneously with its purchase of the Purchased Property, the Developer sold approximately 120 acres of the Purchased Property in four separate transactions as shown below:

Buyer	Acres Purchased	Sale Price
Texas Republic Management, LLC	20.079	\$3,017,456.26
Gra-Col, LLC	39.982	\$6,008,526.90
Gra-Col, LLC	40.087	\$6,024,352.05
Bryson 1385, LLC	20.076	\$3,172,397.15

The approximately 120 acres sold as described above are expected to constitute the adjacent multifamily and commercial portions of the Bryson Ranch Development.

The Developer entered into Facilities Construction Agreements with each of the above buyers pursuant to which the Developer agreed, at its cost, to install major public infrastructure (which includes the Major Improvements) to benefit the property sold.

*Trez Loan.* To finance the acquisition and development of property in the District, the Developer obtained the Trez Loan. As of March 1, 2025, the Trez Loan is outstanding in the amount of \$28,997,548.28. The Trez Loan note allows for the borrowing of up to \$61,500,000, with certain conditions on advances in excess of \$35,000,000 as more particularly described below.

The Trez Loan bears interest at a variable rate equal to the higher of (i) 10% per annum and (ii) the Wall Street Journal Prime Rate plus 4.5% per annum. The Trez Loan matures on June 21, 2027 (the “Maturity Date”). Interest on the Trez Loan is payable monthly, and principal payments are due as follows:

Date	Principal Amount
July 31, 2026	\$11,500,000
October 31, 2026	\$4,450,000
January 30, 2027	\$11,500,000
April 30, 2027	\$4,450,000
Maturity Date	Remaining Principal Balance

The note for the Trez Loan provides that the Trez Loan is a revolving credit facility and amounts may be reborrowed at the sole option of Trez, and upon terms and conditions acceptable to Trez. Trez has no obligation to permit such reborrowings.

The loan agreement for the Trez Loan provides that no advances above \$35,000,000 shall be made under the Trez Loan until such time as the following have occurred: (i) the District has been created and the Developer is entitled to receive proceeds of the Bonds, the Zone A Improvement Area #1 Bonds, the Zone A Remainder Area Bonds, and the Zone B Remainder Area Bonds are sold in an amount not less than \$38,300,000; and (ii) if a reimbursement agreement is executed, the Developer shall have collaterally assigned such reimbursement agreement to Trez (and any

consent from the City that is necessary for the effective collateral assignment of such agreement shall have been obtained). A reimbursement agreement between the City and the Developer is not expected at this time.

Under the terms of the loan agreement for the Trez Loan, the Developer shall complete the development financed by the Trez Loan by July 31, 2026. The Trez Loan is secured by the property in the District, all of which is owned by the Developer, and collateral assignments of certain contracts and receivables of the Developer, including any bond proceeds with respect to the District to be received by the Developer. Mehrdad Moayedhi has also executed certain financial guaranties and a Completion Guaranty with respect to the Trez Loan.

The PID Act provides that the Assessment Lien is a first and prior lien against an Assessed Parcel within the District and is superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Bonds, Trez shall consent to and acknowledge the creation of the District, the levy of the Assessments and the subordination of the lien securing the Trez Loan to the assessment liens on property within the District securing payment of the Assessments. As a result, the lien on the property within the District securing the Assessments will have priority over the lien on the property within the District securing the Trez Loan.

### **THE ADMINISTRATOR**

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

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

The Administrator's duties will include:

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

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

### **APPRAISAL**

#### **The Appraisal**

General. Peyco Southwest Realty, Inc. (the "Appraiser"), prepared an appraisal report for the City effective as of September 1, 2026, based upon a physical inspection of the District conducted on November 1, 2024 (the "Appraisal"). The Appraisal was prepared at the request of the City. The description herein of the Appraisal is

intended to be a brief summary only of the Appraisal as it relates to Zone B Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX E and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX E — Appraisal.”

Value Estimates. The Appraiser estimated the aggregate market value of the fee simple interest in various tracts of land comprising the land in Zone B Improvement Area #1 of the District under the extraordinary assumption that the Zone B Improvement Area #1 Projects are completed. See “THE ZONE B IMPROVEMENT AREA #1 PROJECTS.” The Appraisal also includes a hypothetical condition that the Developer will remedy the floodplain issues in the District and will attain the LOMRs which must be approved by FEMA in order to make the property in the District fully developable as proposed. Thus, the Appraisal is based on the hypothetical condition that the property in the District will be constructed as proposed based off the utilization of the LOMRs to ensure the construction process is completed in accordance with FEMA’s suggestions and as a result, the completed construction will not be impacted by being located in a flood zone. See “THE DEVELOPMENT – Flood Designation” and “BONDHOLDERS’ RISKS – 100-Year Floodplain.”

The Appraisal does not reflect the as-is condition of Zone B Improvement Area #1 of the District as the Zone B Improvement Area #1 Projects have not yet been constructed, nor have the changes necessary to obtain the LOMRs been completed. Moreover, the Appraisal does not reflect the value of Zone B Improvement Area #1 of the District as if sold to a single purchaser in a single transaction. The Appraisal provides the fee simple estate values for Zone B Improvement Area #1 of the District. See “APPENDIX E — Appraisal.”

The prospective cumulative retail lot value estimate of the fee simple interest in the assessable property within Zone B Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of September 1, 2026, is \$42,328,000.

After considering discounted cash flows, the prospective market value estimate of the fee simple interest in the assessable property within Zone B Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of September 1, 2026, is \$37,725,000.

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

## **BONDHOLDERS’ RISKS**

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

### **General**

**THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED**

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

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Zone B 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 Zone B 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 Zone B 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 Zone B 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 Zone B 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 Zone B 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 Zone B Improvement Area #1 of the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, and the 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 Zone B Improvement Area #1 of the District, any Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

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

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

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, it is anticipated that no such homestead rights will be claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer has represented that it will own all property within Zone B 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 Parcels 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 the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

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

### **Completion of the Zone B Improvement Area #1 Projects**

The Zone B Improvement Area #1 Projects are not yet complete. The cost and time for completion of all of such improvements is uncertain and may be affected by changes in national, regional and local and economic conditions; changes in long and short term interest rates; unanticipated development costs; unforeseen environmental risks and controls; 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. If cost overruns result in delay of construction, or if other delays are experienced, the Developer may be unable to timely complete the Zone B Improvement Area #1 Projects and other necessary improvements to achieve finished lot completion.

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

Proposed development within the District, including completion of the Zone B Improvement Area #1 Projects, 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” and – Availability of Utilities” 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 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.

### **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. It is difficult to determine what effects the on-again, off-again tariffs imposed by the federal administration and retaliatory tariffs against the United States will have on inflation and mortgage interest rates. Downturns in the real estate market, mortgage rates, and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of lot and home sales within the District. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

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

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration’s on-again, off-again tariffs, threatened impositions of tariffs, and the imposition or threatened imposition of retaliatory tariffs against the United States will impact the ability of the homebuilders to estimate costs. If the cost of materials remains elevated, it may impact the ability of the homebuilders to construct homes in Zone B Improvement Area #1 of the District.



The federal administration's immigration policies may impact the State's workforce. Undocumented construction workers make up a large percentage of construction workers in the State. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages, particularly in construction. Labor shortages will impact the homebuilders' ability to construct homes within Zone B Improvement Area #1 of the District.

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

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

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

### **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 Zone B Improvement Area #1 of the District, which Maximum Assessment is currently calculated at the amounts shown under "ASSESSMENT PROCEDURES – Assessment Amounts – Maximum Assessment." See also "APPENDIX B —

Form of Service and Assessment Plan.”

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

No plat has been filed for lots in Zone B Improvement Area #1. In the event that the combined tax rate for entities taxing Zone B Improvement Area #1 rises or the estimated build out value of lots in Zone B Improvement Area #1 falls prior to the filing of a plat for Zone B 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.”

### **State Law Requiring Notice of Assessments**

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or homebuilders within Zone B Improvement Area #1 of the District do not provide the required notice and prospective purchasers of property within Zone B 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 Zone B 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 and will be attached to each Annual Service Plan Update. See “APPENDIX B — Form of Service and Assessment Plan.”

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

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

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

The ability of an owner of property within Zone B 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 Zone B 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 Zone B Improvement Area #1 of the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Assessments.

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

Failure of the owners of property within Zone B Improvement Area #1 of the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

## **Hazardous Substance**

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 Zone B Improvement Area #1 of the District does not take into account the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within Zone B Improvement Area #1 of the District has such a current liability with respect to such parcel; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

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

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

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

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

The Developer does not expect the existence or exercise of such Third-Party Property Rights or other third-party real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the District, the City's Financial Advisor, the Underwriter, the Developer or the Administrator 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.

## **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.

## **Bondholders' Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request of at least 25% of the owners of the Bonds Outstanding and its receipt of indemnity satisfactory to it, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Court reviewed *Wasson Interests, Ltd. v. City of Jacksonville* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the State. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

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

### **Bankruptcy Limitation to Bondholders’ Rights**

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

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

## **Judicial Foreclosures**

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted (subject to the provisions set forth in the Indenture) to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Zone B Improvement Area #1 of the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See “OVERLAPPING TAXES AND DEBT.” Collection of delinquent taxes, assessments and the Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

## **No 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.

## **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 focused certain of its audit efforts in the past on “developer-driven bond transactions,” including certain tax increment financings and certain assessment bond transactions. In some audits, the IRS has asserted that interest on such “developer-driven” obligations can be taxable, in certain circumstances. It cannot be predicted if this IRS focus could lead to an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not

excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

### **Management and Ownership**

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

### **Dependence Upon Developer**

The Developer, as the owner of all of the parcels in Zone B Improvement Area #1 of the District, currently has the obligation for payment of 100% 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. The only assets of the Developer are land within the District, related permits and development rights, and minor operating accounts. The source of funding for future land development activities and infrastructure construction to develop the lots proposed for the District also consists of proceeds from the Bonds and proceeds of lot sales, as well as possible bank financing and equity contributions by the Developer. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

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

Moreover, the City will pay to the Developer or the Developer's designee, for project costs actually incurred in developing and constructing the Zone B Improvement Area #1 Projects and be paid in accordance with the Construction, Funding, and Acquisition Agreement and the Indenture. See "THE ZONE B IMPROVEMENT AREA #1 PROJECTS – General" and "THE DEVELOPMENT – Development Plan." There can be no assurance given as to the financial ability of the Developer to complete such improvements.

### **Agricultural Use Valuation and Redemption Rights**

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

The Developer expects that the agricultural use valuations within Zone B Improvement Area #1 of the District will terminate in 2025.

### **Use of Appraisal**

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

future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

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

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.

### **Developer Principal Financial Relationships**

Set forth below is a summary of certain litigation and other matters involving certain affiliates of Centurion. No assurances can be given as to the result of the following lawsuits or any charges related thereto or the impact, if any, of such result on one or more of Mehrdad Moayed (‐Moayed‐), the operations of Centurion, and the Developer's ability to continue funding the Development.

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

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

Megatel Claims. Megatel has brought additional causes of action against Moayed, Centurion (and certain of its affiliates) and UDF as listed below. Megatel has asserted various allegations of fraud, RICO violations, conspiracy, breach of fiduciary duty, and others in what Centurion believes to be an attempt to force Moayed, Centurion and UDF to settle with Megatel. In addition to the filing of the below lawsuits, Megatel has also filed Lis Pendens against property owned by third-parties, has sent letters to Megatel's competitors attempting to interfere with their relationship with Centurion and has possibly partnered with parties believed to be adversarial to Moayed, Centurion and UDF. Centurion continues to aggressively fight against these actions and against what it believes to be the baseless claims made in the lawsuits.

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

### **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 Floodplain

According to the FEMA FIRM Maps, approximately 299.57 acres of the property of the District lies within the 100 year floodplain which is distributed in the District as follows: 59.23 acres in Zone A Improvement Area #1 of the District, 105.29 acres are located in the Zone A Remainder Area of the District, 64.02 acres are located in Zone B Improvement Area #1 of the District and 71.03 acres are located in the Zone B Remainder Area. The areas in the floodplain lie within two flood designations: Zone X and Zone AE. Zone X is an area determined to be outside the 0.2% annual chance of floodplain. Zone AE is an area subject to inundation by a 1% annual chance of flood.

Approximately 64.9 acres of land within the floodplain, including 2.7 acres in Zone A Improvement Area #1, 22.89 acres in the Zone A Remainder Area, 9.15 acres in Zone B Improvement Area #1 and 9.19 acres located in the Zone B Remainder Area is expected to be reclaimed for future lot development. The remainder of the land within the floodplain is expected to be open space. The Developer expects to apply for a LOMR to remove the reclaimed land from the floodplain on a phase by phase basis. The Developer expects to apply for the LOMR for Zone A Improvement Area #1 and Zone B Improvement Area #1 in April 2025 and receive approval of the LOMR in December 2025. It is further noted that the Appraisal also includes a hypothetical condition that the Developer will remedy the floodplain issues in the District and will attain the LOMR which must be approved by FEMA in order to make the property in the District fully developable as proposed. Thus, the Appraisal is based on the hypothetical condition that the property in the District will be constructed as proposed based off the utilization of the LOMR to ensure the construction process is completed in accordance with FEMA's suggestions and as a result, the completed construction will not be impacted by being located in a flood zone. See "APPRAISAL" and APPENDIX E.

FEMA will from time to time revise its Flood Insurance Rate Maps. None of the County, the Underwriter, or the Master 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 floodplain from being included in the 100-year floodplain in the future, or whether extreme flooding events may occur more often than assumed in creating the 100-year floodplain.

### Competition

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

<b><u>Project Name</u></b>	<b><u># of Units</u></b>	<b><u>Proximity to District (Miles)</u></b>	<b><u>Developer/Builders</u></b>	<b><u>Expected Home Sale Prices</u></b>	<b><u># of Units Remaining</u></b>
Duck Point	448	2.5	CADG / Brightland	Starting at \$425,000	448
Creekview Meadows	2,227	2 (Creekview West) and 4.5 (Creekview East)	CADG / Ashton Woods, Lennar, Pulte, Pacesetter, Stonehollow, Risland, Bloomfield	Starting at \$380,000	1,871
Mobberly Farms	2,028	1.5	CADG / Pulte, MI, Lennar	Starting at \$250,000	1,437

## **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 Zone B Improvement Area #1 subject to the Assessments, existing real estate and financial market conditions and other factors.

## **TAX MATTERS**

### **Tax Exemption**

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

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

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

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the

ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

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

#### **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

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

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

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions

governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

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

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

Norton Rose Fulbright US LLP serves as Bond Counsel to the City. Greenberg Traurig, LLP serves as Underwriter’s Counsel. The legal fees paid to Bond Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

### **Legal Opinions**

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

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions “PLAN OF FINANCE — The Bonds,” “DESCRIPTION OF THE BONDS,” “SECURITY FOR THE BONDS” (except for the last paragraph under the subcaption “General”), “ASSESSMENT PROCEDURES” (except for the subcaptions “Assessment Methodology” and “Assessment Amounts”), “THE DISTRICT,” “TAX MATTERS,” “LEGAL MATTERS — Legal Proceedings,” “LEGAL MATTERS — Legal Opinions,” “SUITABILITY FOR INVESTMENT,” “CONTINUING DISCLOSURE – The City,” “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “INVESTMENTS,” and APPENDIX A and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the

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

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

### **Litigation — The City**

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of 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 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 members or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Construction, Funding, and Acquisition Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, Mr. Mehrdad Moayedi and his affiliated entities have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

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

## **SUITABILITY FOR INVESTMENT**

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

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’

**RISKS — Bondholders’ Remedies and Bankruptcy.”** Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

## **NO RATING**

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

## **CONTINUING DISCLOSURE**

### **The City**

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

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

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

The City has complied in all material respects with its continuing disclosure undertakings pursuant to the Rule in the past 5 years.

### **The Developer**

The Developer, the Administrator, and the Dissemination Agent expect to enter into a Continuing Disclosure Agreement (the “Developer Disclosure Agreement”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Developer Disclosure Agreement, certain information regarding the Development and the Zone B Improvement Area #1 Projects (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-2 — Form of Developer Disclosure Agreement.” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Developer Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Developer Disclosure Agreement would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Developer Disclosure Agreement is a voluntary agreement made for the benefit of the holders of the Bonds and is not entered into pursuant to the Rule.

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

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

The Developer has not previously entered into a continuing disclosure undertaking.

## **UNDERWRITING**

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$ \_\_\_\_\_ (the par amount of the Bonds, less an underwriting discount of \$ \_\_\_\_\_, which includes Underwriter's Counsel's fee of \$ \_\_\_\_\_). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

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

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

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

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

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

## INVESTMENTS

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

Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) (i) certificates of deposit and share certificates issued by or through an institution that either has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) above or clause (12) below, which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent



by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than “A” or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (8) and (13) through (15) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

Under State law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the

investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset and fund type invested at the beginning and end of the reporting period by the type of asset and fund type invested, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

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

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

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

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

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

## **SOURCES OF INFORMATION**

### **General**

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

### **Source of Certain Information**

The information contained in this Limited Offering Memorandum relating to the description of the Zone B Improvement Area #1 Projects, the Development and the Developer generally and, in particular, the information included in the sections captioned "THE ZONE B IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Zone B Improvement Area #1 Projects and the Development) and "LEGAL MATTERS — Litigation — The Developer" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the 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 the Administrator and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

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

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

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

## **FORWARD-LOOKING STATEMENTS**

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

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

## **AUTHORIZATION AND APPROVAL**

In the Bond Ordinance, the City Council is expected to approve the form and content of this preliminary Limited Offering Memorandum and authorize and ratify the use of this preliminary Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Bonds, and approve the form and content of the final Limited Offering Memorandum.

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

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INDENTURE OF TRUST

By and Between

CITY OF PILOT POINT, TEXAS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Trustee

DATED AS OF APRIL 1, 2025

SECURING

\$ \_\_\_\_\_  
CITY OF PILOT POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(BRYSON RANCH IMPROVEMENT DISTRICT  
ZONE B IMPROVEMENT AREA #1 PROJECT)

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## INDENTURE OF TRUST

THIS INDENTURE, dated as of April 1, 2025 is by and between the CITY OF PILOT POINT, TEXAS (the "City"), and WILMINGTON TRUST, NATIONAL ASSOCIATION, Dallas, Texas as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the City Secretary of the City (the "City Secretary") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located within the extraterritorial jurisdiction of the City to be known as Bryson Ranch Public Improvement District (the "District"); and

WHEREAS, the petition contained the signature of the owner of taxable property representing more than 50% of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Denton Central Appraisal District, and the signature of the property owner who owns 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 October 24, 2024, after due notice, the City Council of the City (the "City Council") convened the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on October 24, 2024, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2024-08-625, adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its findings as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on October 25, 2024, the City Secretary filed a copy of Resolution No. 2024-08-625 with the county clerk of each county in which all or a part of the District is located in accordance with the provisions of the PID Act; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after October 24, 2024; and

WHEREAS, the District is now located within the corporate boundaries of the City; and

WHEREAS, on March 13, 2025, the City Council by Resolution No. 2025-\_\_-\_\_ made findings and determinations relating to the Actual Costs of certain Zone B Improvement Area #1 Projects, received and accepted a preliminary service and assessment plan and proposed assessment rolls, called public hearings for April 10, 2025 and directed City staff to (i) file said proposed assessment rolls with the City Secretary and to make them available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice relating to the April 10, 2025 hearings as required by Section 372.016(b) of the PID Act; and

WHEREAS, on \_\_\_\_\_, 2025, the City staff, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearings in the *Pilot Point Post-Signal*, a newspaper of general circulation in the City, to consider the proposed Service and Assessment Plan, the Zone B

Improvement Area #1 Assessment Roll, and the levy of the Assessments on property within Zone B Improvement Area #1 of the District; and

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

WHEREAS, the City Council opened and convened the hearing on April 10, 2025, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Zone B Improvement Area #1 Assessment Roll and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Zone B Improvement Area #1 Projects to the Assessed Property within Zone B Improvement Area #1 of the District, the purposes of the Assessments, the special benefits of the Zone B Improvement Area #1 Projects, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Zone B Improvement Area #1 Projects to the Assessed Property within Zone B Improvement Area #1 of the District, the Zone B Improvement Area #1 Assessment Roll, and the levy of the Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City approved Ordinance No. \_\_\_\_-\_\_-2025, which levied the Assessments and approved the Service and Assessment Plan, in conformity with the requirements of the PID Act; and

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

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

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Actual Costs of the Zone B Improvement Area #1 Projects; (ii) paying the District Formation Costs allocable to Zone B Improvement Area #1; and (iii) paying the Bond Issuance Costs including funding a reserve fund and paying a portion of the interest on the Bonds during the period of construction and acquisition of the Zone B Improvement Area #1 Projects, and other costs related to the issuance of the Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project)", such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preamble of this Indenture; and

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

Zone B IA #1 Indenture of Trust

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

## ARTICLE I

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.1. Definitions.

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

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

“Actual Costs” means, with respect to a Zone B Improvement Area #1 Project, the actual costs paid or incurred by or on behalf of the Developer, (either directly or through affiliates), including: (1) the costs for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Zone B Improvement Area #1 Project; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Zone B Improvement Area #1 Project; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Zone B Improvement Area #1 Project; (5) all related permitting and public approval expenses, and architectural, engineering, consulting, and other governmental fees and charges; and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Developer.

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

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

“Additional Interest Reserve Account” means the reserve account administered by the City and segregated from other funds of the City in accordance with the provisions of Section 6.7 of this Indenture.

“Additional Interest Reserve Requirement” means an amount equal to 5.50% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account.

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

Zone B IA #1 Indenture of Trust

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

“Administrator” means an employee of the City or independent firm designated by the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

“Annual Collection Costs” means the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to the Zone B Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (6) paying and redeeming the Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and this Indenture, with respect to the Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with the 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 in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Zone B Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan as Exhibit G-1 and related to the Zone B Improvement Area #1 Projects and summarized on Exhibit G-2; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

“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 as required by the PID Act and the Service and Assessment Plan.

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

“Assessed Parcel” means each parcel of land located within Zone B Improvement Area #1 of the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“Assessed Property” means, collectively, all Assessed Parcels.

“Assessment Ordinance” means Ordinance No. \_\_\_\_ - \_\_\_\_-2025 adopted by the City Council on April 10, 2025, which levied the Assessments on the Assessed Property located within Zone B Improvement Area #1 of the District.

“Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against 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, and (iii) Foreclosure Proceeds.

“Assessments” means the aggregate assessments shown on the Zone B Improvement Area #1 Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, as shown on the Zone B Improvement Area #1 Assessment Roll or in the Service and Assessment Plan, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Authorized Denomination” means \$100,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond.

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

“Bond” means any of the Bonds.

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

“Bond Date” means the date designated as the initial date of the Bonds by Section 3.2 of this Indenture.

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

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

“Bond Ordinance” means Ordinance No. \_\_\_\_ - \_\_\_\_-2025 adopted by the City Council on April 10, 2025, authorizing the issuance of the Bonds pursuant to this Indenture.

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

“Bonds” means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled “City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project)”.

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

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

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

“Certification for Payment” means a certificate substantially in the form of Exhibit A to the Zone B Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement or otherwise approved by the Developer and a City Representative and executed by a Person approved by a City Representative, delivered to a City Representative and the Trustee specifying the amount of work performed related to the Zone B Improvement Area #1 Projects and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in an account of the Project Fund as further described in the Zone B Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement and Section 6.5 herein.

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

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

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

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit B attached to the Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement or otherwise approved by the Developer and a City Representative executed by a City Representative or a Person approved by a City Representative, delivered to a City Representative and the Trustee on the Closing Date, specifying the costs incurred in the establishment, administration, and operation of the District or issuing the Bonds, and requesting payment for such costs from money on deposit in the Project Fund, as further described in Section 6.5 herein.

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

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

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



“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Parcel and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan in accordance with the PID Act, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

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

“Developer” means MM Bryson Ranch, LLC, a Texas limited liability company, and its successors and assigns.

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

“District Formation Costs” means the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City or the Developer directly associated with the establishment of the District.

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

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

“Event of Default” shall have the meaning assigned to such term in Section 11.1 hereof.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Assessments against any Assessed Parcel(s), whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Fund” means any of the funds established pursuant to Section 6.1 of this Indenture.

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

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

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

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

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

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

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

“Minor Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of the Bonds that is less than 10% of the Outstanding principal amount of the Bonds.

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

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

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

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

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

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

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

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

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

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

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

“Purchaser” means the initial purchaser of the Bonds.

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

“Rebate Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

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

“Redemption Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.6 herein.

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

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

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

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

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is \$\_\_\_\_\_, which is an amount equal to the [Maximum Annual Debt Service on the Bonds] as of the Closing Date.

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

“Service and Assessment Plan” means the “Bryson Ranch Public Improvement District Service and Assessment Plan” dated April 10, 2025, including the Zone B Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise.

“Shared Improvements” means those Authorized Improvements that confer a special benefit to a portion of the property within the first construction phase of the District, including Zone B Improvement Area #1, as further described in Section III.B of the Service and Assessment Plan Zone B IA #1 Indenture of Trust

and as allocated to Zone B Improvement Area #1 as shown on Exhibit B-2 of the Service and Assessment Plan.

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

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

“Substantial Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of the Bonds that is greater than or equal to 10% of the Outstanding principal amount of the Bonds.

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

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

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

“Trustee” means Wilmington Trust, National Association, 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.

“Zone B” means the portion of the District identified and depicted in Exhibit A-1 of the Service and Assessment Plan, which includes Zone B Improvement Area #1.

“Zone B Improvements” means the Authorized Improvements which benefit all of the property within Zone B of the District, as more particularly described in Section III.F of the Service and Assessment Plan.

“Zone B Improvement Area #1” means the first construction phase to be developed in Zone B of the District, as further identified and depicted in Exhibit A-3 of the Service and Assessment Plan.

“Zone B Improvement Area #1 Improvements” means the Authorized Improvements which only benefit property within Zone B Improvement Area #1 of the District subject to assessments, as more particularly described in Section III.D of the Service and Assessment Plan.

“Zone B Improvement Area #1 Assessment Roll” means the Zone B Improvement Area #1 Assessment Roll attached as Exhibit G-1 to the Service and Assessment Plan or any other assessment roll in an amendment or supplement to the Service and Assessment Plan or in an

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Annual Service Plan Update, showing the total amount of the Assessment against each parcel of Assessed Property related to the Bonds and the Zone B Improvement Area #1 Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Zone B Improvement Area #1 Projects” means, collectively, the (i) pro rata portion of the Major Improvements allocable to Zone B Improvement Area #1, (ii) the pro rata portion of the Shared Improvements allocable to Zone B Improvement Area #1, (iii) the pro rata portion of the Zone B Improvements allocable to Zone B Improvement Area #1, and (iv) the Zone B Improvement Area #1 Improvements, as more particularly described in Section III of the Service and Assessment Plan.

“Zone B Remainder Area Projects Account” means the Account of such name established pursuant to Section 6.1.

“Zone B Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement” means the “Bryson Ranch Public Improvement District Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement” by and between the City and the Developer dated as of April 10, 2025 which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Zone B Improvement Area #1 Projects within the District, the issuance of bonds, and other matters related thereto.

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II  
THE BONDS

Section 2.1.        Granting Clauses

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

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

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

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

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

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

Section 2.2.        Security for the Bonds.

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

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

Section 2.3.        Limited Obligations.

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

Section 2.4.        Authorization for Indenture.

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

Section 2.5.        Contract with Owners and Trustee.

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

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

## ARTICLE 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 of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of (i) paying a portion of the Actual Costs of the Zone B Improvement Area #1 Projects; (ii) paying the District Formation Costs allocable to Zone B Improvement Area #1; and (iii) paying the Bond Issuance Costs including funding a reserve fund and paying a portion of the interest on the Bonds during the period of construction and acquisition of the Zone B Improvement Area #1 Projects, and other costs related to the issuance of the Bonds.

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

(a) The Bonds shall be dated April 30, 2025 and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Closing Date 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 15 and September 15 of each year, commencing September 15, 2025 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

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

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

(a) The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery (which delivery may be via electronic mail in portable document (PDF) or similar format) to the Trustee of:

- (i) a certified copy of the Assessment Ordinance;
- (ii) a certified copy of the Bond Ordinance;



(iii) a copy of the executed Zone B Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement;

(iv) a copy of this Indenture executed by the Trustee and the City; and

(v) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City.

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 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 or on behalf of the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 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.

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

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

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 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  
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of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.5. Execution and Registration of Bonds.

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

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

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

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

Section 3.6. Ownership.

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

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

Section 3.7. Registration, Transfer and Exchange.

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

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

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

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

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

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover

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any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

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

#### Section 3.8. Cancellation.

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

#### Section 3.9. Temporary Bonds.

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

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

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

#### Section 3.10. Replacement Bonds.

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

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or Zone B IA #1 Indenture of Trust

knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

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

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

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

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

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

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

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

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

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Zone B IA #1 Indenture of Trust

Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering a transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the words "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

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

Section 3.13.      Payments to Cede & Co.

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

## ARTICLE IV

### REDEMPTION OF BONDS BEFORE MATURITY

#### Section 4.1. Limitation on Redemption.

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

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

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

#### **Term Bonds Maturing September 15, 20\_\_**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

\* maturity

#### **Term Bonds Maturing September 15, 20\_\_**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	

September 15, 20\_\_  
September 15, 20\_\_  
September 15, 20\_\_  
September 15, 20\_\_  
September 15, 20\_\_\*

\* maturity

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

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

(d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

#### Section 4.3. Optional Redemption.

The City reserves the right and option to redeem the Bonds maturing on or after September 15, 20\_\_, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 15, 20\_\_, such redemption date or dates to be fixed by the City, at the Redemption Price.

#### Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part and in an amount and on any date specified in a City Certificate, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of this Indenture), or any other transfers to the Redemption Fund under the terms of this Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Indenture. The City will provide the Trustee a City Certificate directing the Bonds to be redeemed pursuant to this Section 4.4 in accordance with the provisions of Section 4.5 hereof.



Section 4.5. Partial Redemption.

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

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

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

(d) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds or portion of a Bond, as applicable, to be redeemed shall be selected in the following manner:

(i) with respect to a Substantial Amount Redemption, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Bonds; and

(ii) with respect to a Minor Amount Redemption, the Outstanding Bonds shall be redeemed in inverse order of maturity.

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

Section 4.6. Notice of Redemption to Owners.

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

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

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

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Sections 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 then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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

Section 4.7. Payment Upon Redemption.

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

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

Section 4.8. Effect of Redemption.

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

## ARTICLE V

### FORM OF THE BONDS

Section 5.1. Form Generally.

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

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

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

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

#### Section 5.2. CUSIP Registration.

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

#### Section 5.3. Legal Opinion.

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

### ARTICLE 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; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

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

(A) Bond Pledged Revenue Account.

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

(A) Capitalized Interest Account; and

(B) Principal and Interest Account.

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

(A) Zone B Improvement Area #1 Projects Account; and

(B) Costs of Issuance Account.

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

(A) Reserve Account; and

(B) Additional Interest Reserve Account.

(v) The following Account is hereby created and established under the Administrative Fund:

(A) District Administration Account.

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

(d) Except as set forth in Section 6.10(f), interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

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

(i) to the Capitalized Interest Account of the Bond Fund: \$\_\_\_\_\_;

(ii) to the Zone B Improvement Area #1 Projects Account of the Project Fund: \$\_\_\_\_\_;

(iii) to the Costs of Issuance Account of the Project Fund: \$\_\_\_\_\_;

(iv) to the Reserve Account of the Reserve Fund: \$\_\_\_\_\_; and

(v) to the District Administration Account of the Administrative Fund: \$ \_\_\_\_\_.

Section 6.3. Pledged Revenue Fund.

(a) On or before March 1 of each year while the Bonds are Outstanding and beginning March 1, 2026, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay Actual Costs of the Zone B Improvement Area #1 Projects, and (v) fifth, to pay other costs permitted by the PID Act.

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

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

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

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

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

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

Section 6.4. Bond Fund.

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

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

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

<u>Date</u>	<u>Amount (\$)</u>
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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 Zone B Improvement Area #1 Projects Account of the Project Fund, pursuant to directions provided in a City Certificate, or if the Zone B Improvement Area #1 Projects 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 hereof.

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

(c) Disbursements from the Zone B Improvement Area #1 Projects Account of the Project Fund to pay Actual Costs of the Zone B Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the

Developer or the Developer's designee. The disbursement of funds from the Zone B Improvement Area #1 Projects Account of the Project Fund pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Zone B Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement. Such provisions and procedures related to such disbursements contained in the Zone B Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full, provided that the Trustee shall be permitted to rely fully on any Certification for Payment, City Certificate, or other written direction pursuant to this section of the Indenture without independent investigation.

(d) If the City Representative determines in his or her reasonable discretion after inquiry made to the Developer, that amounts then on deposit in the Zone B Improvement Area #1 Projects Account of the Project Fund are not expected to be expended for purposes of the Zone B Improvement Area #1 Projects Account of the Project Fund due to the abandonment, or constructive abandonment, of the Zone B Improvement Area #1 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Zone B Improvement Area #1 Projects Account of the Project Fund will ever or may otherwise legally be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Zone B Improvement Area #1 Projects Account of the Project Fund that are not expected to be used for purposes of such Account. If such City Certificate is so filed, the amounts on deposit in the Zone B Improvement Area #1 Projects Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

(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 Zone B Improvement Area #1 Projects have been completed and that all Actual Costs of the Zone B Improvement Area #1 Projects have been paid, or that any such Actual Costs of the Zone B Improvement Area #1 Projects are not required to be paid from the Zone B Improvement Area #1 Projects Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Zone B Improvement Area #1 Projects Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee, and (ii) shall close the Zone B Improvement Area #1 Projects Account. If the Zone B Improvement Area #1 Projects Account has been closed as provided above, and the Costs of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(g), the Project Fund shall be closed.

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

Section 6.6.        Redemption Fund.

(a)        The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in 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 to accumulate from the deposits described in Sections 6.2 and 6.3(a) hereof, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement, except to the extent such deficiency is due to the application of Section 6.7(d) hereof. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund, as provided in this Indenture.

(b)        The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2026, an amount equal to the Additional Interest collected, if any, and as shown on the Zone B Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any later time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished to the Additional Interest Reserve Requirement. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Zone B Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

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



(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds to be redeemed, as identified in a City Certificate, as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within 30 days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to a specified Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the Closing Date, or (iii) for such other use specified in such City Certificate if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond.

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

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

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

(i) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding

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

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Pilot Point, Texas, Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts relating to the Bonds due the United States Government in accordance with the Code.

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

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) in the absence of written instructions from the City.

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

Section 6.9. Administrative Fund.

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

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investments with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested

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above the Yield (as defined in Section 7.5(a) hereof) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investments or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default. If the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to hold such funds uninvested and shall have no obligation to invest or reinvest such funds.

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

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

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

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

(f) If, following an annual calculation of the Rebate Amount in accordance with Sections 6.8 and 7.5(h) hereof, it is determined that a Rebate Amount is owed with respect to the Bonds, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund an amount equal to the Rebate Amount owed by the City from investment earnings derived from the investment of the amount on deposit in the Pledged Funds. The City Certificate shall specify the amount to be transferred and identify the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

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

Section 6.11. Security of Funds.

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

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

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

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding, and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Zone B Improvement Area #1 Projects in accordance with the Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than March 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Zone B IA #1 Indenture of Trust

Trust Estate, other than that specified in Section 9.6 of this Indenture, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, and except as set forth in Section 13.2 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Trust Estate, except for other indebtedness incurred in compliance with Section 13.2 hereof.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to pay it for funds it has contributed to pay Actual Costs of the Zone B Improvement Area #1 Projects in accordance with the Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and the Owners of any Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or its duly authorized representative, as applicable. The City shall provide the Trustee or its duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than 30 days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

*"Closing Date"* means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

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

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

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

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

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

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

*“Yield”* of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such

Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Assessments will meet the requirements of the "tax assessment loan exception" within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Assessments continue to meet such requirements for so long as the Bonds are outstanding hereunder.

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

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

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

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

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

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall,

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pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the funds or subaccounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, 100% of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, 90% of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within 180 days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

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

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

## ARTICLE VIII

### LIABILITY OF CITY

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

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any



error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

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

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

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

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

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

## ARTICLE IX

### THE TRUSTEE

#### Section 9.1. Trustee as Paying Agent/Registrar.

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

#### Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified by the Owners, to the extent permitted by law and the provisions of this Indenture, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except to the extent the same shall have been finally adjudicated by a court of competent jurisdiction to have been directly caused by the Trustee's own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments, or transfers (provided such deposit, payment or transfer is prior to an Event of Default) when required hereunder, 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, to the extent permitted pursuant to the provisions of this Indenture, make transfers from the District Administration Account of the Administrative Fund, and to the extent moneys in the District Administration Account of the Administrative Fund are insufficient, from the Pledged Revenue Fund, to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

#### Section 9.3. Responsibilities of the Trustee.

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

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

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

(ii) the Trustee may request and rely conclusively, as to the due execution, the truth of the statements, and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, and shall incur no liability and shall be fully protected in acting or refraining from

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acting in accordance therewith; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

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

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

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

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

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

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

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the acts or omissions of any of the agents and attorneys appointed by it with due care.

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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for such losses, damages, or expenses which have been fully adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, punitive, special or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) in connection with or arising from this Indenture, irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee will not be liable with respect to any action taken or omitted to be taken in good faith in accordance with the written direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding 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.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care.

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

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

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

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

(iv) insurance of the Zone B Improvement Area #1 Projects or collection of insurance money,

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

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

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder; provided the Trustee follows the written instructions provided by the City with respect to the use of the proceeds of the Bonds.

(j) The Trustee, as an Annual Collection Cost, may request, conclusively rely on and shall be protected in acting upon any resolution, statement, instrument, opinion, report, notice, request, direction, consent, certificate, order, judgment, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, not only as to due execution, validity, and effectiveness, but also as Zone B IA #1 Indenture of Trust

to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any events or information, default or Event of Default, except Events of Default described in Section 11.1(a)(1), 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 more than 66-2/3% of the aggregate outstanding principal amount of Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

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

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy at the direction of no less than 66-2/3% of the Owners. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

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

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

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

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

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Zone B Improvement Area #1 Projects or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Zone B Improvement Area #1 Projects or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

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

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

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

#### Section 9.4. 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.

The Trustee may, as an Annual Collection Cost, request, conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, instrument, opinion, report,

direction, order, notice, judgment, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith 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 for any action taken or omitted to be taken upon the advice or written opinion of any counsel, architect, engineer, insurance consultant, management consultant, accountant or other professional retained or consulted by the Trustee, 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 Sections 9.1 and 9.3 hereof, the Trustee may consult with counsel, selected by the Trustee with due care, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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

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

#### Section 9.6. Compensation.

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

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 from any and all funds at any time held by it for such extraordinary services and any services or work performed by the asTrustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event.

Section 9.7.        Permitted Acts.

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

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

Section 9.10.       Successor Trustee.

(a) If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

(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 25% of the aggregate outstanding Zone B IA #1 Indenture of Trust



principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

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

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

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

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

(g) The Trustee shall not be responsible for or liable for the acts or omissions of any successor trustee, nor shall it be responsible or liable for any costs of appointment or transition of such successor trustee.

#### Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance 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, including any supplement or amendment to this Indenture, 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 converted or merged, or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder and will have and succeed to the rights, powers, duties, immunities, and privileges as predecessor, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee to File Continuation Statements.

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

Section 9.14. Construction of Indenture.

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

## 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 may be modified or amended at any time by a Supplemental Indenture, executed by both the City and the Trustee, except as provided below, pursuant to the affirmative vote at a meeting of the Owners of the Bonds, or with the written consent without a meeting, of the Owners of at least 51% of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, Zone B IA #1 Indenture of Trust

or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws and this Indenture), or reduce the percentage of Owners of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights, immunities, or obligations of the Trustee without its written consent.

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

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;

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

(v) to appoint or accept a successor trustee in accordance with the provisions of Section 9.10 hereof; provided, however in no event shall this provision limit the Owners' ability to appoint a successor trustee pursuant to Section 9.10(b) hereof; and

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

(c) Any modification or amendment made pursuant to Section 10.1(b) shall not be subject to the notice procedures specified in Section 10.3 below.

(d) Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment or supplement (i) is permitted under Applicable Laws and the provisions of this Indenture in effect after taking into account the proposed amendment or supplement; (ii) will not adversely affect the interests of the Owners in any material respect; provided, however, that an appointment of a successor trustee in accordance with the provisions hereof and the issuance of Refunding Bonds in accordance with the provisions of Section 13.2 hereof are each deemed to not be a material adverse effect for purposes of such opinion; and (iii) will not adversely affect the exclusion of interest on any Bond 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. 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 reasonable rules and regulations for the conduct of said meeting.

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

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first-class mail, by the Trustee to each Owner of Bonds 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.

Except as set forth in Section 10.1, such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City or Bond Counsel, acting on the City's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 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 at the expiration of 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 60-day period; provided, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inaction.

Section 10.4.      Effect of Supplemental Indenture.

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

Section 10.5.      Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 10.6.      Amendatory Endorsement of Bonds.

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

Section 10.7.      Waiver of Default

Subject to the second and third sentences of Section 10.1 hereof, with the written consent of at least 51% of the Owners in aggregate principal amount of the Bonds then Outstanding, the Owners may waive non-compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 hereof.

Section 10.8.      Execution of Supplemental Indenture.

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

## ARTICLE XI

### DEFAULT AND REMEDIES

#### Section 11.1. Events of Default.

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

(i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

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

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

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

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

#### Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

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

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

select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

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

#### Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, as advised by counsel, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued

hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Within 10 days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

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

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

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a Zone B IA #1 Indenture of Trust



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.

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

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

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

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

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

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

Section 11.9. Exclusion of Bonds.

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

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Section 11.10. Remedies Not Exclusive.

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

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

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

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

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

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

Section 12.2. Accounts, Periodic Reports and Certificates.

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

Section 12.3. General.

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

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

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

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

Section 13.2. Additional Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues or assessments levied against the Assessed Property so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

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

(c) Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from the Trust Estate so long as such pledge is subordinate to the pledge of the Trust Estate securing payment of the Bonds.

(d) Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations, or subordinate obligations may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 15 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

Section 13.3. Books of Record.

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

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain the same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE XIV

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

Section 14.3. Bonds Deemed Paid.

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds

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

## ARTICLE XV

### MISCELLANEOUS

#### Section 15.1. Benefits of Indenture Limited to Parties.

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

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

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

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

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

Section 15.4.        Waiver of Personal Liability.

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

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

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

If to the City:	City of Pilot Point, Texas 102 East Main Street Pilot Point, Texas 76258 Attention: City Manager
-----------------	---

If to the Trustee or the Paying Agent/Registrar:	Wilmington Trust, National Association Attention: Parker Merritt 15950 N. Dallas Parkway, Suite 200 Dallas, Texas 75248
---	--

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

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

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

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

#### Section 15.6. Partial Invalidity.

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

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. With respect to this Indenture and any conflicts arising therefrom, the parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal district or state district court with jurisdiction in Denton County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and, (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under, or in connection with this Indenture.

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

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original. The City and the Trustee agree that electronic signatures to this Indenture may be regarded as original signatures.

Section 15.10. Statutory Verifications.

The Trustee makes the following representation and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.



(c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

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

*[Remainder of page intentionally left blank.]*

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

CITY OF PILOT POINT, TEXAS

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Secretary

[CITY SEAL]

WILMINGTON TRUST, NATIONAL  
ASSOCIATION  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

(a) Form of Bond.

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

REGISTERED  
No. \_\_\_\_\_

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

United States of America  
State of Texas

CITY OF PILOT POINT, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT  
ZONE B IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, 20____	April 30, 2025	_____

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

\_\_\_\_\_

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

\_\_\_\_\_ DOLLARS

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

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Wilmington, Delaware (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, as trustee and paying agent/registrar (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated April 30, 2025 and issued in the aggregate principal amount of \$\_\_\_\_\_ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of 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 Zone B Improvement Area #1 Projects, (ii) paying the District Formation Costs allocable to the Zone B Improvement Area #1, and (iii) paying the Bond Issuance Costs including funding a reserve fund and paying a portion of the interest on the Bonds during the period of construction and acquisition of the Zone B Improvement Area #1 Projects, and other costs related to the issuance of the Bonds.

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

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

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

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

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

\* maturity

**Term Bonds Maturing September 15, 20**

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

\* maturity

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

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

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

The City reserves the right and option to redeem the Bonds maturing on or after September 15, 20\_\_ before their scheduled maturity dates, in whole or in part, on any date on or after September 15, 20\_\_, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued interest to the date of redemption.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, and in an amount and on any date specified in a City Certificate, 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, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

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

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

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

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

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

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

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

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

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

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

---

Mayor, City of Pilot Point, Texas

\_\_\_\_\_  
City Secretary, City of Pilot Point, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

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

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

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

WILMINGTON TRUST, NATIONAL  
ASSOCIATION  
as Trustee

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

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

(d) Form of Assignment.



## ASSIGNMENT

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Date: \_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_

Authorized Signatory

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

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

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

(ii) in the first paragraph of the Bond, the words "on the Maturity Date as  
specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the  
following will be inserted: "on September 15 in each of the years, in the principal  
installments and bearing interest at the per annum rates set forth in the following schedule:

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

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

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

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**APPENDIX B**

**FORM OF SERVICE AND ASSESSMENT PLAN**

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# Bryson Ranch Public Improvement District

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SERVICE AND ASSESSMENT PLAN

APRIL 10, 2025



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

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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,” an “Exhibit,” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On October 24, 2024, the City Council passed and approved Resolution No. 2024-08-625 authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon approval in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 924.805 acres located within the corporate limits of the City as described by the legal description on **Exhibit M-1** and depicted on **Exhibit A-1**.

This Service and Assessment Plan serves to (1) identify the Zone A Improvement Area #1 Authorized Improvements to be provided by the District; (2) identify the costs of the Zone A Improvement Area #1 Authorized Improvements; (3) identify the indebtedness to be incurred for the Zone A Improvement Area #1 Authorized Improvements, and the manner of assessing the Zone A Improvement Area #1 Assessed Property for the costs of the Zone A Improvement Area #1 Authorized Improvements; (4) levy the Zone A Improvement Area #1 Assessments against the Zone A Improvement Area #1 Assessed Property; (5) approve the Zone A Improvement Area #1 Assessment Roll; (6) identify the Zone B Improvement Area #1 Authorized Improvements to be provided by the District; (7) identify the costs of the Zone B Improvement Area #1 Authorized Improvements; (8) identify the indebtedness to be incurred for the Zone B Improvement Area #1 Authorized Improvements, and the manner of assessing the Zone B Improvement Area #1 Assessed Property for the costs of the Zone B Improvement Area #1 Authorized Improvements; (9) levy the Zone B Improvement Area #1 Assessments against the Zone B Improvement Area #1 Assessed Property; (10) approve the Zone B Improvement Area #1 Assessment Roll; (11) identify the Zone A Remainder Area Authorized Improvements to be provided by the District; (12) identify the costs of the Zone A Remainder Area Authorized Improvements; (13) identify the indebtedness to be incurred for the Zone A Remainder Area Authorized Improvements, and the manner of assessing the Zone A Remainder Area Assessed Property for the costs of the Zone A Remainder Area Authorized Improvements; (14) levy the Zone A Remainder Area Assessments against the Zone A Remainder Area Assessed Property; (15) approve the Zone A Remainder Area Assessment Roll; (16) identify the Zone B Remainder Area Authorized Improvements to be provided by the District; (17) identify the costs of the Zone B Remainder Area Authorized



Improvements; (18) identify the indebtedness to be incurred for the Zone B Remainder Area Authorized Improvements, and the manner of assessing the Zone B Remainder Area Assessed Property for the costs of the Zone B Remainder Area Authorized Improvements; (19) levy the Zone B Remainder Area Assessments against the Zone B Remainder Area Assessed Property; and (20) approve the Zone B Remainder Area Assessment Roll.

The PID Act requires a service plan must (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached within **Appendix B**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the 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 as determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Zone A Improvement Area #1 Assessment Roll is included as **Exhibit F-1**. The Zone B Improvement Area #1 Assessment Roll is included as **Exhibit G-1**. The Zone A Remainder Area Assessment Roll is included as **Exhibit H-1**. The Zone B Remainder Area Assessment Roll is included as **Exhibit I-1**.

## SECTION I: DEFINITIONS

**“Actual Costs”** mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer, (either directly or through affiliates), including: (1) the costs for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Authorized Improvements; (2) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvements; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, and architectural, engineering, consulting, and other governmental fees and charges; and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Developer.

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

**“Additional Interest Rate”** means the up to 0.50% additional interest rate that may be charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

**“Administrator”** means the City or independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, any Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

**“Annual Collection Costs”** mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection

Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

**“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.

**“Assessed Property”** means any Parcel within the District against which an Assessment is levied.

**“Assessment”** means an assessment levied against Assessed Property to pay the costs of certain Authorized Improvements as specified herein, which Assessment is imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property 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 levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

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

**“Assessment Roll”** means any assessment roll for the Assessed Property, including the Zone A Improvement Area #1 Assessment Roll, the Zone B Improvement Area #1 Assessment Roll, the Zone A Remainder Area Assessment Roll, and the Zone B Remainder Area Assessment Roll as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including in any Annual Service Plan Updates. The Assessment Rolls are included in this Service and Assessment Plan as **Exhibit F-1, Exhibit G-1, Exhibit H-1, and Exhibit I-1**.

**“Authorized Improvements”** means the improvements authorized by Section 372.003 of the PID Act, and described in **Sections III.A, III.B, III.C, III.D, III. E, and III.F**, as further depicted on **Exhibits J-1, J-2, J-3, J-4, J-5, and J-6**.

**“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, capitalized interest, reserve fund requirements, underwriter’s discount, fees

charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

**“City”** means the City of Pilot Point, Texas.

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

**“County”** means Denton County, Texas.

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

**“Developer”** means MM Bryson Ranch, LLC and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

**“District”** means the Bryson Ranch Public Improvement District containing approximately 924.805 acres located within the corporate limits of the City, and more specifically described in **Exhibit M-1** and depicted on **Exhibit A-1**.

**“District Formation Costs”** means the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City or the Developer directly associated with the establishment of the District.

**“Engineer’s Report”** means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

**“Estimated Buildout Value”** means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer 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 factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

**“Indenture”** means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

**“Lot”** means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or Official Public Records of the County, a tract of land described by “lot” in such

subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. lot size, home product, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as provided by the Owner/Developer, and confirmed by the City Council as shown on **Exhibit E**.

**“Lot Type 1”** means a Lot within Zone A Improvement Area #1 marketed to homebuilders as a 40’. The buyer disclosure for Lot Type 1 is attached within **Appendix B**.

**“Lot Type 2”** means a Lot within Zone A Improvement Area #1 marketed to homebuilders as a 50’. The buyer disclosure for Lot Type 2 is attached within **Appendix B**.

**“Lot Type 3”** means a Lot within Zone B Improvement Area #1 marketed to homebuilders as a 40’. The buyer disclosure for Lot Type 3 is attached within **Appendix B**.

**“Lot Type 4”** means a Lot within Zone B Improvement Area #1 marketed to homebuilders as a 50’. The buyer disclosure for Lot Type 4 is attached within **Appendix B**.

**“Lot Type 5”** means a Lot within Zone B Improvement Area #1 marketed to homebuilders as a 60’. The buyer disclosure for Lot Type 5 is attached within **Appendix B**.

**“Major Improvements”** means those Authorized Improvements that confer a special benefit to all the property within the District, as further described in **Section III.A** and depicted on **Exhibit J-1**.

**“Maximum Assessment”** means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) for each Lot Type, the amount shown on **Exhibit E**.

**“Non-Assessed Property”** means Parcels adjacent to the District that accrue special benefit from the Authorized Improvements as determined by the City Council but are not assessed. The Developer has agreed to pay for the portion of the Actual Costs of the Major Improvements Shared Improvements, Zone A Improvements, and Zone A Improvement Area #1 Improvements that benefit the Non-Assessed Property in lieu of the City levying Assessments against such property.

**“Non-Benefitted Property”** means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by City Council.

**“Notice of Assessment Termination”** means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit K**.

**“Parcel” or “Parcels”** means a specific property within the District identified by either a tax parcel identification number assigned by the Denton Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

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

**“PID Bonds”** means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

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

**“Prepayment Costs”** means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

**“Private Improvements”** means improvements required to be constructed by the Developer that are not Authorized Improvements. Costs of the Private Improvements will not be paid nor reimbursed from the proceeds of PID Bonds or otherwise from revenues received from the collection of Annual Installments.

**“Service and Assessment Plan”** means this Bryson Ranch Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

**“Service Plan”** means the plan described in **Section IV** which covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

**“Shared Improvements”** means those Authorized Improvements that confer a special benefit to a portion of the property within the first construction phase of the District, including Zone A Improvement Area #1 and Zone B Improvement Area #1, as further described in **Section III.B** and depicted on **Exhibit J-2**, and as allocated to Zone A Improvement Area #1, Zone B Improvement Area #1, and the Non-Assessed Property as shown on **Exhibit B-3**.

**“Trustee”** means the trustee or successor trustee under an Indenture.

**“Zone A”** means approximately 507.933 acres located within the District, comprised of the Zone A Remainder Area and Zone A Improvement Area #1. Zone A includes all of the District save and except Zone B.

**“Zone A Assessed Property”** means any parcel within Zone A against which either a Zone A Improvement Area #1 Assessment or a Zone A Remainder Area Assessment is levied.

**“Zone A Improvements”** means those Authorized Improvements that confer a special benefit to the Zone A Assessed Property and Non-Assessed Property, as further described in **Section III** and depicted on **Exhibit J-5**, and allocated as shown on **Exhibit B-5**.

**“Zone A Improvement Area #1”** means approximately 183.824 acres located within the District, more specifically described in **Exhibit M-2** and depicted on **Exhibit A-2**.

**“Zone A Improvement Area #1 Annual Installment”** means the Annual Installment of the Zone A 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 related to Zone A Improvement Area #1; and (4) Additional Interest related to the Zone A Improvement Area #1 Bonds shown on **Exhibit F-2**.

**“Zone A Improvement Area #1 Assessed Property”** means any Parcel within Zone A Improvement Area #1 against which a Zone A Improvement Area #1 Assessment is levied.

**“Zone A Improvement Area #1 Assessment”** means an Assessment levied against Zone A Improvement Area #1 Assessed Property, related to the Zone A Improvement Area #1 Authorized Improvements, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Zone A Improvement Area #1 Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

**“Zone A Improvement Area #1 Assessment Roll”** means the Assessment Roll for the Zone A Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Zone A Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

**“Zone A Improvement Area #1 Authorized Improvements”** means collectively, (1) the pro rata portion of the Major Improvements allocable to Zone A Improvement Area #1; (2) the pro rata portion of the Shared Improvements allocable to Zone A Improvement Area #1; (3) the pro rata portion of the Zone A Improvements allocable to Zone A Improvement Area #1; (4) the Zone A

Improvement Area #1 Improvements; (5) the first year's Annual Collection Costs related to the Zone A Improvement Area #1 Bonds; and (6) Bond Issuance Costs incurred in connection with the issuance of Zone A Improvement Area #1 Bonds.

**"Zone A Improvement Area #1 Bonds"** means those certain "City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone A Improvement Area #1 Project)" that are secured by Zone A Improvement Area #1 Assessments.

**"Zone A Improvement Area #1 Improvements"** means the Authorized Improvements that confer a special benefit the Zone A Improvement Area #1 Assessed Property and the Non-Assessed Property, as further described in **Section III.C** and depicted on **Exhibit J-3**, and allocated as shown on **Exhibit B-4**.

**"Zone A Improvement Area #1 Initial Parcel"** means all of the Zone A Improvement Area #1 Assessed Property against which the entire Zone A Improvement Area #1 Assessment is levied, as shown on the Zone A Improvement Area #1 Assessment Roll.

**"Zone A Remainder Area"** means approximately 324.109 acres located within the District, more specifically described in **Exhibit M-4** and depicted on **Exhibit A-4**.

**"Zone A Remainder Area Annual Installment"** means the Annual Installment of the Zone A Remainder Area Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Zone A Remainder Area; and (4) Additional Interest related to the Zone A Remainder Area Bonds shown on **Exhibit H-2**.

**"Zone A Remainder Area Assessed Property"** means any Parcel within Zone A Remainder Area against which a Zone A Remainder Area Assessment is levied.

**"Zone A Remainder Area Assessment"** means an Assessment levied against Zone A Remainder Area Assessed Property, related to the Zone A Remainder Area Authorized Improvements, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Zone A Remainder Area Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

**"Zone A Remainder Area Assessment Roll"** means the Assessment Roll for the Zone A Remainder Area Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Zone A Remainder Area Assessment Roll is included in this Service and Assessment Plan as **Exhibit H-1**.



**“Zone A Remainder Area Authorized Improvements”** means collectively, (1) the pro rata portion of the Major Improvements allocable to Zone A Remainder Area; (2) the pro rata portion of the Zone A Improvements allocable to the Zone A Remainder Area; (3) the first year’s Annual Collection Costs related to the Zone A Remainder Area Bonds; and (4) Bond Issuance Costs incurred in connection with the issuance of Zone A Remainder Area Bonds.

**“Zone A Remainder Area Bonds”** means those certain “City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone A Remainder Area Project)” that are secured by Zone A Remainder Area Assessments.

**“Zone A Remainder Area Initial Parcel”** means all of the Zone A Remainder Area Assessed Property against which the entire Zone A Remainder Area Assessment is levied, as shown on the Zone A Remainder Area Assessment Roll.

**“Zone B”** means approximately 416.872 acres located within the District. Zone B is comprised of the Zone B Remainder Area and Zone B Improvement Area #1. Zone B includes all of the District save and except Zone A.

**“Zone B Assessed Property”** means any parcel within Zone B against which either a Zone B Improvement Area #1 Assessment or a Zone B Remainder Area Assessment is levied.

**“Zone B Improvements”** means the Authorized Improvements which only benefit Zone B Assessed Property and Zone B Remainder Area Assessed Property, as further described in **Section III** and depicted on **Exhibit J-6**.

**“Zone B Improvement Area #1”** means approximately 165.042 acres located within the District, more specifically described in **Exhibit M-3** and depicted on **Exhibit A-3**.

**“Zone B Improvement Area #1 Annual Installment”** means the Annual Installment of the Zone B 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 related to Zone B Improvement Area #1; and (4) Additional Interest related to the Zone B Improvement Area #1 Bonds shown on **Exhibit G-2**.

**“Zone B Improvement Area #1 Assessed Property”** means any Parcel within Zone B Improvement Area #1 against which a Zone B Improvement Area #1 Assessment is levied.

**“Zone B Improvement Area #1 Assessment”** means an Assessment levied against Zone B Improvement Area #1 Assessed Property, related to the Zone B Improvement Area #1 Authorized Improvements, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Zone B Improvement Area #1 Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

**“Zone B Improvement Area #1 Assessment Roll”** means the Assessment Roll for the Zone B Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Zone B Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit G-1**.

**“Zone B Improvement Area #1 Authorized Improvements”** means collectively, (1) the pro rata portion of the Major Improvements allocable to Zone B Improvement Area #1; (2) the pro rata portion of the Shared Improvements allocable to Zone B Improvement Area #1; (3) the pro rata portion of the Zone B Improvements allocable to Zone B Improvement Area #1; (4) the Zone B Improvement Area #1 Improvements; (5) the first year’s Annual Collection Costs related to the Zone B Improvement Area #1 Bonds; and (6) Bond Issuance Costs incurred in connection with the issuance of Zone B Improvement Area #1 Bonds.

**“Zone B Improvement Area #1 Bonds”** means those certain “City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project)” that are secured by Zone B Improvement Area #1 Assessments.

**“Zone B Improvement Area #1 Improvements”** means the Authorized Improvements which only benefit the Zone B Improvement Area #1 Assessed Property, as further described in **Section III.D** and depicted on **Exhibit J-4**.

**“Zone B Improvement Area #1 Initial Parcel”** means all of the Zone B Improvement Area #1 Assessed Property against which the entire Zone B Improvement Area #1 Assessment is levied, as shown on the Zone B Improvement Area #1 Assessment Roll.

**“Zone B Remainder Area”** means approximately 251.830 acres located within the District, more specifically described in **Exhibit M-5** and depicted on **Exhibit A-5**.

**“Zone B Remainder Area Annual Installment”** means the Annual Installment of the Zone B Remainder Area Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Zone B Remainder Area; and (4) Additional Interest related to the Zone B Remainder Area Bonds shown on **Exhibit I-2**.

**“Zone B Remainder Area Assessed Property”** means any Parcel within Zone B Remainder Area against which a Zone B Remainder Area Assessment is levied.

**“Zone B Remainder Area Assessment”** means an Assessment levied against Zone B Remainder Area Assessed Property, related to the Zone B Remainder Area Authorized Improvements, and

imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Zone B Remainder Area Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

**“Zone B Remainder Area Assessment Roll”** means the Assessment Roll for the Zone B Remainder Area Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Zone B Remainder Area Assessment Roll is included in this Service and Assessment Plan as **Exhibit I-1**.

**“Zone B Remainder Area Authorized Improvements”** means collectively, (1) the pro rata portion of the Major Improvements allocable to Zone B Remainder Area; (2) the pro rata portion of Zone B Improvements allocable to Zone B Remainder Area; (3) the first year’s Annual Collection Costs related to the Zone B Remainder Area Bonds; and (4) Bond Issuance Costs incurred in connection with the issuance of Zone B Remainder Area Bonds.

**“Zone B Remainder Area Bonds”** means those certain “City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Remainder Area Project)” that are secured by Zone B Remainder Area Assessments.

**“Zone B Remainder Area Initial Parcel”** means all of the Zone B Remainder Area Assessed Property against which the entire Zone B Remainder Area Assessment is levied, as shown on the Zone B Remainder Area Assessment Roll.

## SECTION II: THE DISTRICT

The District includes approximately 924.805 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit M-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 3,053 Lots developed with single-family homes and 120 Lots developed with townhomes.

Zone A Improvement Area #1 includes approximately 183.824 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit M-2** and depicted on **Exhibit A-2**. Development of Zone A Improvement Area #1 is anticipated to include approximately 650 Lots developed with single-family homes (459 single-family homes that are on Lots classified as Lot Type 1, and 191 single-family homes that are on Lots classified as Lot Type 2).

Zone B Improvement Area #1 includes approximately 165.042 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit M-3** and depicted on **Exhibit A-3**. Development of Zone B Improvement Area #1 is anticipated to include approximately 407 Lots developed with single-family homes (89 single-family homes that are on Lots classified as Lot Type 3, 306 single-family homes that are on Lots classified as Lot Type 4, 12 single-family homes that are on Lots classified as Lot Type 5).

Zone A Remainder Area includes approximately 324.109 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit M-4** and depicted on **Exhibit A-4**. Development of Zone A Remainder Area is anticipated to include approximately 1,092 Lots developed as single-family homes.

Zone B Remainder Area includes approximately 251.830 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit M-5** and depicted on **Exhibit A-5**. Development of Zone B Remainder Area is anticipated to include approximately 904 Lots developed as single-family homes and 120 Lots developed with townhomes.

## SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Developer and their engineers and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City. The budget for the Authorized

Improvements is shown on **Exhibit B-1**. The allocation of the Authorized Improvements is shown on **Exhibit B-2, Exhibit B-3, Exhibit B-4, Exhibit B-5**.

## **A. Major Improvements**

- *Roadway and Paving*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, barrier free ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The roadway and paving improvements will provide benefit to the entire District and the Non-Assessed Property. All roadway and paving improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for the entire District and the Non-Assessed Property. All storm drainage improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, fittings, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to the entire District. All water improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

- *District Formation Costs*

Costs related to District Formation and any related fees for the entire District.

## **B. Shared Improvements**

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to

provide wastewater service to all Lots within Zone A Improvement Area #1 and Zone B Improvement Area #1. All wastewater improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

### **C. Zone A Improvement Area #1 Improvements**

- *Roadway and Paving*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, barrier free ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The roadway and paving improvements will provide benefit to each Lot within Zone A Improvement Area #1. All roadway and paving improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, fittings, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within Zone A Improvement Area #1. All water improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Zone A Improvement Area #1. All wastewater improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Zone A Improvement Area #1. All storm drainage improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Zone A Improvement Area #1 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees.

#### **D. Zone B Improvement Area #1 Improvements**

- *Roadway and Paving*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, barrier free ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The roadway and paving improvements will provide benefit to each Lot within Zone B Improvement Area #1. All roadway and paving improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, fittings, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide water service to all Lots within Zone B Improvement Area #1. All water improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Zone B Improvement Area #1. All wastewater improvements will be built to Mustang SUD standards and specifications and will be owned and maintained by the Mustang SUD.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Zone B Improvement Area #1. All

storm drainage improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Zone B Improvement Area #1 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees.

## **E. Zone A Improvements**

- *Roadway and Paving*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, barrier free ramps, and streetlights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The roadway and paving improvements will provide benefit to all Lots within Zone A. All roadway and paving improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Zone A. All storm drainage improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Zone A Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees.

## **F. Zone B Improvements**

- *Roadway and Paving*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, barrier free ramps, and streetlights. All related earthwork, excavation,



erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The roadway and paving improvements will provide benefit to all Lots within Zone B. All roadway and paving improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Zone B. All storm drainage improvements will be built to City standards and specifications and will be owned and maintained by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Zone B Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees.

## **G. Bond Issuance Costs**

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on a series of PID Bonds under an applicable Indenture in connection with the issuance of such PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds.

- *Underwriter's Counsel*

Equals a percentage of the par amount of a particular series of PID Bonds reserved for the underwriter's attorney fees.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

#### **H. Other Costs**

- *Deposit to Administrative Fund*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular 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 annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for Zone A Improvement Area #1, Zone B Improvement Area #1, Zone A Reminder Area, and Zone B Remainder Area. Per the PID Act and 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 disclosure for the District. The buyer disclosures are attached hereto as **Appendix B**.

**Exhibit D** summarizes the sources and uses of funds required to construct the Authorized Improvements and Private Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update.

### **SECTION V: ASSESSMENT PLAN**

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The

PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City 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 Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, and all developers of the Assessed Property.

#### **A. Assessment Methodology**

The City Council, acting in its legislative capacity and based on information provided by the Developer and their engineers and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs related to the Authorized Improvements shall be allocated as follows:

- The costs of the portion of the Major Improvements that benefit both the Assessed Property and the Non-Assessed Property shall first be allocated to the Assessed Property and Non-Assessed Property based upon acreage, as illustrated in **Exhibit B-2**. The costs of Major Improvements allocable to the Assessed Property, for the avoidance of doubt, the District Eligible Costs identified on **Exhibit B-1**, shall then be allocated to Zone A Improvement Area #1, Zone A Remainder Area, Zone B Improvement Area #1, and Zone B Remainder Area based upon Estimated Buildout Value of each Parcel or Assessed Property at the time this Service and Assessment Plan is approved. Zone A Improvement Area #1 is allocated 19.22% of the Major Improvement costs, Zone A Remainder Area is allocated 35.23% of the Major Improvement costs, Zone B Improvement Area #1 is allocated 13.48% of the Major Improvement costs, and Zone B Remainder Area is allocated 32.08% of the Major Improvement costs.
- The portion of the costs of the Shared Improvements that benefit both the Assessed Property and Non-Assessed Property shall first be allocated to the Assessed Property in Zone A Improvement Area #1 and Zone A Improvement Area #2, collectively and Non-Assessed Property based upon acreage, as illustrated in **Exhibit B-3**. The costs of the Shared Improvements allocable to the Assessed Property, for the avoidance of doubt, the

District Eligible Costs identified on **Exhibit B-1**, shall then be allocated to Zone A Improvement Area #1 and Zone B Improvement Area #1 based upon Estimated Buildout Value of each Parcel or Assessed Property at the time this Service and Assessment Plan was approved. Zone A Improvement Area #1 is allocated 58.77% of the Shared Improvement costs, and Zone B Improvement Area #1 is allocated 41.23% of the Shared Improvement costs.

- The portion of the costs of the Zone A Improvement Area #1 Improvements that benefit both the Assessed Property and Non-Assessed Property shall first be allocated to the Zone A Improvement Area #1 Assessed Property and Non-Assessed Property based upon acreage, as illustrated in **Exhibit B-4**. The costs of the Zone A Improvement Area #1 Improvements allocable to the Assessed Property shall then be allocated to Zone A Improvement Area #1 based upon Estimated Buildout Value of each Parcel or Assessed Property within Zone A Improvement Area #1 at the time this Service and Assessment Plan was approved. The allocations of the Zone A Improvement Area #1 Improvements costs are illustrated in **Exhibit B-1**.
- The portion of the costs of the Zone A Improvements that benefit both Assessed Property and Non-Assessed Property shall first be allocated to Zone A Assessed Property and Non-Assessed Property based upon acreage, as illustrated in **Exhibit B-5**. The costs of Zone A Improvements allocable to Assessed Property, for the avoidance of doubt, the District Eligible Costs identified on **Exhibit B-1**, shall then be allocated to Zone A Improvement Area #1 and Zone A Remainder Area based upon Estimated Buildout Value of each Parcel designated as Zone A Assessed Property to the Estimated Buildout Value of Zone A at the time this Service and Assessment Plan was approved. Zone A Improvement Area #1 is allocated 35.29% of the Zone A Improvements costs, and Zone A Remainder Area is allocated 64.71% of the Zone A Improvements costs.
- The costs of Zone B Improvements shall be allocated to Zone B Improvement Area #1 and Zone B Remainder Area based upon Estimated Buildout Value of each Parcel designated as Zone B Assessed Property to the Estimated Buildout Value of Zone B at the time this Service and Assessment Plan was approved. Zone B Improvement Area #1 is allocated 29.59% of the Zone B Improvements costs, and Zone B Remainder Area is allocated 70.41% of the Zone B Improvements costs. The allocations of the Zone B Improvement costs are illustrated in **Exhibit B-1**.
- The costs of the Zone A Improvement Area #1 Authorized Improvements shall be allocated to each Parcel within Zone A Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Zone A Improvement Area #1

Assessed Property to the Estimated Buildout Value of all Zone A Improvement Area #1 Assessed Property. Currently, the Zone A Improvement Area #1 Initial Parcel is the only Parcel within Zone A Improvement Area #1, and as such, the Zone A Improvement Area #1 Initial Parcel is allocated 100% of the Zone A Improvement Area #1 Authorized Improvements.

- The costs of the Zone A Remainder Area Authorized Improvements shall be allocated to each Parcel within the Zone A Remainder Area based on the ratio of the Estimated Buildout Value of each Parcel designated as Zone A Remainder Area Assessed Property to the Estimated Buildout Value of all Zone A Remainder Area Assessed Property. Currently, the Zone A Remainder Area Initial Parcel is the only Parcel within the Zone A Remainder Area, and as such, the Zone A Remainder Area Initial Parcel is allocated 100% of the Zone A Remainder Area Authorized Improvements.
- The costs of the Zone B Improvement Area #1 Authorized Improvements shall be allocated to each Parcel within Zone B Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Zone B Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Zone B Improvement Area #1 Assessed Property. Currently, the Zone B Improvement Area #1 Initial Parcel is the only Parcel within Zone B Improvement Area #1, and as such, the Zone B Improvement Area #1 Initial Parcel is allocated 100% of the Zone B Improvement Area #1 Authorized Improvements.
- The costs of the Zone B Remainder Area Authorized Improvements shall be allocated to each Parcel within the Zone B Remainder Area based on the ratio of the Estimated Buildout Value of each Parcel designated as Zone B Remainder Area Assessed Property to the Estimated Buildout Value of all Zone B Remainder Area Assessed Property. Currently, the Zone B Remainder Area Initial Parcel is the only Parcel within the Zone B Remainder Area, and as such, the Zone B Remainder Area Initial Parcel is allocated 100% of the Zone B Remainder Area Authorized Improvements.

## **B. Assessments**

The Zone A Improvement Area #1 Assessment will be levied on the Zone A Improvement Area #1 Assessed Property according to the Zone A Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F-1**. The projected Zone A Improvement Area #1 Annual Installments are shown on **Exhibit F-2**, subject to revisions made during any Annual Service Plan Update. Upon division or subdivision of the Zone A Improvement Area #1 Initial Parcel, the Zone A Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Zone B Improvement Area #1 Assessment will be levied on the Zone B Improvement Area #1 Assessed Property according to the Zone B Improvement Area #1 Assessment Roll, attached hereto as **Exhibit G-1**. The projected Zone B Improvement Area #1 Annual Installments are shown on **Exhibit G-2**, subject to revisions made during any Annual Service Plan Update. Upon division or subdivision of the Zone B Improvement Area #1 Initial Parcel, the Zone B Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Zone A Remainder Area Assessment will be levied on the Zone A Remainder Area Assessed Property according to the Zone A Remainder Area Assessment Roll, attached hereto as **Exhibit H-1**. The projected Zone A Remainder Area Annual Installments are shown on **Exhibit H-2**, subject to revisions made during any Annual Service Plan Update. Upon division or subdivision of the Zone A Remainder Area Initial Parcel, the Zone A Remainder Area Assessment will be reallocated pursuant to **Section VI**.

The Zone B Remainder Area Assessment will be levied on the Zone B Remainder Area Assessed Property according to the Zone B Remainder Area Assessment Roll, attached hereto as **Exhibit I-1**. The projected Zone B Remainder Area Annual Installments are shown on **Exhibit I-2**, subject to revisions made during any Annual Service Plan Update. Upon division or subdivision of the Zone B Remainder Area Initial Parcel, the Zone B Remainder Area Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, or Lot Type 5 respectively, exceed the corresponding Maximum Assessment for each Lot classification.

### **C. Findings of Special Benefit**

Acting in its legislative capacity and based on information provided by the Developer and their engineers and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- *Zone A Improvement Area #1*
  - The costs of the Zone A Improvement Area #1 Authorized Improvements equal \$26,283,000 as shown on **Exhibit B-1**;
  - The Zone A Improvement Area #1 Assessed Property receives special benefit from the Zone A Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Zone A Improvement Area #1 Authorized Improvements;

- The Zone A Improvement Area #1 Initial Parcel will be allocated 100% of the Zone A Improvement Area #1 Assessment levied for the Zone A Improvement Area #1 Authorized Improvements, which equals \$26,283,000 as shown on the Zone A Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**;
  - The special benefit ( $\geq \$26,283,000$ ) received by the Zone A Improvement Area #1 Initial Parcel from the Zone A Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the Zone A Improvement Area #1 Assessment (\$26,283,000) levied on the Zone A Improvement Area #1 Initial Parcel for the Zone A Improvement Area #1 Authorized Improvements; and
  - At the time the City Council approves the Service and Assessment Plan, the Developer will own 100% of the Zone A Improvement Area #1 Initial Parcel. The Developer will acknowledge that the Zone A Improvement Area #1 Authorized Improvements confer a special benefit on the Zone A Improvement Area #1 Initial Parcel and consents to the imposition of the Zone A Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The Developer is expected to ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Zone A Improvement Area #1 Assessment on the Zone A Improvement Area #1 Initial Parcel.
- *Zone B Improvement Area #1*
- The costs of the Zone B Improvement Area #1 Authorized Improvements equal \$18,771,000 as shown on **Exhibit B-1**;
  - The Zone B Improvement Area #1 Assessed Property receives special benefit from the Zone B Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Zone B Improvement Area #1 Authorized Improvements;
  - The Zone B Improvement Area #1 Initial Parcel will be allocated 100% of the Zone B Improvement Area #1 Assessment levied for the Zone B Improvement Area #1 Authorized Improvements, which equals \$18,771,000 as shown on the Zone B Improvement Area #1 Assessment Roll attached hereto as **Exhibit G-1**;
  - The special benefit ( $\geq \$18,771,000$ ) received by the Zone B Improvement Area #1 Initial Parcel from the Zone B Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the Zone B Improvement Area #1

Assessment (\$18,771,000) levied on the Zone B Improvement Area #1 Initial Parcel for the Zone B Improvement Area #1 Authorized Improvements; and

- At the time the City Council approves the Service and Assessment Plan, the Developer will own 100% of the Zone B Improvement Area #1 Initial Parcel. The Developer will acknowledge that the Zone B Improvement Area #1 Authorized Improvements confer a special benefit on the Zone B Improvement Area #1 Initial Parcel and consents to the imposition of the Zone B Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The Developer is expected to ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Zone B Improvement Area #1 Assessment on the Zone B Improvement Area #1 Initial Parcel.
- *Zone A Remainder Area*
  - The costs of the Zone A Remainder Area Authorized Improvements equal \$7,738,000 as shown on **Exhibit B-1**;
  - The Zone A Remainder Area Assessed Property receives special benefit from the Zone A Remainder Area Authorized Improvements equal to or greater than the Actual Cost of the Zone A Remainder Area Authorized Improvements;
  - The Zone A Remainder Area Initial Parcel will be allocated 100% of the Zone A Remainder Area Assessment levied for the Zone A Remainder Area Authorized Improvements, which equals \$7,738,000 as shown on the Zone A Remainder Area Assessment Roll attached hereto as **Exhibit H-1**;
  - The special benefit ( $\geq$  \$7,738,000) received by the Zone A Remainder Area Initial Parcel from the Zone A Remainder Area Authorized Improvements is equal to or greater than the amount of the Zone A Remainder Area Assessment (\$7,738,000) levied on the Zone A Remainder Area Initial Parcel for the Zone A Remainder Area Authorized Improvements; and
  - At the time the City Council approved the Service and Assessment Plan, the Developer will own 100% of the Zone A Remainder Area Initial Parcel. The Developer will acknowledge that the Zone A Remainder Area Authorized Improvements confer a special benefit on the Zone A Remainder Area Initial Parcel and consents to the imposition of the Zone A Remainder Area Assessment to pay for the Actual Costs associated therewith. The Developer is expected to ratify,



confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Zone A Remainder Area Assessment on the Zone A Remainder Area Initial Parcel.

- *Zone B Remainder Area*

- The costs of the Zone B Remainder Area Authorized Improvements equal \$6,419,000 as shown on **Exhibit B-1**;
- The Zone B Remainder Area Assessed Property receives special benefit from the Zone B Remainder Area Authorized Improvements equal to or greater than the Actual Cost of the Zone B Remainder Area Authorized Improvements;
- The Zone B Remainder Area Initial Parcel will be allocated 100% of the Zone B Remainder Area Assessment levied for the Zone B Remainder Area Authorized Improvements, which equals \$6,419,000 as shown on the Zone B Remainder Area Assessment Roll attached hereto as **Exhibit I-1**;
- The special benefit ( $\geq \$6,419,000$ ) received by the Zone B Remainder Area Initial Parcel from the Zone B Remainder Area Authorized Improvements is equal to or greater than the amount of the Zone B Remainder Area Assessment (\$6,419,000) levied on the Zone B Remainder Area Initial Parcel for the Zone B Remainder Area Authorized Improvements; and
- At the time the City Council approved the Service and Assessment Plan, the Developer will own 100% of the Zone B Remainder Area Initial Parcel. The Developer will acknowledge that the Zone B Remainder Area Authorized Improvements confer a special benefit on the Zone B Remainder Area Initial Parcel and consents to the imposition of the Zone B Remainder Area Assessment to pay for the Actual Costs associated therewith. The Developer is expected to ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Zone B Remainder Area Assessment on the Zone B Remainder Area Initial Parcel.

#### **D. Annual Collection Costs**

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the applicable Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

#### **E. Additional Interest**

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, 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**

Any reallocation of Assessments as described in this Section VI shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

#### **A. Reallocation of Assessments**

##### *1. 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 of the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Developer, relying on information from homebuilders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for Lot Type

1, Lot Type 2, Lot Type 3, Lot Type 4, and Lot Type 5 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

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 Annual Service Plan Update immediately following such reallocation.

## *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 of the newly subdivided Lots excluding Non-Benefitted Property

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

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, and Lot Type 5 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

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 Annual Service Plan Update immediately following such reallocation.

### *3. Upon Consolidation*

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, 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 immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.C.**

## **B. Mandatory Prepayment of Assessments**

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable “Notice of Assessment Termination,” a form of which is attached hereto as **Exhibit K.**

## **C. 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 applicable Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City’s approval of a plat without payment of such amounts does not

eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the Assessments for any Lot exceed the applicable Maximum Assessment.

#### **D. Reduction of Assessments**

If as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement the Actual Costs of any Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds have not been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that PID Bonds have been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds that are not expected to be used for the purposes of the project fund as directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

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, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

#### **F. Payment of Assessment in Annual Installments**

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated Zone A Improvement Area Annual Installments, **Exhibit G-2** shows the estimated Zone B Improvement Area #1 Annual Installments, **Exhibit H-2** shows the estimated Zone A Remainder Area Annual Installments, and **Exhibit I-2** shows the estimated Zone B Remainder Area Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the Parcel not including any Non-Assessed Property, as shown by the Denton Central Appraisal District for each tax parcel identification number.

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. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments, but in no case shall the City take any action, or fail to take any action, that would cause it to be in default under any Indenture. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed

Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Zone A Improvement Area #1 Assessments, Zone B Improvement Area #1 Assessments, Zone A Remainder Area Assessments, and Zone B Remainder Area Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2026.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

#### **G. Prepayment as a Result of an Eminent Domain Proceeding or Taking**

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Remaining Property**"), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a

Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

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

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

## **SECTION VII: ASSESSMENT ROLL**

The Zone A Improvement Area #1 Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the



Zone A Improvement Area #1 Assessment Roll and Zone A Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Zone B Improvement Area #1 Assessment Roll is attached as **Exhibit G-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Zone B Improvement Area #1 Assessment Roll and Zone B Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Zone A Remainder Area Assessment Roll is attached as **Exhibit H-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Zone A Remainder Area Assessment Roll and Zone A Remainder Area Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Zone B Remainder Area Assessment Roll is attached as **Exhibit I-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Zone B Remainder Area Assessment Roll and Zone B Remainder Area Annual Installments for each Parcel as part of each Annual Service Plan Update.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Calculation Errors**

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1<sup>st</sup> of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing 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, the applicable Indenture, or as 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 holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

### **D. Form of Buyer Disclosure/Filing Requirements**

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**. Within seven days of approval by the city Council, the City shall file and record in the real property records of the County the executed ordinance of 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 their entirety.

### **E. Severability**

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

## EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

<b>Exhibit A-1</b>	Map of the District
<b>Exhibit A-2</b>	Map of Zone A Improvement Area #1
<b>Exhibit A-3</b>	Map of Zone B Improvement Area #1
<b>Exhibit A-4</b>	Map of Zone A Remainder Area
<b>Exhibit A-5</b>	Map of Zone B Remainder Area
<b>Exhibit A-6</b>	District Lot Type Classification Map
<b>Exhibit A-7</b>	Zone A Improvement Area #1 Lot Type Classification Map
<b>Exhibit A-8</b>	Zone B Improvement Area #1 Lot Type Classification Map
<b>Exhibit B-1</b>	Project Costs
<b>Exhibit B-2</b>	Major Improvements Cost Allocation Analysis
<b>Exhibit B-3</b>	Shared Improvements Cost Allocation Analysis
<b>Exhibit B-4</b>	Zone A Improvement Area #1 Improvements Cost Allocation Analysis
<b>Exhibit B-5</b>	Zone A Improvements Cost Allocation Analysis
<b>Exhibit C</b>	Service Plan
<b>Exhibit D</b>	Sources and Uses of Funds
<b>Exhibit E</b>	Maximum Assessment and Tax Rate Equivalent
<b>Exhibit F-1</b>	Zone A Improvement Area #1 Assessment Roll
<b>Exhibit F-2</b>	Zone A Improvement Area #1 Annual Installments
<b>Exhibit G-1</b>	Zone B Improvement Area #1 Assessment Roll
<b>Exhibit G-2</b>	Zone B Improvement Area #1 Annual Installments
<b>Exhibit H-1</b>	Zone A Remainder Area Assessment Roll
<b>Exhibit H-2</b>	Zone A Remainder Area Annual Installments
<b>Exhibit I-1</b>	Zone B Remainder Area Assessment Roll
<b>Exhibit I-2</b>	Zone B Remainder Area Annual Installments
<b>Exhibit J-1</b>	Maps of Major Improvements
<b>Exhibit J-2</b>	Maps of Shared Improvements
<b>Exhibit J-3</b>	Maps of Zone A Improvement Area #1 Improvements
<b>Exhibit J-4</b>	Maps of Zone B Improvement Area #1 Improvements
<b>Exhibit J-5</b>	Maps of Zone A Improvements
<b>Exhibit J-6</b>	Maps of Zone B Improvements
<b>Exhibit K</b>	Form of Notice of Assessment Termination
<b>Exhibit L-1</b>	Debt Service Schedule for Zone A Improvement Area #1 Bonds
<b>Exhibit L-2</b>	Debt Service Schedule for Zone B Improvement Area #1 Bonds

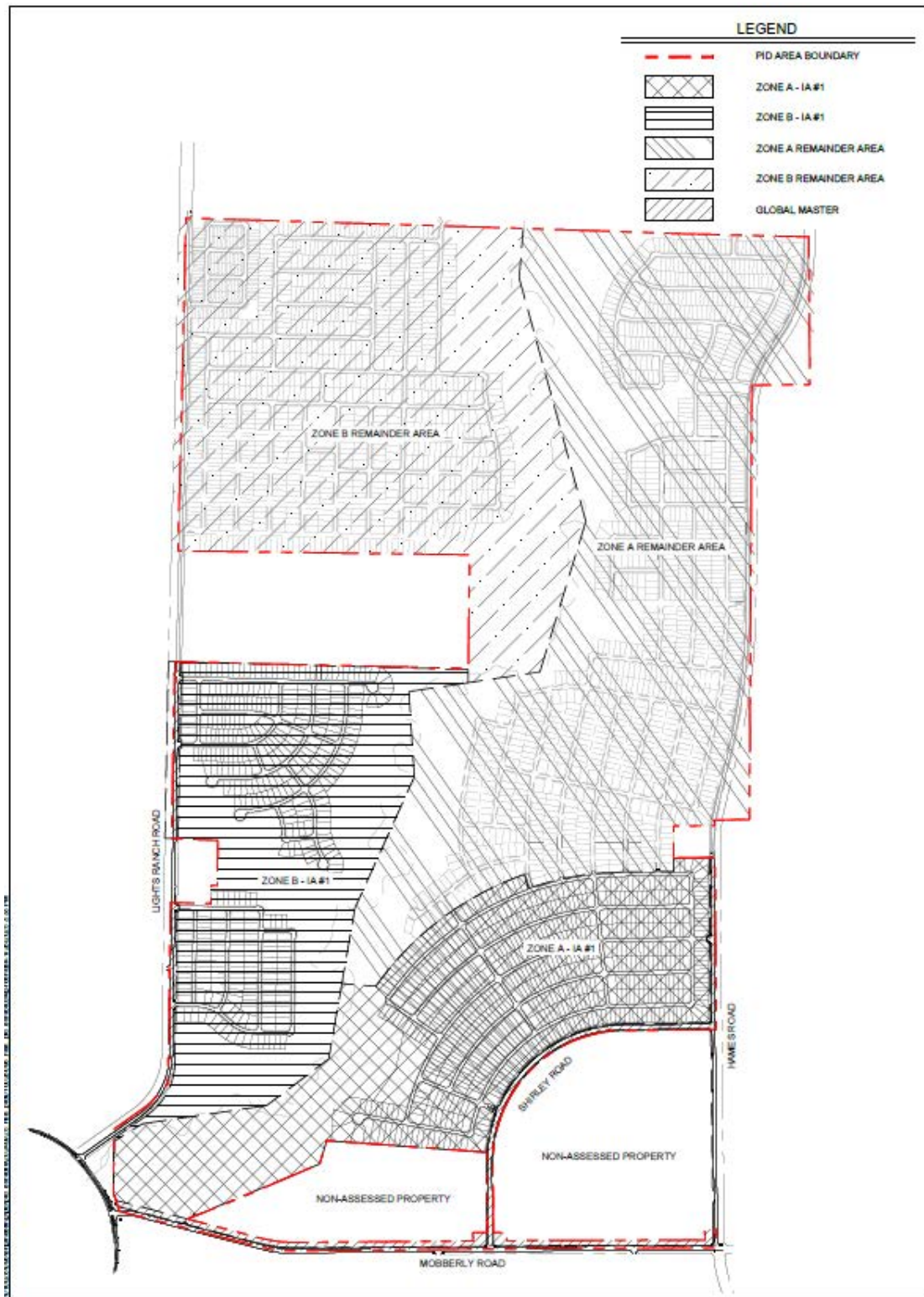
<b>Exhibit L-3</b>	Debt Service Schedule for Zone A Remainder Area Bonds
<b>Exhibit L-4</b>	Debt Service Schedule for Zone B Remainder Area Bonds
<b>Exhibit M-1</b>	District Legal Description
<b>Exhibit M-2</b>	Zone A Improvement Area #1 Legal Description
<b>Exhibit M-3</b>	Zone B Improvement Area #1 Legal Description
<b>Exhibit M-4</b>	Zone A Remainder Area Legal Description
<b>Exhibit M-5</b>	Zone B Remainder Area Legal Description

## APPENDICES

The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

<b>Appendix A</b>	Engineer's Report
<b>Appendix B</b>	Buyer Disclosures

## EXHIBIT A-1 – MAP OF THE DISTRICT



## EXHIBIT A-2 – MAP OF ZONE A IMPROVEMENT AREA #1





## EXHIBIT A-3 – MAP OF ZONE B IMPROVEMENT AREA #1



## EXHIBIT A-4 – MAP OF ZONE A REMAINDER AREA

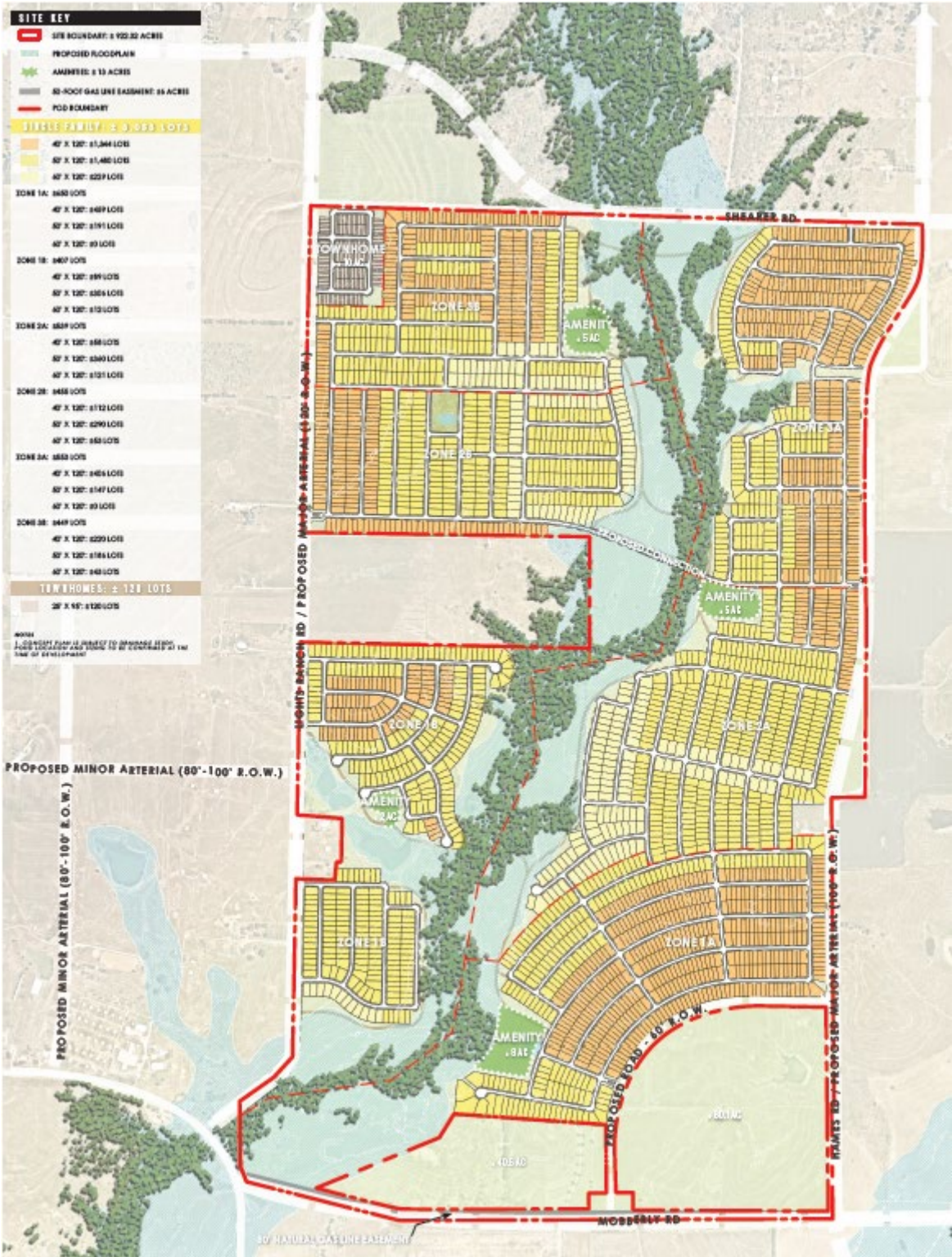




## EXHIBIT A-5 – MAP OF ZONE B REMAINDER AREA

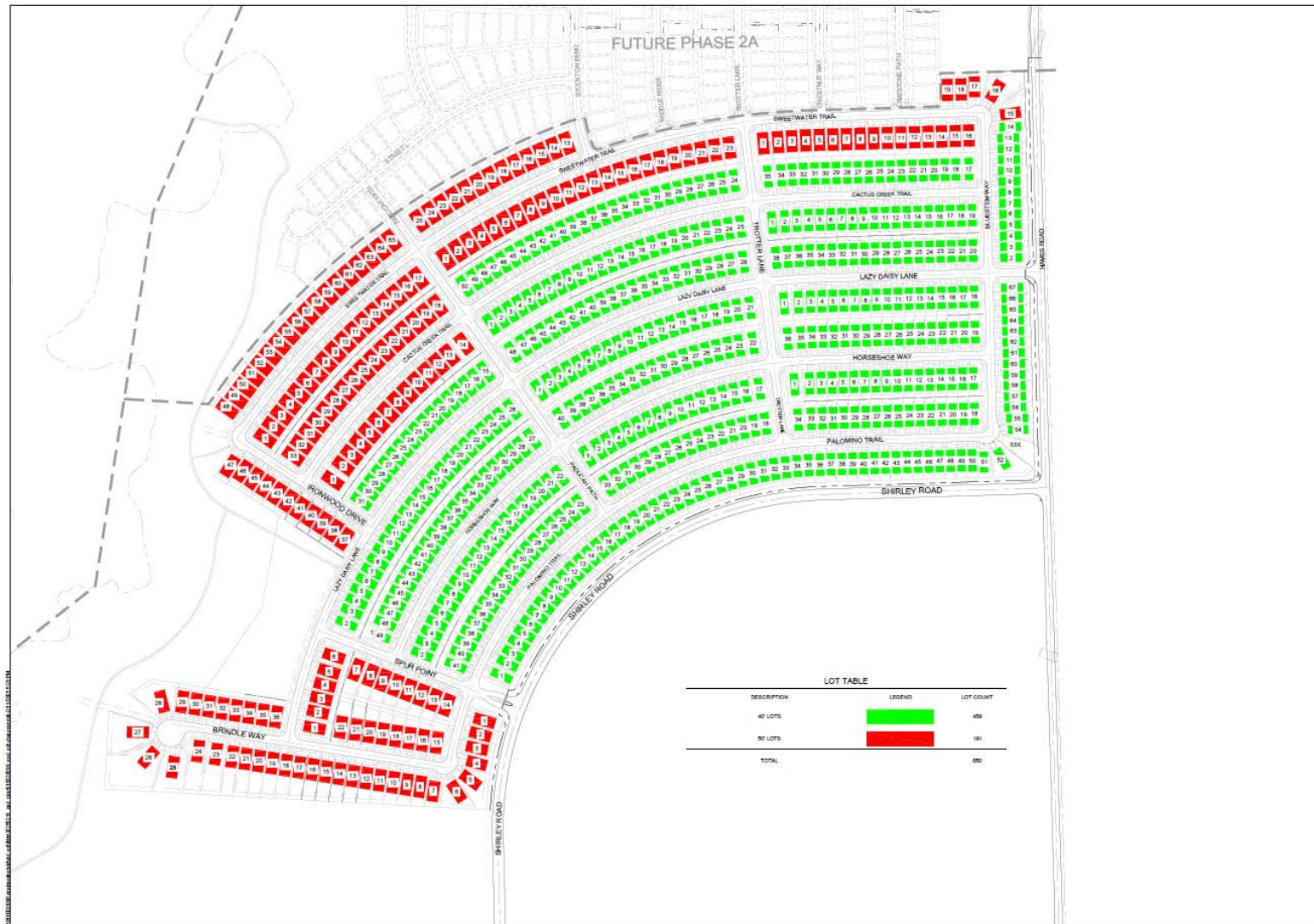


**EXHIBIT A-6 – DISTRICT LOT TYPE CLASSIFICATION MAP**

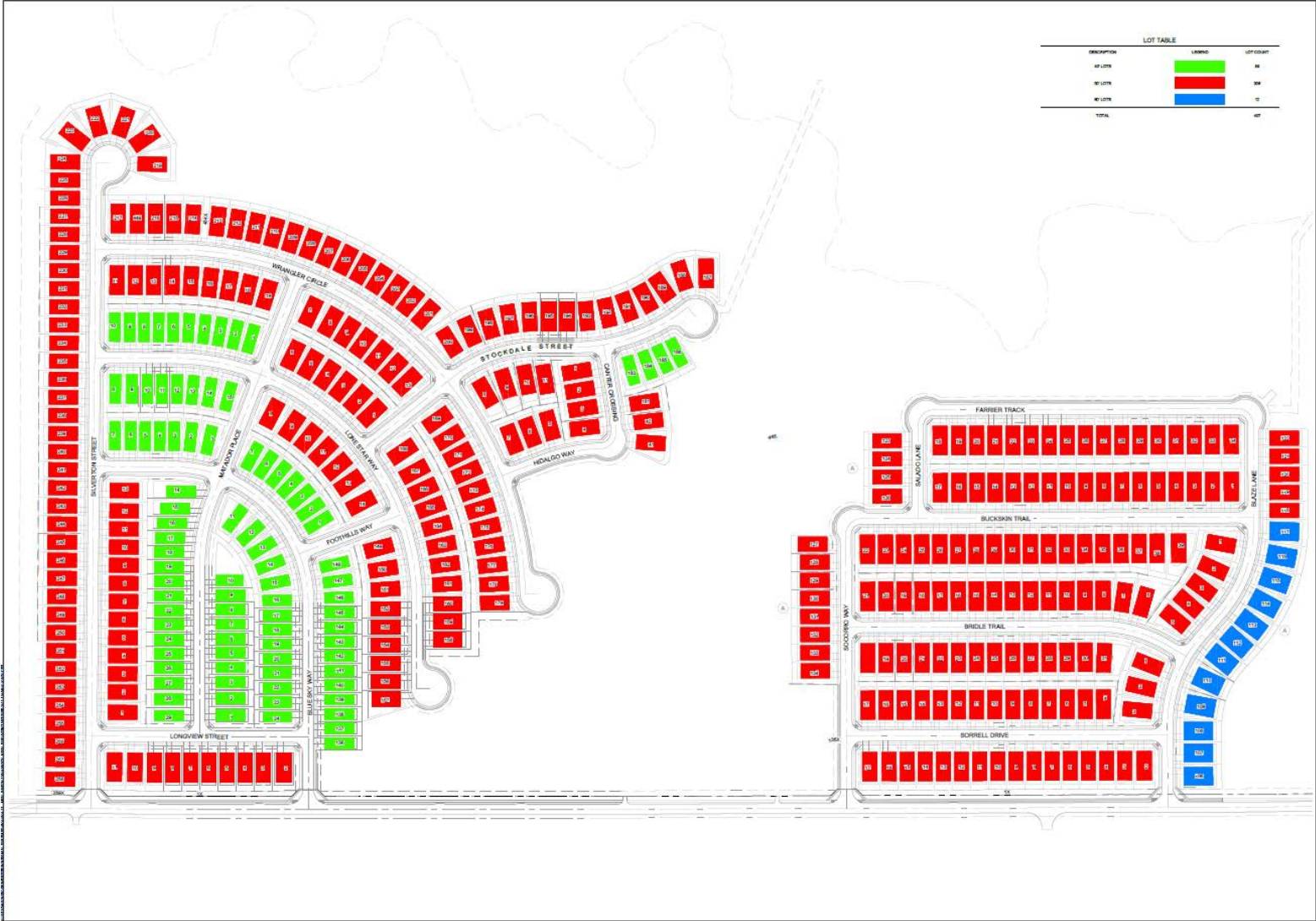




## EXHIBIT A-7 – ZONE A IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP



**EXHIBIT A-8 – ZONE B IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP**



## EXHIBIT B-1 – PROJECT COSTS

					Zone A				Zone B			
	Total Costs <sup>[a]</sup>	Non-Assessed Property <sup>[b]</sup>	Private <sup>[c]</sup>	District Eligible Costs	Zone A Improvement Area #1		Zone A Remainder Area		Zone B Improvement Area #1		Zone B Remainder Area	
					%	Cost	%	Cost	%	Cost	%	Cost
Major Improvements <sup>[d]</sup>												
Roadway and Paving <sup>[e]</sup>	\$ 1,957,240	\$ 224,249	\$ -	\$ 1,732,991	19.22%	\$ 332,997	35.23%	\$ 610,514	13.48%	\$ 233,611	32.08%	\$ 555,869
Storm Drainage	1,066,665	122,212	-	944,453	19.22%	181,478	35.23%	332,720	13.48%	127,314	32.08%	302,940
Water	784,145	-	-	784,145	19.22%	150,675	35.23%	276,246	13.48%	105,704	32.08%	251,520
District Formation Costs	2,200,000	-	-	2,200,000	19.22%	422,733	35.23%	775,036	13.48%	296,565	32.08%	705,666
Soft Costs <sup>[d]</sup>	912,355	-	-	912,355	19.22%	175,310	35.23%	321,413	13.48%	122,987	32.08%	292,645
	\$ 6,920,405	\$ 346,462	\$ -	\$ 6,573,943		\$ 1,263,193		\$ 2,315,929		\$ 886,181		\$ 2,108,640
Shared Improvements <sup>[f]</sup>												
Wastewater												
Orange Wastewater Line	\$ 1,364,492	\$ 348,508	\$ -	\$ 1,015,984	58.77%	\$ 597,096	0.00%	\$ -	41.23%	\$ 418,887	0.00%	\$ -
Purple Wastewater Line	396,908	-	-	396,908	58.77%	233,264	0.00%	-	41.23%	163,644	0.00%	-
Soft Costs <sup>[d]</sup>	264,210	-	-	264,210	58.77%	155,277	0.00%	-	41.23%	108,933	0.00%	-
	\$ 2,025,610	\$ 348,508	\$ -	\$ 1,677,102		\$ 985,637		\$ -		\$ 691,464		\$ -
Zone A Improvement Area #1 Improvements <sup>[h]</sup>												
Roadway and Paving <sup>[e]</sup>	\$ 6,101,128	\$ -	\$ -	\$ 6,101,128	100%	\$ 6,101,128	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Wet Utilities												
Water	2,563,432	361,820	-	2,201,612	100%	2,201,612	0.00%	-	0.00%	-	0.00%	-
Storm Drainage	3,644,425	-	-	3,644,425	100%	3,644,425	0.00%	-	0.00%	-	0.00%	-
Wastewater	1,603,940	-	-	1,603,940	100%	1,603,940	0.00%	-	0.00%	-	0.00%	-
Soft Costs <sup>[d]</sup>	2,007,322	-	-	2,007,322	100%	2,007,322	0.00%	-	0.00%	-	0.00%	-
	\$ 15,920,247	\$ 361,820	\$ -	\$ 15,558,427		\$ 15,558,427		\$ -		\$ -		\$ -
Zone A Improvements <sup>[f]</sup>												
Roadway and Paving <sup>[e]</sup>	\$ 2,040,252	\$ 395,761	\$ -	\$ 1,644,491	35.29%	\$ 580,396	64.71%	\$ 1,064,095	0.00%	\$ -	0.00%	\$ -
Storm Drainage	828,950	158,062	-	670,888	35.29%	236,779	64.71%	434,109	0.00%	-	0.00%	-
Contingency	862,158	-	-	862,158	35.29%	304,285	64.71%	557,873	0.00%	-	0.00%	-
Soft Costs <sup>[d]</sup>	1,018,508	-	-	1,018,508	35.29%	359,466	64.71%	659,042	0.00%	-	0.00%	-
	\$ 4,749,867	\$ 553,823	\$ -	\$ 4,196,044		\$ 1,480,926		\$ 2,715,119		\$ -		\$ -
Zone B Improvement Area #1 Improvements												
Roadway and Paving <sup>[e]</sup>	\$ 4,749,791	\$ -	\$ -	\$ 4,749,791	0.00%	\$ -	0.00%	\$ -	100%	\$ 4,749,791	0.00%	\$ -
Wet Utilities												
Water	1,357,552	-	-	1,357,552	0.00%	-	0.00%	-	100%	1,357,552	0.00%	-
Storm Drainage	2,100,808	-	-	2,100,808	0.00%	-	0.00%	-	100%	2,100,808	0.00%	-
Wastewater	1,641,248	-	-	1,641,248	0.00%	-	0.00%	-	100%	1,641,248	0.00%	-
Soft Costs <sup>[d]</sup>	1,475,667	-	-	1,475,667	0.00%	-	0.00%	-	100%	1,475,667	0.00%	-
	\$ 11,325,064	\$ -	\$ -	\$ 11,325,064		\$ -		\$ -		\$ 11,325,064		\$ -
Zone B Improvements <sup>[f]</sup>												
Roadway and Paving <sup>[e]</sup>	\$ 1,630,693	\$ -	\$ -	\$ 1,630,693	0.00%	\$ -	0.00%	\$ -	29.59%	\$ 482,529	70.41%	\$ 1,148,164
Storm Drainage	794,198	-	-	794,198	0.00%	-	0.00%	-	29.59%	235,007	70.41%	559,191
Soft Costs <sup>[d]</sup>	503,046	-	-	503,046	0.00%	-	0.00%	-	29.59%	148,853	70.41%	354,192
	\$ 2,927,936	\$ -	\$ -	\$ 2,927,936		\$ -		\$ -		\$ 866,389		\$ 2,061,547
Private <sup>[c]</sup>												
Private Improvements	\$ 26,011,310	\$ -	\$ 26,011,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 26,011,310	\$ -	\$ 26,011,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Issuance Costs <sup>[h]</sup>												
Debt Service Reserve Fund	\$ 4,786,285	\$ -	\$ -	\$ 4,786,285		\$ 2,108,700		\$ 645,210		\$ 1,500,585		\$ 531,790
Capitalized Interest	6,380,303	-	-	6,380,303		2,349,043		1,286,443		1,677,658		1,067,159
Underwriter Discount	1,184,220	-	-	1,184,220		525,660		154,760		375,420		128,380
Underwriter Counsel	592,110	-	-	592,110		262,830		77,380		187,710		64,190
Cost of Issuance	3,849,565	-	-	3,849,565		1,708,584		503,160		1,220,528		417,294
	\$ 16,792,483	\$ -	\$ -	\$ 16,792,483		\$ 6,954,817		\$ 2,666,952		\$ 4,961,901		\$ 2,208,813
Other Costs <sup>[h]</sup>												
Deposit to Administrative Fund	\$ 160,000	\$ -	\$ -	\$ 160,000		\$ 40,000		\$ 40,000		\$ 40,000		\$ 40,000
	\$ 160,000	\$ -	\$ -	\$ 160,000		\$ 40,000		\$ 40,000		\$ 40,000		\$ 40,000
Total	\$ 86,832,923	\$ 1,610,613	\$ 26,011,310	\$ 59,211,000		\$ 26,283,000		\$ 7,738,000		\$ 18,771,000		\$ 6,419,000

**Footnotes:**

- [a] Per Engineer's Report dated February 12, 2025.  
 [b] The Developer has agreed to pay for the allocable share of the Actual Costs of these Authorized Improvements that benefits the Non-Assessed Property. The costs of Authorized Improvements have been allocated between Assessed Property and Non-Assessed Property as shown in **Exhibit B-2, Exhibit B-3, Exhibit B-4, Exhibit B-5**.  
 [c] Non-reimbursable to the Developer through Assessments or PID Bonds.  
 [d] District eligible Major Improvements are allocated pro rata across the Assessed Property based on Estimated Buildout Value. The costs of Major Improvements allocated to Non-Assessed Property is shown in **Exhibit B-2**.  
 [e] Roadway and paving costs include costs related to roadway, paving, and earthwork.  
 [f] District eligible Shared Improvements are allocated pro rata across Zone A Improvement Area #1 and Zone B Improvement Area #1 based on Estimated Buildout Value. The costs of Shared Improvements allocated to Non-Assessed Property is shown in **Exhibit B-3**.  
 [g] Soft Costs include engineering fees, testing fees, contingency, construction management fees, and permit fees. Soft Costs attributable to Major Improvements are allocated pro rata based on the Zone A and Zone B construction costs.  
 [h] The costs of Zone A Improvement Area #1 Improvements allocated to Non-Assessed Property is shown in **Exhibit B-4**.  
 [i] District eligible Zone A Improvements are allocated pro rata across Zone A based on Estimated Buildout Value. The costs of Zone A Improvements allocated to Non-Assessed Property is shown in **Exhibit B-5**.  
 [j] District eligible Zone B Improvements are allocated pro rata across Zone B based on Estimated Buildout Value.  
 [k] Estimates only and subject to change upon issuance of PID Bonds.

## EXHIBIT B-2 – MAJOR IMPROVEMENTS COST ALLOCATION ANALYSIS

Step 1: Zone A Improvement Area #1, Zone A Remainder Area, Zone B Improvement Area #1, Zone B Remainder Area, and Non-Assessed Property Allocated based on Acreage

Property Type	Acreage <sup>[a]</sup>	% Allocation
Zone A Improvement Area #1	183.824	17.60%
Zone A Remainder Area	324.109	31.03%
Zone B Improvement Area #1	165.042	15.80%
Zone B Remainder Area	251.830	24.11%
Non-Assessed (Commercial/Multi-Family)	119.670	11.46%
<b>Total</b>	<b>1,044.48</b>	<b>100.00%</b>

Step 2a: Roadway & Paving Major Improvements Allocated between Zone A Improvement Area #1, Zone A Remainder Area, Zone B Improvement Area #1, Zone B Remainder Area, and Non-Assessed Property based on Acreage

Property Type	Total Estimated Project Costs <sup>[a]</sup>	Zone A Improvement Area #1		Zone A Remainder Area		Zone B Improvement Area #1		Zone B Remainder Area		Non-Assessed (Commercial/Multi-Family)	
		% Allocation		% Allocation		% Allocation		% Allocation		% Allocation	
Mobberly Rd	\$ 1,957,240	17.60%	\$ 344,467	31.03%	\$ 607,347	15.80%	\$ 309,272	24.11%	\$ 471,904	11.46%	\$ 224,249
<b>Total</b>	<b>1,957,240</b>		<b>\$ 344,467</b>		<b>\$ 607,347</b>		<b>\$ 309,272</b>		<b>\$ 471,904</b>		<b>\$ 224,249</b>

Step 2b: Storm Drainage Major Improvements per Road Allocated between Zone A Improvement Area #1, Zone A Remainder Area, Zone B Improvement Area #1, Zone B Remainder Area, and Non-Assessed Property based on Acreage

Property Type	Total Estimated Project Costs <sup>[a]</sup>	Zone A Improvement Area #1		Zone A Remainder Area		Zone B Improvement Area #1		Zone B Remainder Area		Non-Assessed (Commercial/Multi-Family)	
		% Allocation		% Allocation		% Allocation		% Allocation		% Allocation	
Mobberly Rd	\$ 1,066,665	17.60%	\$ 187,729	31.03%	\$ 330,995	15.80%	\$ 168,548	24.11%	\$ 257,180	11.46%	\$ 122,212
<b>Total</b>	<b>1,066,665</b>		<b>\$ 187,729</b>		<b>\$ 330,995</b>		<b>\$ 168,548</b>		<b>\$ 257,180</b>		<b>\$ 122,212</b>

**Footnotes:**

[a] As provided by the Developer on February 12, 2025.

## EXHIBIT B-3 – SHARED IMPROVEMENTS COST ALLOCATION ANALYSIS

**Step 1: Zone A Improvement Area #1, Zone A Remainder Area, Zone B Improvement Area #1, Zone B Remainder Area, and Non-Assessed Property Allocated based on Acreage**

Property Type	Acreage <sup>[a]</sup>	% Allocation
Zone A Improvement Area #1	183.824	39.23%
Zone B Improvement Area #1	165.042	35.23%
Non-Assessed (Commercial/Multi-Family)	119.670	25.54%
<b>Total</b>	<b>468.54</b>	<b>100.00%</b>

**Step 2: Orange Sewer Costs Allocated between Zone A Improvement Area #1, Zone B Improvement Area #1, and Non-Assessed Property based on Acreage**

Property Type	% Allocation	Total Estimated Project Costs <sup>[a]</sup>
Zone A Improvement Area #1	39.23%	\$ 535,341
Zone B Improvement Area #1	35.23%	\$ 480,643
Non-Assessed (Commercial/Multi-Family)	25.54%	\$ 348,508
<b>Total</b>	<b>100.00%</b>	<b>\$ 1,364,492</b>

**Footnotes:**

[a] As provided by the Developer on February 12, 2025.

## EXHIBIT B-4 – ZONE A IMPROVEMENT AREA #1 IMPROVEMENTS COST ALLOCATION ANALYSIS

### Step 1: Zone A Improvement Area #1 and Non-Assessed Property Allocated based on Acreage

Property Type	Acreage <sup>[a]</sup>	% Allocation
Zone A Improvement Area #1	183.824	60.57%
Non-Assessed (Commercial/Multi-Family)	119.670	39.43%
<b>Total</b>	<b>303.49</b>	<b>100.00%</b>

### Step 2: Water Costs Allocated between Zone A Improvement Area #1 and Non-Assessed Property based on Acreage

Lot Type	% Allocation	Total Estimated Project Costs <sup>[a]</sup>
Zone A Improvement Area #1	60.57%	\$ 555,788
Non-Assessed (Commercial/Multi-Family)	39.43%	\$ 361,820
<b>Total</b>	<b>100.00%</b>	<b>\$ 917,608</b>

**Footnotes:**

[a] As provided by the Developer on February 12, 2025.



## EXHIBIT B-5 – ZONE A IMPROVEMENTS COST ALLOCATION ANALYSIS

Step 1: Zone A Improvement Area #1, Zone A Remainder Area, and Non-Assessed Property Allocated based on Acreage

Property Type	Acreage <sup>[a]</sup>	% Allocation
Zone A Improvement Area #1	183.824	29.29%
Zone A Remainder Area	324.109	51.64%
Non-Assessed (Commercial/Multi-Family)	119.670	19.07%
<b>Total</b>	<b>627.60</b>	<b>100.00%</b>

Step 2a: Roadway & Paving Costs per Road Allocated between Zone A Improvement Area #1, Zone A Remainder Area, and Non-Assessed Property based on Acreage

Property Type	Total Estimated Project Costs <sup>[a]</sup>	% Allocation	Zone A Improvement Area #1	% Allocation	Zone A Remainder Area	% Allocation	Non-Assessed (Commercial/Multi-Family)
Hames Rd	\$ 872,257	29.29%	\$ 255,483	51.64%	\$ 450,454	19.07%	\$ 166,320
Shirley Rd	\$ 1,167,995	29.29%	\$ 342,104	51.64%	\$ 603,180	19.07%	\$ 222,711
<b>Total</b>	<b>2,040,252</b>		<b>\$ 597,587</b>		<b>\$ 1,053,634</b>		<b>\$ 389,031</b>

Step 2b: Storm Drainage Costs per Road Allocated between Zone A Improvement Area #1, Zone A Remainder Area, and Non-Assessed Property based on Acreage

Property Type	Total Estimated Project Costs <sup>[a]</sup>	% Allocation	Zone A Improvement Area #1	% Allocation	Zone A Remainder Area	% Allocation	Non-Assessed (Commercial/Multi-Family)
Hames Rd	\$ 549,173	29.29%	\$ 160,852	51.64%	\$ 283,606	19.07%	\$ 104,715
Shirley Rd	\$ 279,778	29.29%	\$ 81,946	51.64%	\$ 144,484	19.07%	\$ 53,347
<b>Total</b>	<b>828,950</b>		<b>\$ 242,798</b>		<b>\$ 428,089</b>		<b>\$ 158,062</b>

**Footnotes:**

[a] As provided by the Developer on February 12, 2025.

## EXHIBIT C – SERVICE PLAN

Zone A Improvement Area #1						
Annual Installment Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
Zone A Improvement Area #1 Bonds						
Principal		\$ -	\$ 310,000.00	\$ 331,000.00	\$ 353,000.00	\$ 377,000.00
Interest		\$ 1,708,395.00	\$ 1,708,395.00	\$ 1,688,245.00	\$ 1,666,730.00	\$ 1,643,785.00
Capitalized Interest		\$ (1,708,395.00)	\$ -	\$ -	\$ -	\$ -
	(1)	\$ -	\$ 2,018,395.00	\$ 2,019,245.00	\$ 2,019,730.00	\$ 2,020,785.00
Additional Interest	(2)	\$ -	\$ 131,415.00	\$ 129,865.00	\$ 128,210.00	\$ 126,445.00
Annual Collection Costs	(3)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 40,000.00	\$ 2,190,610.00	\$ 2,190,726.00	\$ 2,190,388.32	\$ 2,190,527.29

Zone B Improvement Area #1						
Annual Installment Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
Zone B Improvement Area #1 Bonds						
Principal		\$ -	\$ 224,000.00	\$ 239,000.00	\$ 255,000.00	\$ 272,000.00
Interest		\$ 1,220,115.00	\$ 1,220,115.00	\$ 1,205,555.00	\$ 1,190,020.00	\$ 1,173,445.00
Capitalized Interest		\$ (1,220,115.00)	\$ -	\$ -	\$ -	\$ -
	(1)	\$ -	\$ 1,444,115.00	\$ 1,444,555.00	\$ 1,445,020.00	\$ 1,445,445.00
Additional Interest	(2)	\$ -	\$ 93,855.00	\$ 92,735.00	\$ 91,540.00	\$ 90,265.00
Annual Collection Costs	(3)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 40,000.00	\$ 1,578,770.00	\$ 1,578,906.00	\$ 1,579,008.32	\$ 1,579,007.29

Zone A Remainder Area						
Annual Installment Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
Zone A Remainder Area Bonds						
Principal		\$ -	\$ -	\$ 97,000.00	\$ 103,000.00	\$ 110,000.00
Interest		\$ 541,660.00	\$ 541,660.00	\$ 541,660.00	\$ 534,870.00	\$ 527,660.00
Capitalized Interest		\$ (541,660.00)	\$ (541,660.00)	\$ -	\$ -	\$ -
	(1)	\$ -	\$ -	\$ 638,660.00	\$ 637,870.00	\$ 637,660.00
Additional Interest	(2)	\$ -	\$ -	\$ 38,690.00	\$ 38,205.00	\$ 37,690.00
Annual Collection Costs	(3)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 40,000.00	\$ 40,800.00	\$ 718,966.00	\$ 718,523.32	\$ 718,647.29

Zone B Remainder Area						
Annual Installment Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
Zone B Remainder Area Bonds						
Principal		\$ -	\$ -	\$ 82,000.00	\$ 87,000.00	\$ 93,000.00
Interest		\$ 449,330.00	\$ 449,330.00	\$ 449,330.00	\$ 443,590.00	\$ 437,500.00
Capitalized Interest		\$ (449,330.00)	\$ (449,330.00)	\$ -	\$ -	\$ -
	(1)	\$ -	\$ -	\$ 531,330.00	\$ 530,590.00	\$ 530,500.00
Additional Interest	(2)	\$ -	\$ -	\$ 32,095.00	\$ 31,685.00	\$ 31,250.00
Annual Collection Costs	(3)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 40,000.00	\$ 40,800.00	\$ 605,041.00	\$ 604,723.32	\$ 605,047.29

## EXHIBIT D – SOURCES AND USES OF FUNDS

	Non-Assessed/Private	Zone A		Zone B		Total
		Zone A Improvement Area #1	Zone A Remainder Area	Zone B Improvement Area #1	Zone B Remainder Area	
Sources of Funds						
Zone A Improvement Area #1 Bonds	\$ -	\$ 26,283,000	\$ -	\$ -	\$ -	\$ 26,283,000
Zone A Remainder Area Bonds	-	-	7,738,000	-	-	7,738,000
Zone B Improvement Area #1 Bonds	-	-	-	18,771,000	-	18,771,000
Zone B Remainder Area Bonds	-	-	-	-	6,419,000	6,419,000
Developer Contribution - Zone A Improvement Area #1 <sup>[a]</sup>	-	-	-	-	-	-
Developer Contribution - Zone A Remainder Area <sup>[a]</sup>	-	-	-	-	-	-
Developer Contribution - Zone B Improvement Area #1 <sup>[a]</sup>	-	-	-	-	-	-
Developer Contribution - Zone B Remainder Area <sup>[a]</sup>	-	-	-	-	-	-
Developer Contribution - Non-Assessed Property <sup>[a]</sup>	1,610,613	-	-	-	-	1,610,613
Developer Contribution - Private Improvements <sup>[a]</sup>	26,011,310	-	-	-	-	26,011,310
Total Sources of Funds	\$ 27,621,923	\$ 26,283,000	\$ 7,738,000	\$ 18,771,000	\$ 6,419,000	\$ 86,832,923
Uses of Funds						
Major Improvements	\$ 346,462	\$ 1,263,193	\$ 2,315,929	\$ 886,181	\$ 2,108,640	\$ 6,920,405
Shared Improvements <sup>[b]</sup>	348,508	985,637	-	691,464	-	2,025,610
Zone A Improvement Area #1 Improvements	361,820	15,558,427	-	-	-	15,920,247
Zone A Improvements <sup>[c]</sup>	553,823	1,480,926	2,715,119	-	-	4,749,867
Zone B Improvement Area #1 Improvements	-	-	-	11,325,064	-	11,325,064
Zone B Improvements <sup>[d]</sup>	-	-	-	866,389	2,061,547	2,927,936
Private Improvements <sup>[a]</sup>	26,011,310	-	-	-	-	26,011,310
	\$ 27,621,923	\$ 19,288,183	\$ 5,031,048	\$ 13,769,099	\$ 4,170,187	\$ 69,880,440
Bond Issuance Costs <sup>[e]</sup>						
Debt Service Reserve Fund	\$ -	\$ 2,108,700	\$ 645,210	\$ 1,500,585	\$ 531,790	\$ 4,786,285
Capitalized Interest	-	2,349,043	1,286,443	1,677,658	1,067,159	6,380,303
Underwriter Discount	-	525,660	154,760	375,420	128,380	1,184,220
Underwriter Counsel	-	262,830	77,380	187,710	64,190	592,110
Cost of Issuance	-	1,708,584	503,160	1,220,528	417,294	3,849,565
	\$ -	\$ 6,954,817	\$ 2,666,952	\$ 4,961,901	\$ 2,208,813	\$ 16,792,483
Other Costs <sup>[e]</sup>						
Deposit to Administrative Fund	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 160,000
	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 160,000
Total Uses of Funds	\$ 27,621,923	\$ 26,283,000	\$ 7,738,000	\$ 18,771,000	\$ 6,419,000	\$ 86,832,923

**Footnotes:**

[a] Non-reimbursable to the Developer through Assessments or PID Bonds.

[b] Shared Improvements attributable to Non-Assessed Property allocated as shown in **Exhibit B-3**. District eligible Shared Improvements allocated pro rata between Zone A Improvement Area #1 Assessed Property and Zone B Improvement Area #1 Assessed Property as shown in **Exhibit B-1**.

[c] Zone A Improvements attributable to Non-Assessed Property allocated as shown in **Exhibit B-4**. District eligible Zone A Improvements allocated pro rata between Zone A Improvement Area #1 Assessed Property and Zone A Remainder Area Assessed Property as shown in **Exhibit B-1**.

[d] Zone B Improvements allocated pro rata between Zone B Improvement Area #1 Assessed Property and Zone B Remainder Area Assessed Property as shown in **Exhibit B-1**.

[e] Estimates only and subject to change upon PID Bond issuance.

## EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Units <sup>[a]</sup>	Estimated Buildout Value <sup>[a]</sup>		Assessment <sup>[b]</sup>		Average Annual Installment		PID TRE
		Per Unit	Total	Per Unit	Total	Per Unit	Total	
Zone A Improvement Area #1								
Lot Type 1	459	\$ 384,000	\$ 176,256,000	\$ 37,668	\$ 17,289,713	\$ 3,139	\$ 1,440,989	\$ 0.817555
Lot Type 2	191	\$ 480,000	\$ 91,680,000	\$ 47,085	\$ 8,993,287	\$ 3,924	\$ 749,534	\$ 0.817555
Zone A Improvement Area #1 Subtotal	650	\$ 267,936,000		\$ 26,283,000		\$ 2,190,523		\$ 0.817555
Zone B Improvement Area #1								
Lot Type 3	89	\$ 384,000	\$ 34,176,000	\$ 38,347	\$ 3,412,909	\$ 3,225	\$ 287,034	\$ 0.839869
Lot Type 4	306	\$ 480,000	\$ 146,880,000	\$ 47,934	\$ 14,667,840	\$ 4,031	\$ 1,233,600	\$ 0.839869
Lot Type 5	12	\$ 576,000	\$ 6,912,000	\$ 57,521	\$ 690,251	\$ 4,838	\$ 58,052	\$ 0.839869
Zone B Improvement Area #1 Subtotal	407	\$ 187,968,000		\$ 18,771,000		\$ 1,578,685		\$ 0.839869
Zone A Remainder Area								
40' Lot	464	\$ 384,000	178,176,000	6,048.86	2,806,670	562.05	260792.5151	\$ 0.146368
50' Lot	507	\$ 480,000	243,360,000	7,561.07	3,833,463	702.57	356200.9837	\$ 0.146368
60' Lot	121	\$ 576,000	69,696,000	9,073.29	1,097,868	843.08	102012.5894	\$ 0.146368
Zone A Remainder Area Subtotal	1092	\$ 491,232,000		\$ 7,738,000		\$ 719,006		\$ 0.146368
Zone B Remainder Area Subtotal	1024	\$ 447,264,000		\$ 6,419,000		\$ 604,975		\$ 0.135261
Total	3173	\$ 1,394,400,000		\$ 59,211,000		\$ 5,093,189		

**Footnotes:**

[a] Per information provided by the Developer on October 17, 2024.

[b] Based on values provided in the Appraisal dated March 18, 2025.

## EXHIBIT F-1 – ZONE A IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID <sup>[a]</sup>	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2026 <sup>[b]</sup>
43240	Zone A Improvement Area #1 Initial Parcel	\$ 4,877,718.43	\$ 7,423.38
43252	Zone A Improvement Area #1 Initial Parcel	\$ 63,538.02	\$ 96.70
43380	Zone A Improvement Area #1 Initial Parcel	\$ 7,601,873.28	\$ 11,569.26
43385	Zone A Improvement Area #1 Initial Parcel	\$ 2,457,019.10	\$ 3,739.33
43390	Zone A Improvement Area #1 Initial Parcel	\$ 556,442.94	\$ 846.85
78617	Zone A Improvement Area #1 Initial Parcel	\$ 2,980,463.68	\$ 4,535.96
132846	Zone A Improvement Area #1 Initial Parcel	\$ 1,121,512.90	\$ 1,706.83
155222	Zone A Improvement Area #1 Initial Parcel	\$ 1,380,323.57	\$ 2,100.71
179610	Zone A Improvement Area #1 Initial Parcel	\$ 86,270.22	\$ 131.29
179611	Zone A Improvement Area #1 Initial Parcel	\$ 5,135,105.64	\$ 7,815.10
179642	Zone A Improvement Area #1 Initial Parcel	\$ 22,732.20	\$ 34.60
<b>Total</b>		<b>\$ 26,283,000.00</b>	<b>\$ 40,000.00</b>

Footnotes:

[a] For billing purposes, the Zone A Improvement Area #1 Annual Installment due 1/31/2026 shall be allocated pro rata based on acreage. Property IDs preliminary and subject to change prior to billing.

[b] Includes 12 months of Capitalized Interest.

## EXHIBIT F-2 – ZONE A IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Zone A - Improvement Area #1 Bonds					Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Reserve Fund	Additional Interest		
2025	\$ -	\$ 640,648	\$ (640,648)	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ 1,708,395	\$ (1,708,395)	\$ -	\$ -	\$ 40,000	\$ 40,000
2027	\$ 310,000	\$ 1,708,395	\$ -	\$ -	\$ 131,415	\$ 40,800	\$ 2,190,610
2028	\$ 331,000	\$ 1,688,245	\$ -	\$ -	\$ 129,865	\$ 41,616	\$ 2,190,726
2029	\$ 353,000	\$ 1,666,730	\$ -	\$ -	\$ 128,210	\$ 42,448	\$ 2,190,388
2030	\$ 377,000	\$ 1,643,785	\$ -	\$ -	\$ 126,445	\$ 43,297	\$ 2,190,527
2031	\$ 403,000	\$ 1,619,280	\$ -	\$ -	\$ 124,560	\$ 44,163	\$ 2,191,003
2032	\$ 430,000	\$ 1,593,085	\$ -	\$ -	\$ 122,545	\$ 45,046	\$ 2,190,676
2033	\$ 459,000	\$ 1,565,135	\$ -	\$ -	\$ 120,395	\$ 45,947	\$ 2,190,477
2034	\$ 490,000	\$ 1,535,300	\$ -	\$ -	\$ 118,100	\$ 46,866	\$ 2,190,266
2035	\$ 524,000	\$ 1,503,450	\$ -	\$ -	\$ 115,650	\$ 47,804	\$ 2,190,904
2036	\$ 560,000	\$ 1,469,390	\$ -	\$ -	\$ 113,030	\$ 48,760	\$ 2,191,180
2037	\$ 598,000	\$ 1,432,990	\$ -	\$ -	\$ 110,230	\$ 49,735	\$ 2,190,955
2038	\$ 639,000	\$ 1,394,120	\$ -	\$ -	\$ 107,240	\$ 50,730	\$ 2,191,090
2039	\$ 682,000	\$ 1,352,585	\$ -	\$ -	\$ 104,045	\$ 51,744	\$ 2,190,374
2040	\$ 729,000	\$ 1,308,255	\$ -	\$ -	\$ 100,635	\$ 52,779	\$ 2,190,669
2041	\$ 779,000	\$ 1,260,870	\$ -	\$ -	\$ 96,990	\$ 53,835	\$ 2,190,695
2042	\$ 832,000	\$ 1,210,235	\$ -	\$ -	\$ 93,095	\$ 54,911	\$ 2,190,241
2043	\$ 889,000	\$ 1,156,155	\$ -	\$ -	\$ 88,935	\$ 56,010	\$ 2,190,100
2044	\$ 950,000	\$ 1,098,370	\$ -	\$ -	\$ 84,490	\$ 57,130	\$ 2,189,990
2045	\$ 1,016,000	\$ 1,036,620	\$ -	\$ -	\$ 79,740	\$ 58,272	\$ 2,190,632
2046	\$ 1,086,000	\$ 970,580	\$ -	\$ -	\$ 74,660	\$ 59,438	\$ 2,190,678
2047	\$ 1,161,000	\$ 899,990	\$ -	\$ -	\$ 69,230	\$ 60,627	\$ 2,190,847
2048	\$ 1,241,000	\$ 824,525	\$ -	\$ -	\$ 63,425	\$ 61,839	\$ 2,190,789
2049	\$ 1,326,000	\$ 743,860	\$ -	\$ -	\$ 57,220	\$ 63,076	\$ 2,190,156
2050	\$ 1,418,000	\$ 657,670	\$ -	\$ -	\$ 50,590	\$ 64,337	\$ 2,190,597
2051	\$ 1,516,000	\$ 565,500	\$ -	\$ -	\$ 43,500	\$ 65,624	\$ 2,190,624
2052	\$ 1,620,000	\$ 466,960	\$ -	\$ -	\$ 35,920	\$ 66,937	\$ 2,189,817
2053	\$ 1,732,000	\$ 361,660	\$ -	\$ -	\$ 27,820	\$ 68,275	\$ 2,189,755
2054	\$ 1,852,000	\$ 249,080	\$ -	\$ -	\$ 19,160	\$ 69,641	\$ 2,189,881
2055	\$ 1,980,000	\$ 128,700	\$ -	\$ (2,108,700)	\$ 9,900	\$ 71,034	\$ 80,934
<b>Total</b>	<b>\$ 26,283,000</b>	<b>\$ 35,460,563</b>	<b>\$ (2,349,043)</b>	<b>\$ (2,108,700)</b>	<b>\$ 2,547,040</b>	<b>\$ 1,622,723</b>	<b>\$ 61,455,583</b>

**Footnotes:**

[a] Interest on the Zone A Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

## EXHIBIT G-1 – ZONE B IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID <sup>[a]</sup>	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2026 <sup>[b]</sup>
43162	Zone B Improvement Area #1 Initial Parcel	\$ 156,886.53	\$ 334.32
43226	Zone B Improvement Area #1 Initial Parcel	\$ 4,156,152.74	\$ 8,856.54
43240	Zone B Improvement Area #1 Initial Parcel	\$ 4,457,469.48	\$ 9,498.63
43243	Zone B Improvement Area #1 Initial Parcel	\$ 123,932.47	\$ 264.09
43255	Zone B Improvement Area #1 Initial Parcel	\$ 315,349.80	\$ 671.99
155222	Zone B Improvement Area #1 Initial Parcel	\$ 1,261,399.22	\$ 2,687.97
179611	Zone B Improvement Area #1 Initial Parcel	\$ 4,692,681.02	\$ 9,999.85
469457	Zone B Improvement Area #1 Initial Parcel	\$ 3,607,128.74	\$ 7,686.60
<b>Total</b>		<b>\$ 18,771,000.00</b>	<b>\$ 40,000.00</b>

**Footnotes:**

[a] For billing purposes, the Zone B Improvement Area #1 Annual Installment due 1/31/2026 shall be allocated pro rata based on acreage. Property IDs preliminary and subject to change prior to billing.

[b] Includes 12 months of Capitalized Interest.

## EXHIBIT G-2 – ZONE B IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Zone B - Improvement Area #1 Bonds					Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Reserve Fund	Additional Interest		
2025	\$ -	\$ 457,543	\$ (457,543)	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ 1,220,115	\$ (1,220,115)	\$ -	\$ -	\$ 40,000	\$ 40,000
2027	\$ 224,000	\$ 1,220,115	\$ -	\$ -	\$ 93,855	\$ 40,800	\$ 1,578,770
2028	\$ 239,000	\$ 1,205,555	\$ -	\$ -	\$ 92,735	\$ 41,616	\$ 1,578,906
2029	\$ 255,000	\$ 1,190,020	\$ -	\$ -	\$ 91,540	\$ 42,448	\$ 1,579,008
2030	\$ 272,000	\$ 1,173,445	\$ -	\$ -	\$ 90,265	\$ 43,297	\$ 1,579,007
2031	\$ 290,000	\$ 1,155,765	\$ -	\$ -	\$ 88,905	\$ 44,163	\$ 1,578,833
2032	\$ 309,000	\$ 1,136,915	\$ -	\$ -	\$ 87,455	\$ 45,046	\$ 1,578,416
2033	\$ 330,000	\$ 1,116,830	\$ -	\$ -	\$ 85,910	\$ 45,947	\$ 1,578,687
2034	\$ 352,000	\$ 1,095,380	\$ -	\$ -	\$ 84,260	\$ 46,866	\$ 1,578,506
2035	\$ 376,000	\$ 1,072,500	\$ -	\$ -	\$ 82,500	\$ 47,804	\$ 1,578,804
2036	\$ 401,000	\$ 1,048,060	\$ -	\$ -	\$ 80,620	\$ 48,760	\$ 1,578,440
2037	\$ 429,000	\$ 1,021,995	\$ -	\$ -	\$ 78,615	\$ 49,735	\$ 1,579,345
2038	\$ 458,000	\$ 994,110	\$ -	\$ -	\$ 76,470	\$ 50,730	\$ 1,579,310
2039	\$ 488,000	\$ 964,340	\$ -	\$ -	\$ 74,180	\$ 51,744	\$ 1,578,264
2040	\$ 522,000	\$ 932,620	\$ -	\$ -	\$ 71,740	\$ 52,779	\$ 1,579,139
2041	\$ 557,000	\$ 898,690	\$ -	\$ -	\$ 69,130	\$ 53,835	\$ 1,578,655
2042	\$ 595,000	\$ 862,485	\$ -	\$ -	\$ 66,345	\$ 54,911	\$ 1,578,741
2043	\$ 635,000	\$ 823,810	\$ -	\$ -	\$ 63,370	\$ 56,010	\$ 1,578,190
2044	\$ 679,000	\$ 782,535	\$ -	\$ -	\$ 60,195	\$ 57,130	\$ 1,578,860
2045	\$ 725,000	\$ 738,400	\$ -	\$ -	\$ 56,800	\$ 58,272	\$ 1,578,472
2046	\$ 775,000	\$ 691,275	\$ -	\$ -	\$ 53,175	\$ 59,438	\$ 1,578,888
2047	\$ 828,000	\$ 640,900	\$ -	\$ -	\$ 49,300	\$ 60,627	\$ 1,578,827
2048	\$ 884,000	\$ 587,080	\$ -	\$ -	\$ 45,160	\$ 61,839	\$ 1,578,079
2049	\$ 945,000	\$ 529,620	\$ -	\$ -	\$ 40,740	\$ 63,076	\$ 1,578,436
2050	\$ 1,010,000	\$ 468,195	\$ -	\$ -	\$ 36,015	\$ 64,337	\$ 1,578,547
2051	\$ 1,079,000	\$ 402,545	\$ -	\$ -	\$ 30,965	\$ 65,624	\$ 1,578,134
2052	\$ 1,154,000	\$ 332,410	\$ -	\$ -	\$ 25,570	\$ 66,937	\$ 1,578,917
2053	\$ 1,233,000	\$ 257,400	\$ -	\$ -	\$ 19,800	\$ 68,275	\$ 1,578,475
2054	\$ 1,318,000	\$ 177,255	\$ -	\$ -	\$ 13,635	\$ 69,641	\$ 1,578,531
2055	\$ 1,409,000	\$ 91,585	\$ -	\$ (1,500,585)	\$ 7,045	\$ 71,034	\$ 78,079
<b>Total</b>	<b>\$ 18,771,000</b>	<b>\$ 25,289,493</b>	<b>\$ (1,677,658)</b>	<b>\$ (1,500,585)</b>	<b>\$ 1,816,295</b>	<b>\$ 1,622,723</b>	<b>\$ 44,321,268</b>

**Footnotes:**

[a] Interest on the Zone B Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.



## EXHIBIT H-1 – ZONE A REMAINDER AREA ASSESSMENT ROLL

Property ID <sup>[a]</sup>	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2026 <sup>[b]</sup>
43211	Zone A Remainder Area Initial Parcel	\$ 548,378.86	\$ 2,834.73
43212	Zone A Remainder Area Initial Parcel	\$ 327,399.84	\$ 1,692.43
43226	Zone A Remainder Area Initial Parcel	\$ 697,086.62	\$ 3,603.45
43240	Zone A Remainder Area Initial Parcel	\$ 747,624.67	\$ 3,864.69
43243	Zone A Remainder Area Initial Parcel	\$ 20,786.45	\$ 107.45
43378	Zone A Remainder Area Initial Parcel	\$ 162,166.06	\$ 838.28
43380	Zone A Remainder Area Initial Parcel	\$ 1,165,165.25	\$ 6,023.08
43382	Zone A Remainder Area Initial Parcel	\$ 1,044,611.77	\$ 5,399.91
82085	Zone A Remainder Area Initial Parcel	\$ 148,599.33	\$ 768.15
82878	Zone A Remainder Area Initial Parcel	\$ 145,452.27	\$ 751.89
84435	Zone A Remainder Area Initial Parcel	\$ 145,452.27	\$ 751.89
97949	Zone A Remainder Area Initial Parcel	\$ 171,898.14	\$ 888.59
97950	Zone A Remainder Area Initial Parcel	\$ 171,898.14	\$ 888.59
112270	Zone A Remainder Area Initial Parcel	\$ 436,356.81	\$ 2,255.66
132846	Zone A Remainder Area Initial Parcel	\$ 171,898.14	\$ 888.59
155222	Zone A Remainder Area Initial Parcel	\$ 211,566.94	\$ 1,093.65
159235	Zone A Remainder Area Initial Parcel	\$ 816,656.32	\$ 4,221.54
469457	Zone A Remainder Area Initial Parcel	\$ 605,002.11	\$ 3,127.43
<b>Total</b>		<b>\$ 7,738,000.00</b>	<b>\$ 40,000.00</b>

**Footnotes:**

[a] For billing purposes, the Zone A Remainder Area Annual Installment due 1/31/2026 shall be allocated pro rata based on acreage. Property IDs preliminary and subject to change prior to billing.

[b] Includes 12 months of Capitalized Interest.

## EXHIBIT H-2 – ZONE A REMAINDER AREA ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Reserve Fund	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
2025	\$ -	\$ 203,123	\$ (203,123)	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ 541,660	\$ (541,660)	\$ -	\$ -	\$ 40,000	\$ 40,000
2027	\$ -	\$ 541,660	\$ (541,660)	\$ -	\$ -	\$ 40,800	\$ 40,800
2028	\$ 97,000	\$ 541,660	\$ -	\$ -	\$ 38,690	\$ 41,616	\$ 718,966
2029	\$ 103,000	\$ 534,870	\$ -	\$ -	\$ 38,205	\$ 42,448	\$ 718,523
2030	\$ 110,000	\$ 527,660	\$ -	\$ -	\$ 37,690	\$ 43,297	\$ 718,647
2031	\$ 118,000	\$ 519,960	\$ -	\$ -	\$ 37,140	\$ 44,163	\$ 719,263
2032	\$ 126,000	\$ 511,700	\$ -	\$ -	\$ 36,550	\$ 45,046	\$ 719,296
2033	\$ 134,000	\$ 502,880	\$ -	\$ -	\$ 35,920	\$ 45,947	\$ 718,747
2034	\$ 143,000	\$ 493,500	\$ -	\$ -	\$ 35,250	\$ 46,866	\$ 718,616
2035	\$ 153,000	\$ 483,490	\$ -	\$ -	\$ 34,535	\$ 47,804	\$ 718,829
2036	\$ 164,000	\$ 472,780	\$ -	\$ -	\$ 33,770	\$ 48,760	\$ 719,310
2037	\$ 175,000	\$ 461,300	\$ -	\$ -	\$ 32,950	\$ 49,735	\$ 718,985
2038	\$ 187,000	\$ 449,050	\$ -	\$ -	\$ 32,075	\$ 50,730	\$ 718,855
2039	\$ 200,000	\$ 435,960	\$ -	\$ -	\$ 31,140	\$ 51,744	\$ 718,844
2040	\$ 214,000	\$ 421,960	\$ -	\$ -	\$ 30,140	\$ 52,779	\$ 718,879
2041	\$ 229,000	\$ 406,980	\$ -	\$ -	\$ 29,070	\$ 53,835	\$ 718,885
2042	\$ 245,000	\$ 390,950	\$ -	\$ -	\$ 27,925	\$ 54,911	\$ 718,786
2043	\$ 263,000	\$ 373,800	\$ -	\$ -	\$ 26,700	\$ 56,010	\$ 719,510
2044	\$ 281,000	\$ 355,390	\$ -	\$ -	\$ 25,385	\$ 57,130	\$ 718,905
2045	\$ 301,000	\$ 335,720	\$ -	\$ -	\$ 23,980	\$ 58,272	\$ 718,972
2046	\$ 323,000	\$ 314,650	\$ -	\$ -	\$ 22,475	\$ 59,438	\$ 719,563
2047	\$ 346,000	\$ 292,040	\$ -	\$ -	\$ 20,860	\$ 60,627	\$ 719,527
2048	\$ 370,000	\$ 267,820	\$ -	\$ -	\$ 19,130	\$ 61,839	\$ 718,789
2049	\$ 397,000	\$ 241,920	\$ -	\$ -	\$ 17,280	\$ 63,076	\$ 719,276
2050	\$ 425,000	\$ 214,130	\$ -	\$ -	\$ 15,295	\$ 64,337	\$ 718,762
2051	\$ 456,000	\$ 184,380	\$ -	\$ -	\$ 13,170	\$ 65,624	\$ 719,174
2052	\$ 489,000	\$ 152,460	\$ -	\$ -	\$ 10,890	\$ 66,937	\$ 719,287
2053	\$ 524,000	\$ 118,230	\$ -	\$ -	\$ 8,445	\$ 68,275	\$ 718,950
2054	\$ 562,000	\$ 81,550	\$ -	\$ -	\$ 5,825	\$ 69,641	\$ 719,016
2055	\$ 603,000	\$ 42,210	\$ -	\$ (645,210)	\$ 3,015	\$ 71,034	\$ 74,049
<b>Total</b>	<b>\$ 7,738,000</b>	<b>\$ 11,415,443</b>	<b>\$ (1,286,443)</b>	<b>\$ (645,210)</b>	<b>\$ 723,500</b>	<b>\$ 1,622,723</b>	<b>\$ 19,568,013</b>

**Footnotes:**

[a] Interest on the Zone A Remainder Area Bonds is calculated at a 7.00% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 29 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

## EXHIBIT I-1 – ZONE B REMAINDER AREA ASSESSMENT ROLL

Property ID <sup>[a]</sup>	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2026 <sup>[b]</sup>
43206	Zone B Remainder Area Initial Parcel	\$ 2,009,076.68	\$ 12,519.56
43223	Zone B Remainder Area Initial Parcel	\$ 2,079,394.37	\$ 12,957.75
43382	Zone B Remainder Area Initial Parcel	\$ 1,587,170.58	\$ 9,890.45
82878	Zone B Remainder Area Initial Parcel	\$ 220,998.44	\$ 1,377.15
97949	Zone B Remainder Area Initial Parcel	\$ 261,179.97	\$ 1,627.54
97950	Zone B Remainder Area Initial Parcel	\$ 261,179.97	\$ 1,627.54
<b>Total</b>		<b>\$ 6,419,000.00</b>	<b>\$ 40,000.00</b>

**Footnotes:**

[a] For billing purposes, the Zone B Remainder Area Annual Installment due 1/31/2026 shall be allocated pro rata based on acreage. Property IDs preliminary and subject to change prior to billing.

[b] Includes 12 months of Capitalized Interest.

## EXHIBIT I-2 – ZONE B REMAINDER AREA ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Reserve Fund	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
2025	\$ -	\$ 168,499	\$ (168,499)	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ 449,330	\$ (449,330)	\$ -	\$ -	\$ 40,000	\$ 40,000
2027	\$ -	\$ 449,330	\$ (449,330)	\$ -	\$ -	\$ 40,800	\$ 40,800
2028	\$ 82,000	\$ 449,330	\$ -	\$ -	\$ 32,095	\$ 41,616	\$ 605,041
2029	\$ 87,000	\$ 443,590	\$ -	\$ -	\$ 31,685	\$ 42,448	\$ 604,723
2030	\$ 93,000	\$ 437,500	\$ -	\$ -	\$ 31,250	\$ 43,297	\$ 605,047
2031	\$ 99,000	\$ 430,990	\$ -	\$ -	\$ 30,785	\$ 44,163	\$ 604,938
2032	\$ 106,000	\$ 424,060	\$ -	\$ -	\$ 30,290	\$ 45,046	\$ 605,396
2033	\$ 113,000	\$ 416,640	\$ -	\$ -	\$ 29,760	\$ 45,947	\$ 605,347
2034	\$ 120,000	\$ 408,730	\$ -	\$ -	\$ 29,195	\$ 46,866	\$ 604,791
2035	\$ 128,000	\$ 400,330	\$ -	\$ -	\$ 28,595	\$ 47,804	\$ 604,729
2036	\$ 137,000	\$ 391,370	\$ -	\$ -	\$ 27,955	\$ 48,760	\$ 605,085
2037	\$ 146,000	\$ 381,780	\$ -	\$ -	\$ 27,270	\$ 49,735	\$ 604,785
2038	\$ 156,000	\$ 371,560	\$ -	\$ -	\$ 26,540	\$ 50,730	\$ 604,830
2039	\$ 167,000	\$ 360,640	\$ -	\$ -	\$ 25,760	\$ 51,744	\$ 605,144
2040	\$ 178,000	\$ 348,950	\$ -	\$ -	\$ 24,925	\$ 52,779	\$ 604,654
2041	\$ 191,000	\$ 336,490	\$ -	\$ -	\$ 24,035	\$ 53,835	\$ 605,360
2042	\$ 204,000	\$ 323,120	\$ -	\$ -	\$ 23,080	\$ 54,911	\$ 605,111
2043	\$ 218,000	\$ 308,840	\$ -	\$ -	\$ 22,060	\$ 56,010	\$ 604,910
2044	\$ 233,000	\$ 293,580	\$ -	\$ -	\$ 20,970	\$ 57,130	\$ 604,680
2045	\$ 250,000	\$ 277,270	\$ -	\$ -	\$ 19,805	\$ 58,272	\$ 605,347
2046	\$ 267,000	\$ 259,770	\$ -	\$ -	\$ 18,555	\$ 59,438	\$ 604,763
2047	\$ 286,000	\$ 241,080	\$ -	\$ -	\$ 17,220	\$ 60,627	\$ 604,927
2048	\$ 306,000	\$ 221,060	\$ -	\$ -	\$ 15,790	\$ 61,839	\$ 604,689
2049	\$ 328,000	\$ 199,640	\$ -	\$ -	\$ 14,260	\$ 63,076	\$ 604,976
2050	\$ 352,000	\$ 176,680	\$ -	\$ -	\$ 12,620	\$ 64,337	\$ 605,637
2051	\$ 377,000	\$ 152,040	\$ -	\$ -	\$ 10,860	\$ 65,624	\$ 605,524
2052	\$ 403,000	\$ 125,650	\$ -	\$ -	\$ 8,975	\$ 66,937	\$ 604,562
2053	\$ 432,000	\$ 97,440	\$ -	\$ -	\$ 6,960	\$ 68,275	\$ 604,675
2054	\$ 463,000	\$ 67,200	\$ -	\$ -	\$ 4,800	\$ 69,641	\$ 604,641
2055	\$ 497,000	\$ 34,790	\$ -	\$ (531,790)	\$ 2,485	\$ 71,034	\$ 73,519
<b>Total</b>	<b>\$ 6,419,000</b>	<b>\$ 9,447,279</b>	<b>\$ (1,067,159)</b>	<b>\$ (531,790)</b>	<b>\$ 598,580</b>	<b>\$ 1,622,723</b>	<b>\$ 16,488,633</b>

**Footnotes:**

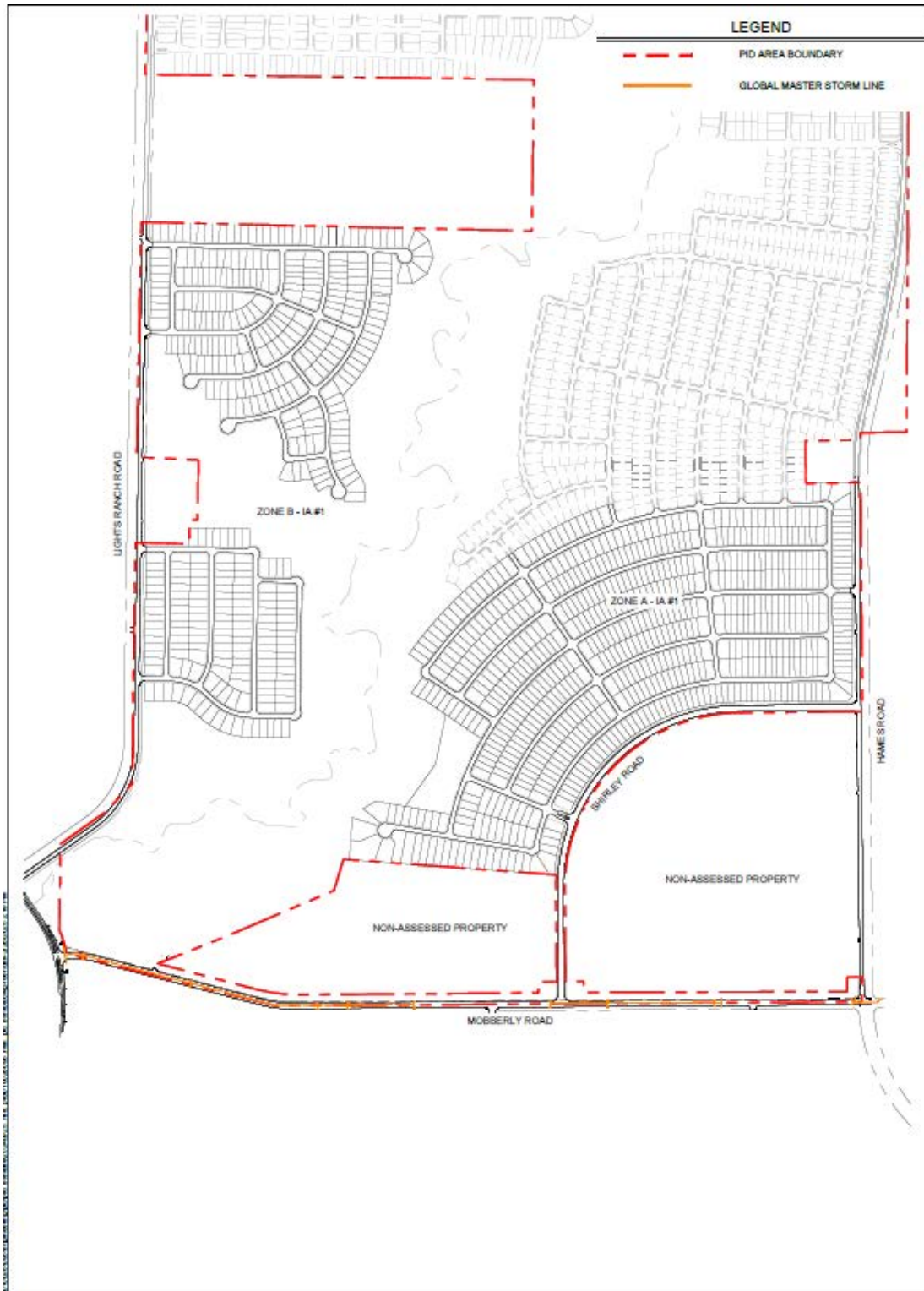
[a] Interest on the Zone B Remainder Area Bonds is calculated at a 7.00% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 29 months of Capitalized Interest.

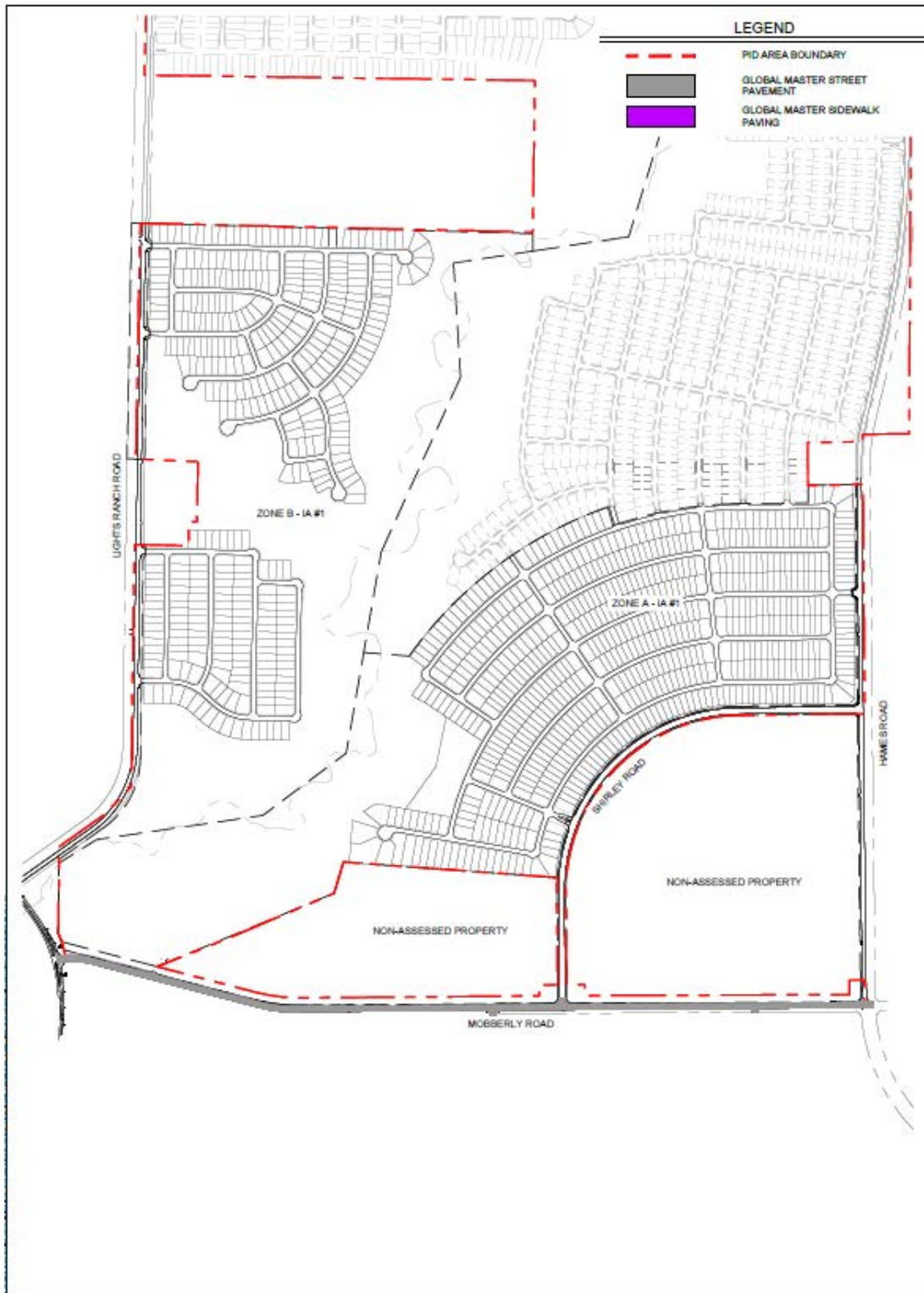
[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

## EXHIBIT J-1 – MAPS OF MAJOR IMPROVEMENTS







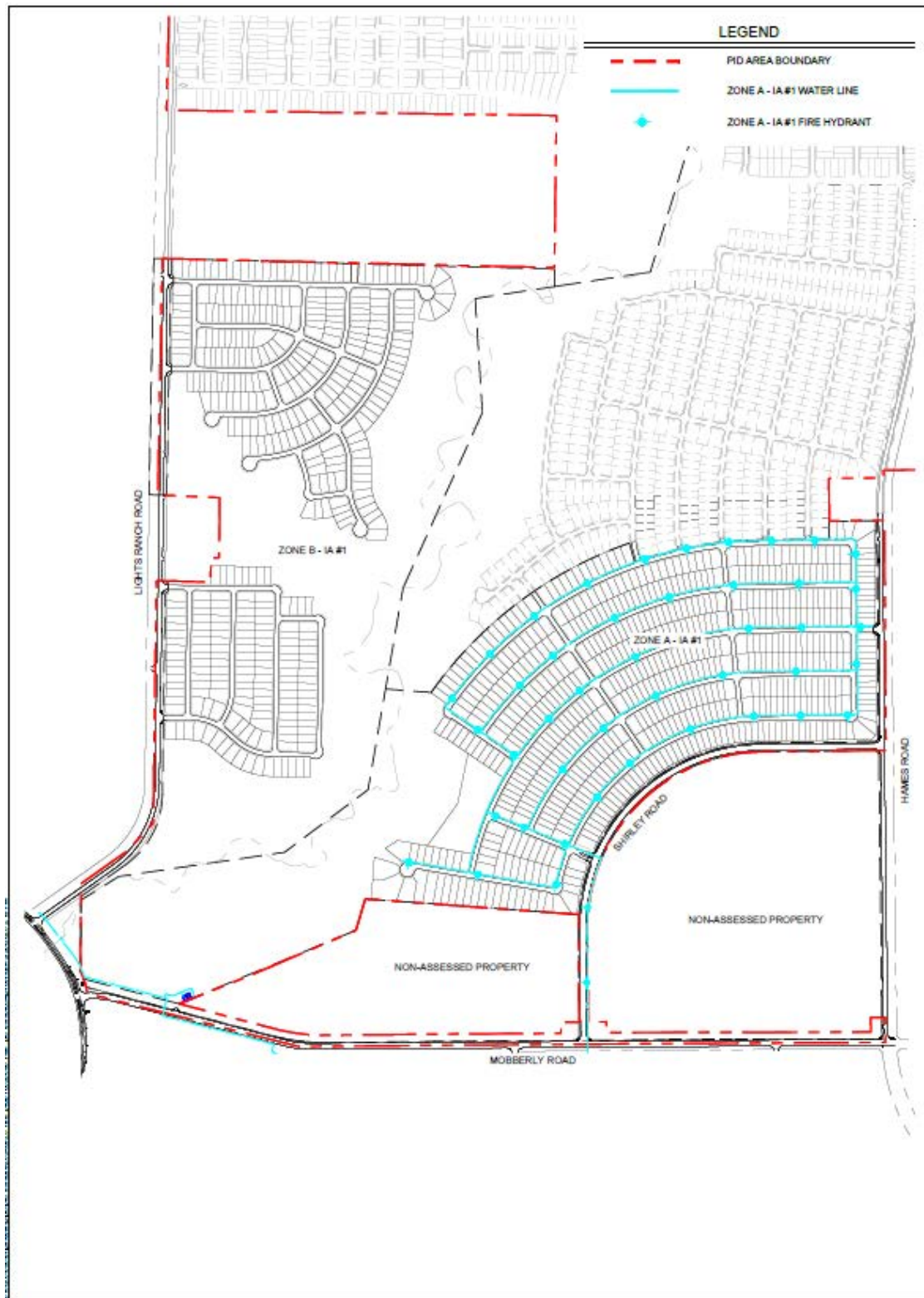


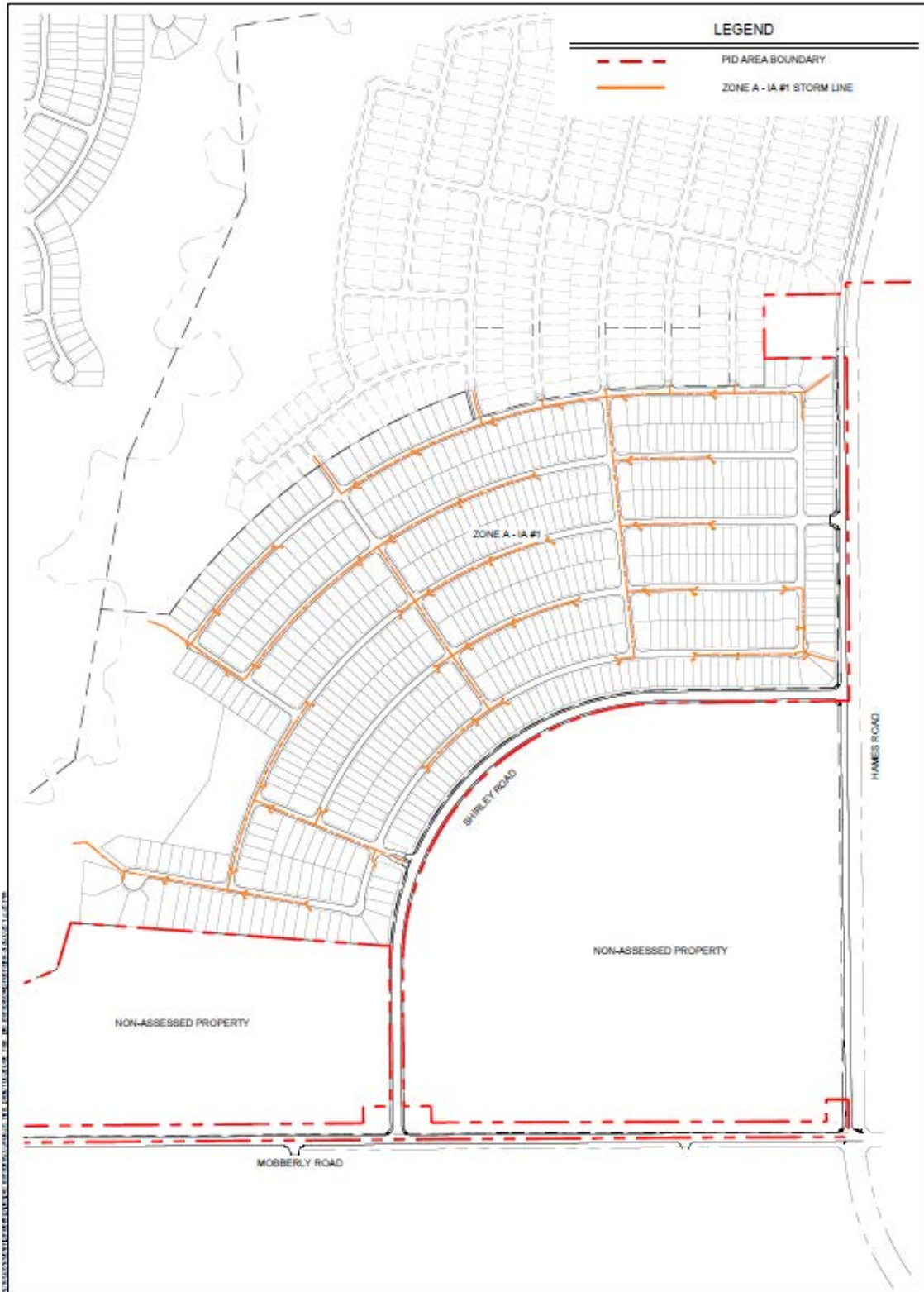
## EXHIBIT J-2 – MAPS OF SHARED IMPROVEMENTS





## EXHIBIT J-3 – MAPS OF ZONE A IMPROVEMENT AREA #1 IMPROVEMENTS



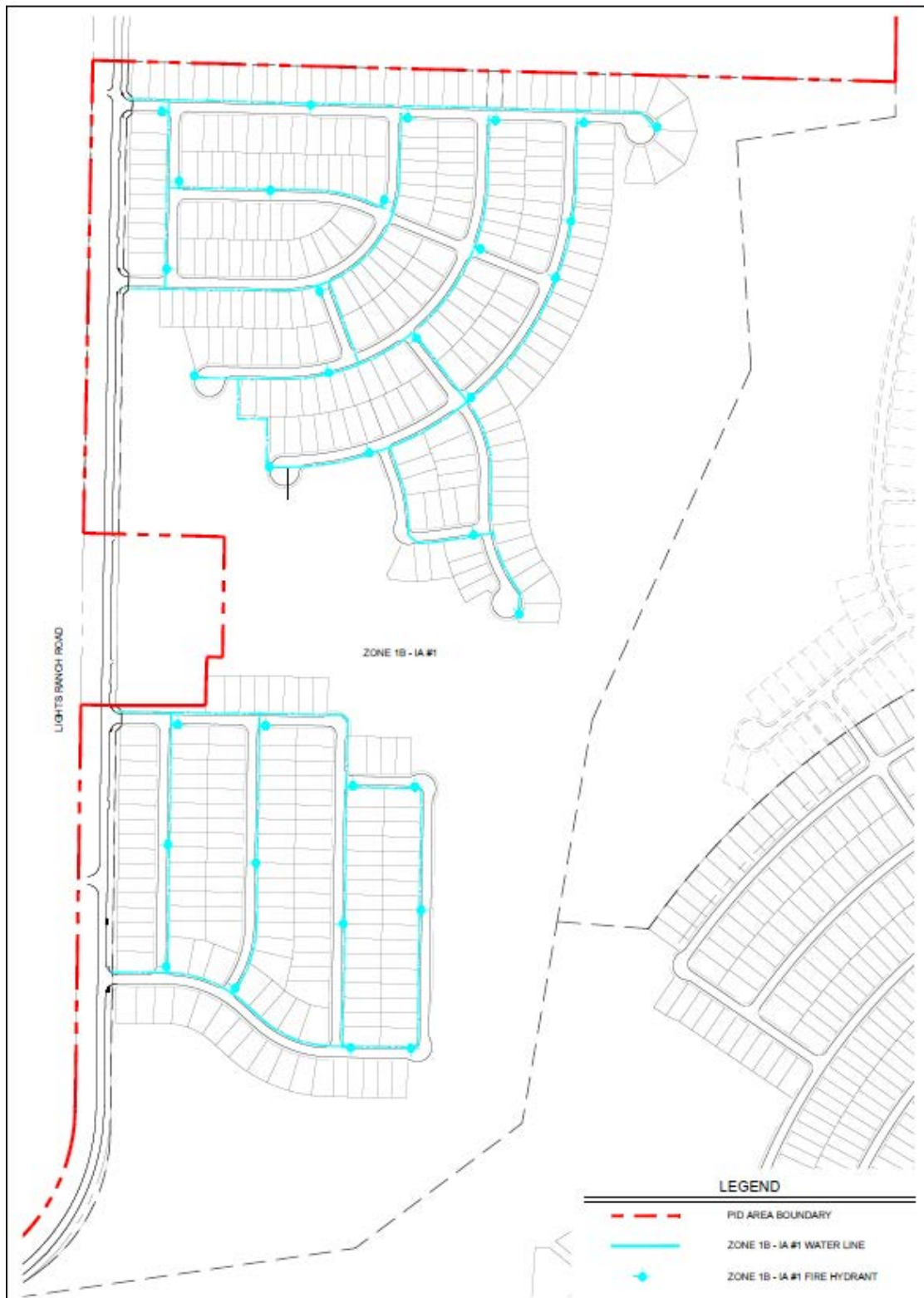








## EXHIBIT J-4 – MAPS OF ZONE B IMPROVEMENT AREA #1 IMPROVEMENTS





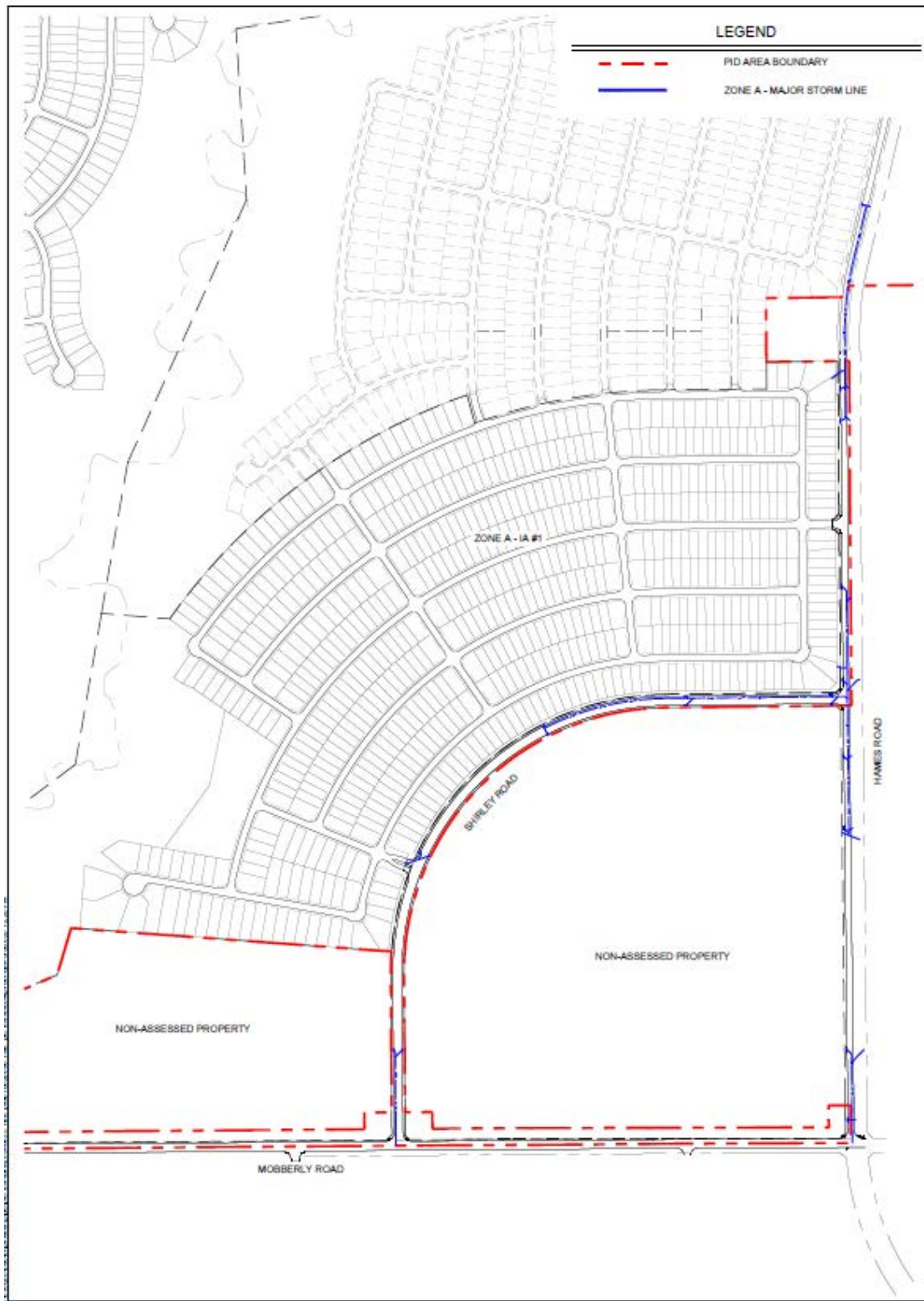


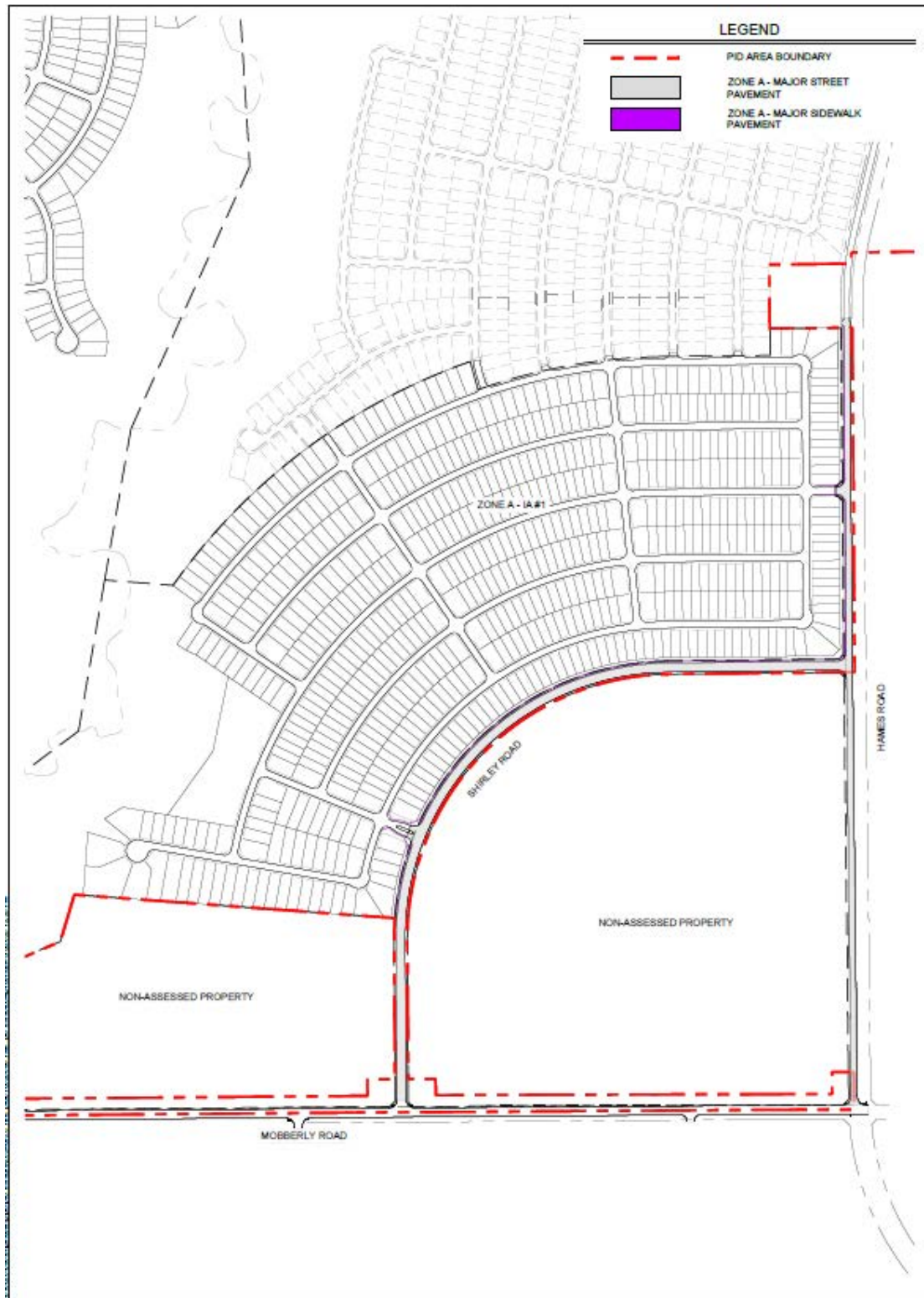




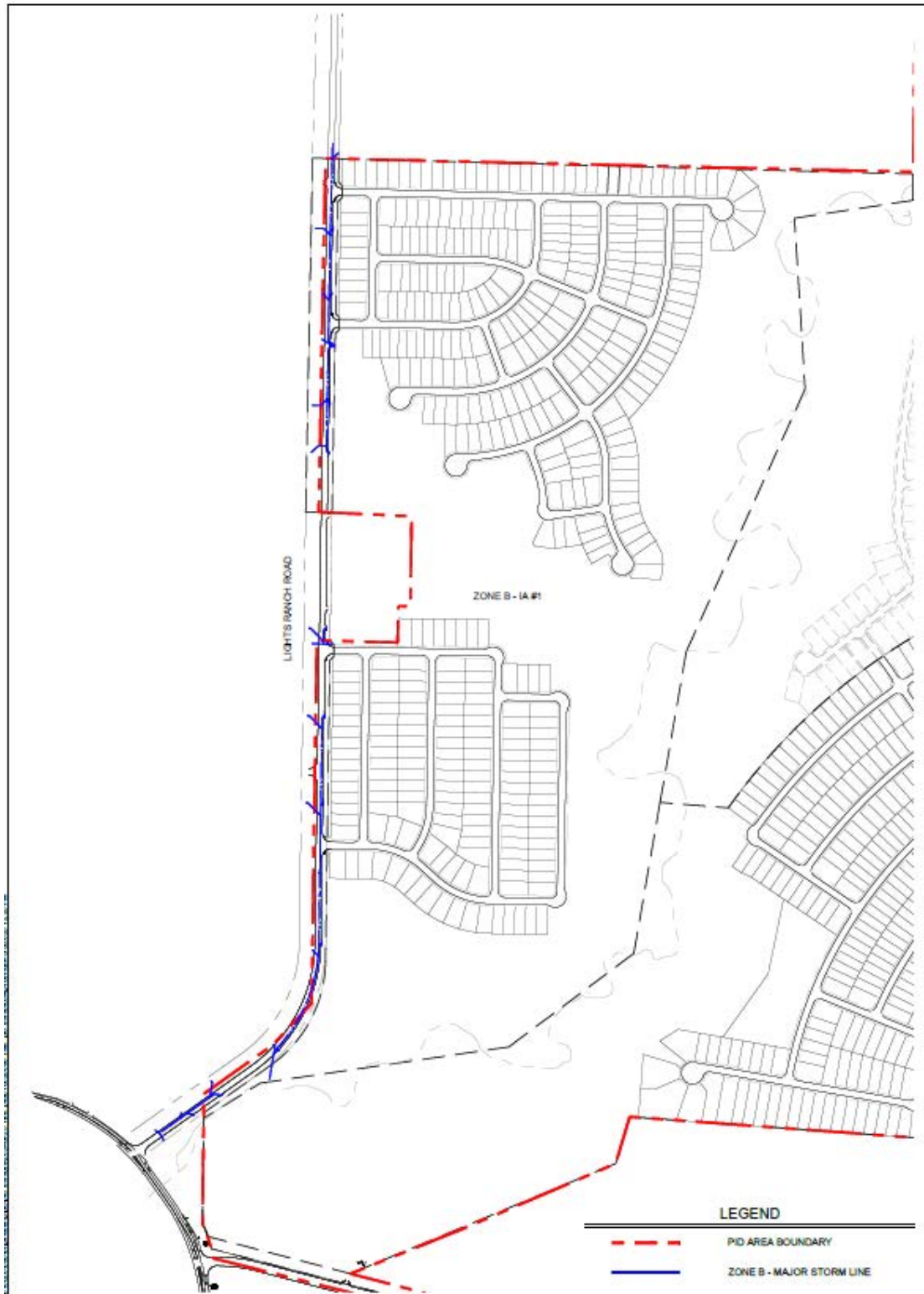


## EXHIBIT J-5 – MAPS OF ZONE A IMPROVEMENTS





## EXHIBIT J-6 – MAPS OF ZONE B IMPROVEMENTS





## EXHIBIT K – FORM OF NOTICE OF ASSESSMENT TERMINATION



P3Works, LLC  
9284 Huntington Square, Suite 100  
North Richland Hills, TX 76182

[Date]  
Denton County Clerk's Office  
Honorable [County Clerk]  
1450 E McKinney St.  
Denton, TX 76209

**Re: City of Pilot Point Lien Release documents for filing**

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Pilot Point is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Pilot Point  
Attn: City Secretary  
102 E Main St.  
Pilot Point, TX 76258

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

P3Works, LLC  
(817) 393-0353  
Admin@P3-Works.com  
www.P3-Works.com



**[City Secretary Name]  
102 E. Main Street  
Pilot Point, TX 76258**

# FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

**THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN** (this "Full Release") is executed and delivered as of the Effective Date by the City of Pilot Point, Texas, a Texas home rule municipality (the "City").

**WHEREAS**, the governing body (hereinafter referred to as the "City Council") of Pilot Point, Texas 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 of the City; and

**WHEREAS**, the District consists of approximately \_\_\_\_\_ contiguous acres within the corporate limits of the City; and

**WHEREAS**, on \_\_\_\_\_, the City Council, approved Ordinance No. \_\_\_\_\_, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the real property located with the District, the Assessment Ordinance being recorded on \_\_\_\_\_, as Instrument No. \_\_\_\_\_ in the Official Public Records of Denton County, Texas; and

**WHEREAS**, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") and further imposed a lien to secure the payment of the Lien Amount (the "Lien") against the following property located within the District, to wit:



# EXHIBIT L-1 – DEBT SERVICE SCHEDULE FOR ZONE A IMPROVEMENT AREA #1 BONDS

Preliminary

## City of Pilot Point

Special Assessment Revenue Bonds

Bryson Ranch PID Revenue Bonds, Series 2025

(Zone A Improvement Area #1)

## Debt Service

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
09/30/2025	-	-	640,648.13	640,648.13
09/30/2026	-	-	1,708,395.00	1,708,395.00
09/30/2027	310,000.00	6.500%	1,708,395.00	2,018,395.00
09/30/2028	331,000.00	6.500%	1,688,245.00	2,019,245.00
09/30/2029	353,000.00	6.500%	1,666,730.00	2,019,730.00
09/30/2030	377,000.00	6.500%	1,643,785.00	2,020,785.00
09/30/2031	403,000.00	6.500%	1,619,280.00	2,022,280.00
09/30/2032	430,000.00	6.500%	1,593,085.00	2,023,085.00
09/30/2033	459,000.00	6.500%	1,565,135.00	2,024,135.00
09/30/2034	490,000.00	6.500%	1,535,300.00	2,025,300.00
09/30/2035	524,000.00	6.500%	1,503,450.00	2,027,450.00
09/30/2036	560,000.00	6.500%	1,469,390.00	2,029,390.00
09/30/2037	598,000.00	6.500%	1,432,990.00	2,030,990.00
09/30/2038	639,000.00	6.500%	1,394,120.00	2,033,120.00
09/30/2039	682,000.00	6.500%	1,352,585.00	2,034,585.00
09/30/2040	729,000.00	6.500%	1,308,255.00	2,037,255.00
09/30/2041	779,000.00	6.500%	1,260,870.00	2,039,870.00
09/30/2042	832,000.00	6.500%	1,210,235.00	2,042,235.00
09/30/2043	889,000.00	6.500%	1,156,155.00	2,045,155.00
09/30/2044	950,000.00	6.500%	1,098,370.00	2,048,370.00
09/30/2045	1,016,000.00	6.500%	1,036,620.00	2,052,620.00
09/30/2046	1,086,000.00	6.500%	970,580.00	2,056,580.00
09/30/2047	1,161,000.00	6.500%	899,990.00	2,060,990.00
09/30/2048	1,241,000.00	6.500%	824,525.00	2,065,525.00
09/30/2049	1,326,000.00	6.500%	743,860.00	2,069,860.00
09/30/2050	1,418,000.00	6.500%	657,670.00	2,075,670.00
09/30/2051	1,516,000.00	6.500%	565,500.00	2,081,500.00
09/30/2052	1,620,000.00	6.500%	466,960.00	2,086,960.00
09/30/2053	1,732,000.00	6.500%	361,660.00	2,093,660.00
09/30/2054	1,852,000.00	6.500%	249,080.00	2,101,080.00
09/30/2055	1,980,000.00	6.500%	128,700.00	2,108,700.00
<b>Total</b>	<b>\$26,283,000.00</b>	<b>-</b>	<b>\$35,460,563.13</b>	<b>\$61,743,563.13</b>



Preliminary

## City of Pilot Point

Special Assessment Revenue Bonds

Bryson Ranch PID Revenue Bonds, Series 2025

(Zone A Improvement Area #1)

## Debt Service

Part 2 of 2

### Yield Statistics

Bond Year Dollars	\$545,547.13
Average Life	20.757 Years
Average Coupon	6.5000000%
Net Interest Cost (NIC)	6.6445320%
True Interest Cost (TIC)	6.7872082%
Bond Yield for Arbitrage Purposes	6.5008887%
All Inclusive Cost (AIC)	8.1646419%

### IRS Form 8038

Net Interest Cost	6.5000000%
Weighted Average Maturity	20.757 Years

## EXHIBIT L-2 – DEBT SERVICE SCHEDULE FOR ZONE B IMPROVEMENT AREA #1 BONDS

Preliminary

### City of Pilot Point

Special Assessment Revenue Bonds

Bryson Ranch PID Revenue Bonds, Series 2025

(Zone B Improvement Area #1)

### Debt Service

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
09/30/2025	-	-	457,543.13	457,543.13
09/30/2026	-	-	1,220,115.00	1,220,115.00
09/30/2027	224,000.00	6.500%	1,220,115.00	1,444,115.00
09/30/2028	239,000.00	6.500%	1,205,555.00	1,444,555.00
09/30/2029	255,000.00	6.500%	1,190,020.00	1,445,020.00
09/30/2030	272,000.00	6.500%	1,173,445.00	1,445,445.00
09/30/2031	290,000.00	6.500%	1,155,765.00	1,445,765.00
09/30/2032	309,000.00	6.500%	1,136,915.00	1,445,915.00
09/30/2033	330,000.00	6.500%	1,116,830.00	1,446,830.00
09/30/2034	352,000.00	6.500%	1,095,380.00	1,447,380.00
09/30/2035	376,000.00	6.500%	1,072,500.00	1,448,500.00
09/30/2036	401,000.00	6.500%	1,048,060.00	1,449,060.00
09/30/2037	429,000.00	6.500%	1,021,995.00	1,450,995.00
09/30/2038	458,000.00	6.500%	994,110.00	1,452,110.00
09/30/2039	488,000.00	6.500%	964,340.00	1,452,340.00
09/30/2040	522,000.00	6.500%	932,620.00	1,454,620.00
09/30/2041	557,000.00	6.500%	898,690.00	1,455,690.00
09/30/2042	595,000.00	6.500%	862,485.00	1,457,485.00
09/30/2043	635,000.00	6.500%	823,810.00	1,458,810.00
09/30/2044	679,000.00	6.500%	782,535.00	1,461,535.00
09/30/2045	725,000.00	6.500%	738,400.00	1,463,400.00
09/30/2046	775,000.00	6.500%	691,275.00	1,466,275.00
09/30/2047	828,000.00	6.500%	640,900.00	1,468,900.00
09/30/2048	884,000.00	6.500%	587,080.00	1,471,080.00
09/30/2049	945,000.00	6.500%	529,620.00	1,474,620.00
09/30/2050	1,010,000.00	6.500%	468,195.00	1,478,195.00
09/30/2051	1,079,000.00	6.500%	402,545.00	1,481,545.00
09/30/2052	1,154,000.00	6.500%	332,410.00	1,486,410.00
09/30/2053	1,233,000.00	6.500%	257,400.00	1,490,400.00
09/30/2054	1,318,000.00	6.500%	177,255.00	1,495,255.00
09/30/2055	1,409,000.00	6.500%	91,585.00	1,500,585.00
<b>Total</b>	<b>\$18,771,000.00</b>	<b>-</b>	<b>\$25,289,493.13</b>	<b>\$44,060,493.13</b>

Preliminary

**City of Pilot Point**

Special Assessment Revenue Bonds

Bryson Ranch PID Revenue Bonds, Series 2025

(Zone B Improvement Area #1)

**Debt Service**

Part 2 of 2

**Yield Statistics**

Bond Year Dollars	\$389,069.13
Average Life	20.727 Years
Average Coupon	6.5000000%
Net Interest Cost (NIC)	6.6447378%
True Interest Cost (TIC)	6.7874879%
Bond Yield for Arbitrage Purposes	6.5008896%
All Inclusive Cost (AIC)	8.2632172%

**IRS Form 8038**

Net Interest Cost	6.5000000%
Weighted Average Maturity	20.727 Years

## EXHIBIT L-3 – DEBT SERVICE SCHEDULE FOR ZONE A REMAINDER AREA BONDS

Preliminary

### City of Pilot Point

Special Assessment Revenue Bonds

Bryson Ranch PID Revenue Bonds, Series 2025

(Zone A Remainder Area)

### Debt Service

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
09/30/2025	-	-	203,122.50	203,122.50
09/30/2026	-	-	541,660.00	541,660.00
09/30/2027	-	-	541,660.00	541,660.00
09/30/2028	97,000.00	7.000%	541,660.00	638,660.00
09/30/2029	103,000.00	7.000%	534,870.00	637,870.00
09/30/2030	110,000.00	7.000%	527,660.00	637,660.00
09/30/2031	118,000.00	7.000%	519,960.00	637,960.00
09/30/2032	126,000.00	7.000%	511,700.00	637,700.00
09/30/2033	134,000.00	7.000%	502,880.00	636,880.00
09/30/2034	143,000.00	7.000%	493,500.00	636,500.00
09/30/2035	153,000.00	7.000%	483,490.00	636,490.00
09/30/2036	164,000.00	7.000%	472,780.00	636,780.00
09/30/2037	175,000.00	7.000%	461,300.00	636,300.00
09/30/2038	187,000.00	7.000%	449,050.00	636,050.00
09/30/2039	200,000.00	7.000%	435,960.00	635,960.00
09/30/2040	214,000.00	7.000%	421,960.00	635,960.00
09/30/2041	229,000.00	7.000%	406,980.00	635,980.00
09/30/2042	245,000.00	7.000%	390,950.00	635,950.00
09/30/2043	263,000.00	7.000%	373,800.00	636,800.00
09/30/2044	281,000.00	7.000%	355,390.00	636,390.00
09/30/2045	301,000.00	7.000%	335,720.00	636,720.00
09/30/2046	323,000.00	7.000%	314,650.00	637,650.00
09/30/2047	346,000.00	7.000%	292,040.00	638,040.00
09/30/2048	370,000.00	7.000%	267,820.00	637,820.00
09/30/2049	397,000.00	7.000%	241,920.00	638,920.00
09/30/2050	425,000.00	7.000%	214,130.00	639,130.00
09/30/2051	456,000.00	7.000%	184,380.00	640,380.00
09/30/2052	489,000.00	7.000%	152,460.00	641,460.00
09/30/2053	524,000.00	7.000%	118,230.00	642,230.00
09/30/2054	562,000.00	7.000%	81,550.00	643,550.00
09/30/2055	603,000.00	7.000%	42,210.00	645,210.00
<b>Total</b>	<b>\$7,738,000.00</b>	<b>-</b>	<b>\$11,415,442.50</b>	<b>\$19,153,442.50</b>

Preliminary

**City of Pilot Point**

Special Assessment Revenue Bonds

Bryson Ranch PID Revenue Bonds, Series 2025

(Zone A Remainder Area)

**Debt Service**

Part 2 of 2

**Yield Statistics**

Bond Year Dollars	\$163,077.75
Average Life	21.075 Years
Average Coupon	7.0000000%
Net Interest Cost (NIC)	7.1423493%
True Interest Cost (TIC)	7.2960628%
Bond Yield for Arbitrage Purposes	7.0010588%
All Inclusive Cost (AIC)	9.1753296%

**IRS Form 8038**

Net Interest Cost	7.0000000%
Weighted Average Maturity	21.075 Years

## EXHIBIT L-4 – DEBT SERVICE SCHEDULE FOR ZONE B REMAINDER AREA BONDS

Preliminary

### City of Pilot Point

Special Assessment Revenue Bonds

Bryson Ranch PID Revenue Bonds, Series 2025

(Zone B Remainder Area)

### Debt Service

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
09/30/2025	-	-	168,498.75	168,498.75
09/30/2026	-	-	449,330.00	449,330.00
09/30/2027	-	-	449,330.00	449,330.00
09/30/2028	82,000.00	7.000%	449,330.00	531,330.00
09/30/2029	87,000.00	7.000%	443,590.00	530,590.00
09/30/2030	93,000.00	7.000%	437,500.00	530,500.00
09/30/2031	99,000.00	7.000%	430,990.00	529,990.00
09/30/2032	106,000.00	7.000%	424,060.00	530,060.00
09/30/2033	113,000.00	7.000%	416,640.00	529,640.00
09/30/2034	120,000.00	7.000%	408,730.00	528,730.00
09/30/2035	128,000.00	7.000%	400,330.00	528,330.00
09/30/2036	137,000.00	7.000%	391,370.00	528,370.00
09/30/2037	146,000.00	7.000%	381,780.00	527,780.00
09/30/2038	156,000.00	7.000%	371,560.00	527,560.00
09/30/2039	167,000.00	7.000%	360,640.00	527,640.00
09/30/2040	178,000.00	7.000%	348,950.00	526,950.00
09/30/2041	191,000.00	7.000%	336,490.00	527,490.00
09/30/2042	204,000.00	7.000%	323,120.00	527,120.00
09/30/2043	218,000.00	7.000%	308,840.00	526,840.00
09/30/2044	233,000.00	7.000%	293,580.00	526,580.00
09/30/2045	250,000.00	7.000%	277,270.00	527,270.00
09/30/2046	267,000.00	7.000%	259,770.00	526,770.00
09/30/2047	286,000.00	7.000%	241,080.00	527,080.00
09/30/2048	306,000.00	7.000%	221,060.00	527,060.00
09/30/2049	328,000.00	7.000%	199,640.00	527,640.00
09/30/2050	352,000.00	7.000%	176,680.00	528,680.00
09/30/2051	377,000.00	7.000%	152,040.00	529,040.00
09/30/2052	403,000.00	7.000%	125,650.00	528,650.00
09/30/2053	432,000.00	7.000%	97,440.00	529,440.00
09/30/2054	463,000.00	7.000%	67,200.00	530,200.00
09/30/2055	497,000.00	7.000%	34,790.00	531,790.00
<b>Total</b>	<b>\$6,419,000.00</b>	<b>-</b>	<b>\$9,447,278.75</b>	<b>\$15,866,278.75</b>

Preliminary

## City of Pilot Point

Special Assessment Revenue Bonds

Bryson Ranch PID Revenue Bonds, Series 2025

(Zone B Remainder Area)

## Debt Service

Part 2 of 2

### Yield Statistics

Bond Year Dollars	\$134,961.13
Average Life	21.025 Years
Average Coupon	7.0000000%
Net Interest Cost (NIC)	7.1426855%
True Interest Cost (TIC)	7.2965061%
Bond Yield for Arbitrage Purposes	7.0010604%
All Inclusive Cost (AIC)	9.3236390%

### IRS Form 8038

Net Interest Cost	7.0000000%
Weighted Average Maturity	21.025 Years

## EXHIBIT M-1 – DISTRICT LEGAL DESCRIPTION

### BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT METES AND BOUNDS DESCRIPTION

#### **TRACT I: 507.933 Acres**

BEING all of that certain tract of land situated in the M.E.P. & P. RR. Co. Survey, Abstract No. 316, in the J.W. Tenison Survey, Abstract No. 1271, in the M.E.P. & P. RR. Co. Survey, Abstract No. 944, in the J. Auldridge Survey, Abstract No. 21, in the A. Burton Survey, Abstract No. 95, in the M.E.P. & P. RR Co. Survey, Abstract No. 1504, and in the A.C. Warren Survey, Abstract No. 1388, Denton County, Texas, and being a portion of a called 843.984 acre tract of land described in the deed to Bryson Ranch, L.P., recorded in Instrument No. 2020-191494, Official Public Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found in Hames Road at the northeast corner of said 843.984 acre tract and the southeast corner of a called 20.807 acre tract of land described in the deed to Hames Properties LLC; recorded in Instrument No. 2021-227447, said Official Public Records;

THENCE with the east line of said 843.984 acre tract and with Hames Road, the following courses:

1. South 00° 15' 33" East, a distance of 1344.87 feet to a 1/2-inch iron rod found for corner;
2. South 89° 28' 36" West, a distance of 527.33 feet to a 1/2-inch iron rod found for corner;
3. South 00° 18' 36" West, a distance of 3954.05 feet to a 1/2-inch iron rod found for corner;
4. South 89° 18' 17" West, a distance of 318.20 feet to a 1-inch iron pipe found for corner;
5. South 00° 39' 20" East, a distance of 50.88 feet to a 1/2-inch iron rod found at the northeast corner of a called 2.46 acre tract of land described in deed to Bryson Ranch, L.P., recorded in Instrument No. 2021-83466, said Official Public Records;

THENCE South 89° 15' 08" West, with the north line of said 2.46 acre tract, a distance of 374.27 feet to a 1/2-inch iron rod found at the northwest corner of said 2.46 acre tract;

THENCE South 00° 30' 42" East, with the west line of said 2.46 acre tract, a distance of 290.16 feet to a 1/2-inch iron rod found at the southwest corner of said 2.46 acre tract;

THENCE North 89° 17' 02" East, with the south line of said 2.46 acre tract, a distance of 375.00 feet to a 1/2-inch iron rod found at the southeast corner of said 2.46 acre tract;

THENCE with the east line of said 843.984 acre tract and with Hames Road, the following courses:



1. South 00° 26' 24" East, a distance of 333.85 feet to a 1/2-inch iron rod found at the southwest corner of a called 349.490 acre tract of land described in deed to Frisco Main, LP., recorded in Instrument No. 2022-1358, said Official Public Records and at the northwest corner of a called 1878.903 acre tract of land described in deed to Talley Ranch Management, LTD, recorded in Instrument No. 2004-156267, said Official Public Records;
2. South 00° 24' 18" East, a distance of 1020.18 feet to a 1/2-inch iron rod found;
3. South 00° 38' 35" East, a distance of 211.17 feet to a 1/2-inch iron rod with a cap stamped "RPLS 6677" set (hereinafter referred to as capped iron rod set);

THENCE over and across said 843.984 acre tract, the following courses:

1. South 89° 21' 25" West, a distance of 848.87 feet to a capped iron rod set at the beginning of a curve to the left;
2. With said curve to the left, having a radius of 1200.00 feet, a central angle of 89° 44' 30", an arc length of 1879.55 feet, a chord that bears South 44° 29' 10" West, a distance of 1693.23 feet to a capped iron rod set at the end of said curve;
3. South 00° 23' 05" East, a distance of 630.95 feet to a capped iron rod set;
4. North 89°32'12" East, a distance of 125.00 feet to a capped iron rod set;
5. South 00°23'05" East, a distance of 75.00 feet to a capped iron rod set;
6. North 89°32'12" East, a distance of 240.83 feet to a capped iron rod set;
7. North 89°51'39" East, a distance of 721.25 feet to a capped iron rod set;
8. North 89°51'39" East, a distance of 840.03 feet to a capped iron rod set;
9. North 00°38'35" West, a distance of 100.00 feet to a capped iron rod set;
10. North 89°51'39" East, a distance of 99.37 feet to a capped iron rod set;
11. South 00°22'00" East, a distance of 170.77 feet to the south line of said 843.984 acres;

THENCE along the south line of said 843.984 acre tract, the following courses:

1. South 89° 36' 55" West, a distance of 1697.73 feet;
2. South 89° 32' 07" West, a distance of 1760.87 feet;
3. North 75° 56' 03" West, a distance of 860.76 feet;

THENCE over and across said 843.984 acre tract, the following courses:

1. North 14° 03' 57" East, a distance of 83.72 feet to a capped iron rod set;
2. South 75° 22' 47" East, a distance of 710.43 feet to a capped iron rod set;
3. South 78° 37' 58" East, a distance of 78.90 feet to a capped iron rod set;
4. South 81° 57' 42" East, a distance of 96.05 feet to a capped iron rod set;
5. South 86° 45' 31" East, a distance of 94.63 feet to a capped iron rod set;
6. North 89° 32' 12" East, a distance of 711.22 feet to a capped iron rod set;
7. North 89° 32' 12" East, a distance of 936.90 feet to a capped iron rod set;
8. North 00°23'05" West, a distance of 75.00 feet to a capped iron rod set;
9. North 89°32'12" East, a distance of 125.00 feet to a capped iron rod set;
10. North 00° 23' 05" West, a distance of 631.03 feet to a capped iron rod set at the beginning of a curve to the right;
11. With said curve to the right, having a radius of 1260.00 feet, a central angle of 04° 33' 54", an arc length of 100.39 feet, a chord that bears North 01° 53' 52" East, a distance of 100.37 feet to a capped iron rod set at the end of said curve;
12. North 85° 49' 12" West, a distance of 1460.68 feet to a capped iron rod set;
13. South 16° 42' 02" West, a distance of 222.07 feet to a capped iron rod set;
14. South 66° 53' 35" West, a distance of 781.70 feet to a capped iron rod set;
15. South 68° 15' 25" West, a distance of 523.67 feet;
16. South 14° 03' 57" West, a distance of 83.72 feet to a capped iron rod set in the south line of said 843.984 acre tract and in the north line of Lot 1, Block A, Mobberly Multi-Family Addition, recorded in Instrument No. 2023-48, said Official Public Records;

THENCE with the south line of said 843.984 acre tract and the north line of Lot 1, Block A, Mobberly Multi-Family Addition, the following courses:

1. North 75° 56' 03" West, a distance of 116.04 feet to a capped iron rod set;
2. North 75° 56' 03" West, a distance of 506.68 feet to a capped iron rod set at the beginning of a non-tangential curve to the left;

THENCE with the west line of said 843.984 acre tract, the following courses:

1. With said curve to the left, having a radius of 618.04 feet, a central angle of 15° 10' 07", an arc length of 163.62 feet, a chord that bears North 17° 12' 29" West, a distance of 163.14 feet to a capped iron rod set at the end of said curve;
2. North 00° 35' 44" East, a distance of 480.40 feet to a point in Mustang Creek;

THENCE over and across said 843.984 acre tract with the meanders of said Mustang Creek, the following courses:

1. North 58° 02' 42" East, a distance of 302.77 feet;
2. North 81° 42' 29" East, a distance of 1142.93 feet;
3. North 53° 09' 38" East, a distance of 709.42 feet;
4. North 09° 51' 12" East, a distance of 1392.73 feet;
5. North 24° 20' 55" East, a distance of 1310.69 feet;
6. North 03° 33' 49" West, a distance of 778.15 feet;
7. North 81° 24' 52" East, a distance of 1206.16 feet;
8. North 16° 59' 37" East, a distance of 1432.32 feet;
9. North 15° 20' 07" West, a distance of 2295.51 feet;
10. North 04° 41' 46" East, a distance of 453.50 feet to a capped iron rod set in the north line of said 843.984 acre tract and in the south line of a called 81.177 acre tract of land described in deed to Aaron Bryan Thompson and Leslie Thompson, recorded in Instrument No. 2001-109382, said Official Public Records;

THENCE with the north line of said 843.984 acre tract, the following courses:

1. South 88° 08' 23" East, a distance of 885.75 feet to a 1/2-inch iron rod found at the southeast corner of said 81.177 acre tract and the southwest of said 20.807 acre tract;
2. South 87° 59' 44" East, a distance of 609.34 feet to a fence corner post found;
3. South 88° 37' 10" East, a distance of 1109.23 feet to the POINT OF BEGINNING and enclosing 507.933 acres (22,125,561 square feet) of land, more or less.

## **TRACT II: 416.872 Acres**

BEING all of that certain tract of land situated in the J.W. Tenison Survey, Abstract No. 1271, in the M.E.P. & P. RR. CO. Survey, Abstract No. 949, in the M.E.P. & P. RR CO. Survey, Abstract No. 1504, in the J. Auldrige Survey, Abstract No. 21, in the A.C. Warren Survey, Abstract No. 1388, and in the A. Burton Survey, Abstract No. 95, Denton County, Texas, and being a portion of a called 843.984 acre tract of land described in the deed to Bryson Ranch, L.P., recorded in

Instrument No. 2020-191494, Official Public Records of Denton County, Texas, all of a called 100.012 acre tract of land described in deed to Blue Star Land, L.P., recorded in Instrument No. 2019-136762, said Official Public Records, and all of a called 103.06 acre tract of land described in deed to 103AC Denton BSL, LLC, recorded in Instrument No. 2018-22798, said Official Public Records, and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found in Lights Ranch Road for the northwest corner of said 843.984 acre tract and the southwest corner of a called 41.534 acre tract of land described in the deed to Bellaire Partners, LLC; recorded in Instrument No. 2018-19557, said Official Public Records;

THENCE South 88° 14' 28" East, with the north line of said 843.984 acre tract and the south line of said 41.534 acre tract, a distance of 2640.93 feet to a 1/2-inch iron rod found in the north line of said 843.984 acre tract, at the southeast corner of said 41.534 acre tract and the southwest corner of a called 81.177 acre tract of land described in deed to Aaron Bryan Thompson and Leslie Thompson, recorded in Instrument No. 2001-109382, said Official Public Records;

THENCE South 88° 08' 23" East, with the north line of said 843.984 acre tract and the south line of said 81.77 acre tract, a distance of 434.43 feet to a point in the north line of said 843.984 acre tract and the south line of said 81.177 acre tract;

THENCE leaving the north line of said 843.984 acre tract and with the meanders of said Mustang Creek, the following courses:

1. South 04° 41' 46" West, a distance of 453.50 feet;
2. South 15° 20' 07" East, a distance of 2295.51 feet;
3. South 16° 59' 37" West, a distance of 1432.32 feet;
4. South 81° 24' 52" West, a distance of 1206.16 feet;
5. South 03° 33' 49" East, a distance of 778.15 feet;
6. South 24° 20' 55" West, a distance of 1310.69 feet;
7. South 09° 51' 12" West, a distance of 1392.73 feet;
8. South 53° 09' 38" West, a distance of 709.42 feet;
9. South 81° 42' 29" West, a distance of 1142.93 feet;
10. South 58° 02' 42" West, a distance of 302.77 feet a capped iron rod set for the most southerly southwest corner of said tract;

THENCE North 00° 35' 44" East, a distance of 111.77 feet to a 1/2-inch iron rod with a cap stamped "RPLS 6677" set (hereinafter referred to as capped iron rod set) in Lights Ranch Road;

THENCE with the west line of said 843.984 acre tract and with Lights Ranch Road, the following

courses:

1. North 54° 38' 49" East, a distance of 383.65 feet to a capped iron rod set;
2. North 43° 05' 49" East, a distance of 260.04 feet to a capped iron rod set;
3. North 00° 41' 39" East, a distance of 643.26 feet to a 1/2-inch iron rod found;
4. North 00° 51' 24" East, a distance of 1006.69 feet to a 1/2-inch iron rod found at the southwest corner of a called 1.416 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4900, said Official Public Records;

THENCE South 88° 29' 20" East, leaving the west line of said 843.984 acre tract and with the south line of said 1.416 acre tract, a distance of 366.91 feet to a fence corner post found at the southeast corner of said 1.416 acre tract;

THENCE North 01° 39' 10" East, with the east line of said 1.416 acre tract, a distance of 165.70 feet to a fence corner post found at the northeast corner of said 1.416 acre tract, in the south line of a called 2.00 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4911, said Official Public Records;

THENCE South 87° 54' 03" East, with the south line of said 2.00 acre tract, a distance of 53.37 feet to a fence corner post found at the southeast corner of said 2.00 acre tract;

THENCE North 00° 51' 16" East, with the east line of said 2.00 acre tract, passing a 1/2-inch iron rod found at the northeast corner of said 2.00 acre tract and the southeast corner of a called 4.00 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4912, said Official Public Records, at a distance of a 205.22 feet, continuing with the east line of said 4.00 acre tract of land, for a total distance of 410.48 feet to a fence post found at the northeast corner of said 4.00 acre tract;

THENCE North 87° 20' 54" West, with the north line of said 4.00 acre tract, a distance of 422.65 feet to a 1/2-inch iron rod found (Bent) at the northwest corner of said 4.00 acre tract and at the southwest corner of said 100.012 acre tract;

THENCE with the west line of said 100.012 acre tract and with Lights Ranch Road, the following courses:

1. North 01° 02' 30" East, passing a 1/2-inch iron rod found at a distance of 872.84 feet, for a total distance of 1291.05 feet to a point;
2. North 01° 30' 05" East, a distance of 317.21 feet to a Mag Nail found at the northwest corner of said 100.012 acre tract and the southwest corner of a called 62.559 acre tract of land described in deed to Lights Ranch Estates LLC, recorded in Instrument No. 2021-101771, said Official Public Records;

THENCE South 88° 40' 54" East, with the north line of said 100.012 and the south line of said 62.559 acre tract, a distance of 2670.92 feet to a 1/2-inch capped iron rod found stamped "PEISER & MANKIN" at the northeast corner of said 100.012 acre tract and the southeast corner of said 62.559 acre tract;

THENCE North 00° 48' 31" East, with the east line of said 62.559 acre tract, passing a 5/8-inch iron rod at a distance of 137.09 feet, for a total distance of 1034.89 feet to a 5/8-inch iron rod found at the northeast corner of said 62.559 acre tract and the southeast corner of a called 103.06 acre tract described in deed to 103AC Denton BSL, LLC, recorded in Instrument No. 2018-22798, said Official Public Records;

THENCE North 89° 12' 36" West, with the north line of said 62.559 acre tract and the south line of said 103.06 acre tract, a distance of 2658.60 feet to a PK nail found at the northwest corner of said 62.559 acre tract and at the southwest corner of said 103.06 acre tract, in Lights Ranch Road;

THENCE North 01° 28' 27" East, with the west line of said 103.06 acre tract, a distance of 1724.79 feet to a Mag Nail found at the northwest corner of said 103.06 acre tract;

THENCE North 01° 12' 06" East, with the west line of said 843.984 acre tract, a distance of 1304.86 feet to the POINT OF BEGINNING and enclosing 416.872 acres (18,158,942 square feet) of land, more or less.

## **EXHIBIT M-2 – ZONE A IMPROVEMENT AREA #1 LEGAL DESCRIPTION**

### **BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE A IMPROVEMENT AREA #1** **METES AND BOUNDS DESCRIPTION**

Being a 183.824 acre tract of land out of the M.E.P. & P. RXR Co. Survey, Abstract No. 1504, and the Allen Burton Survey, Abstract No. 95, and being a portion of a called 843.984 acre tract described as Tract 1, and a portion of a 100.012 acre tract of land described as Tract 3 conveyed by deed to MM Bryson Ranch, LLC, recorded in Document No. 2024-66316 of the Official Public Records of Denton County, Texas and more particularly described as follow:

Beginning at the southeast corner of said 843.984 acre tract in the approximate centerline of Mobberly Road;

THENCE with the south line of said 843.984 acre tract and the approximate centerline of Mobberly Road the following four (4) courses and distances:

1. S89°46'35"W a distance of 540.75 feet to a point;
2. S89°36'55"W a distance of 1697.73 feet to a point;
3. S89°32'07"W a distance of 1760.87 feet to a point;
4. N75°56'03"W a distance of 1483.48 feet to a point of curvature;

THENCE with the west line of said 843.984 acre tract, along a non-tangent curve to the left, having a radius of 618.04 feet, an arc length of 618.04 feet, a delta of 15°10'07", and a chord which bears N17°12'29"W a distance of 163.14 feet to a point;

THENCE N00°35'44"E with the west line of said 843.984 acre tract a distance of 480.40 feet to a point;

THENCE crossing through said 843.984 acre tract the following twenty-nine (29) courses and distances:

1. N58°02'42"E a distance of 302.77 feet to a point;
2. N81°42'29"E a distance of 1142.93 feet to a point;
3. N53°09'38"E a distance of 709.42 feet to a point;
4. N09°51'12"E a distance of 696.36 feet to a point;

5. S85°27'55"E a distance of 311.39 feet to a point of curvature;
6. Along a non-tangential curve to the right, having a radius of 2775.00 feet, an arc length of 1722.45, a delta angle of 35°33'49", and a chord which bears N53°04'12"E a distance of 1694.93 feet to a point of tangency;
7. N81°18'29"E a distance of 50.00 feet to a point of curvature;
8. Along a non-tangential curve to the left, having a radius of 475.00 feet, an arc length of 83.80 feet, a delta angle of 10°06'29" and a chord which bears S13°44'46"E a distance of 83.69 feet to a point;
9. S18°48'01"E a distance of 29.93 feet to a point;
10. S63°09'06"E a distance of 14.30 feet to a point of curvature;
11. Along a non-tangential curve to the right, having a radius of 2615.95 feet, an arc length of 292.83 feet, a delta angle of 06°24'49" and a chord which bears N75°06'38"E a distance of 292.68 feet to a point of compound curvature;
12. Along a non-tangential curve to the right, having a radius of 2643.00 feet, an arc length of 509.74 feet, a delta angle of 11°03'01", and a chord which bears N83°49'55"E a distance of 508.95 feet to a point of tangency;
13. N89°21'25"E a distance of 479.29 feet to a point;
14. N00°38'35"W a distance of 121.71 feet to a point;
15. N89°17'02"E a distance of 375.00 feet to a point;
16. S00°26'24"E a distance of 333.85 feet to a point;
17. S00°24'18"E a distance of 1020.18 feet to a point;
18. S00°38'35"E a distance of 211.17 feet to a point;
19. S89°21'25"W a distance of 848.87 feet to a point of curvature;
20. Along a tangential curve to the left, having a radius of 1200.00 feet, an arc length of 1879.55 feet, a delta angle of 89°44'30", and a chord which bears S44°29'10"W a distance of 1693.23 feet to a point of tangency;
21. S00°23'05"E a distance of 630.95 feet to a point herein referenced as "Point A";



22. N89°32'12"E a distance of 125.00 feet to a point;
23. S00°23'05"E a distance of 75.00 feet to a point;
24. N89°32'12"E a distance of 240.83 feet to a point;
25. N89°51'39"E a distance of 721.25 feet to a point;
26. N89°51'39"E a distance of 840.03 feet to a point;
27. N00°38'35"W a distance of 100.00 feet to a point;
28. N89°51'39"E a distance of 99.37 feet to a point;
29. S00°22'00"E a distance of 170.77 feet to the Point of Beginning and containing 224.418 acres of land more or less.

**SAVE AND EXCEPT** the following 40.594 acre tract of land out of the M.E.P. & P. RXR Co. Survey, Abstract No. 1504, and being a portion of a called 843.984 acre tract described as Tract 1, conveyed by deed to MM Bryson Ranch, LLC, recorded in Document No. 2024-66316 of the Official Public Records of Denton County, Texas and more particularly described as follow:  
Commencing at the said "Point A";

THENCE S89°32'12"W a distance of 60.00 feet to a point herein referenced as "Point B" and being the Point of Beginning of the Save and Except 40.594 acre tract;

Thence crossing through said 843.984 acre tract the following fourteen (14) courses and distances:

1. S89°32'12"W a distance of 125.00 feet to a point;
2. S00°23'05"E a distance of 75.00 feet to a point;
3. S89°32'12"W a distance of 936.90 feet to a point;
4. S89°32'12"W a distance of 711.22 feet to a point;
5. N86°45'31"W a distance of 94.63 feet to a point;
6. N81°57'42"W a distance of 96.05 feet to a point;

7. N78°37'58"W a distance of 78.90 feet to a point;
8. N75°22'47"W a distance of 710.43 feet to a point;
9. N68°15'25"E a distance of 523.67 feet to a point;
10. N66°53'35"E a distance of 781.70 feet to a point;
11. N16°42'02"E a distance of 222.07 feet to a point;
12. S85°49'12"E a distance of 1460.68 feet to a point of curvature;
13. Along a non-tangential curve to the left, having a radius of 1260.00 feet, an arc length of 100.39 feet, a delta angle of 04°33'54", and a chord which bears S01°53'52"W a distance of 100.37 feet to a point of tangency;
14. S00°23'05"E a distance of 631.03 feet to the Point of Beginning and containing 40.594 acres;

Altogether containing a net acreage of 183.824 acres made of the 224.418 acre tract save and except the 40.594 acre tract.

## **EXHIBIT M-3 – ZONE B IMPROVEMENT AREA #1 LEGAL DESCRIPTION**

### BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B IMPROVEMENT AREA #1 METES AND BOUNDS DESCRIPTION

Being a 165.042 acre tract of land out of the M.E.P. & P. RXR Co. Survey, Abstract No. 1504, the Allen Burton Survey, Abstract No. 95, and the A.C. Warren Survey, Abstract No. 1388, and being a portion of a called 843.984 acre tract described as Tract 1, and a portion of a 100.012 acre tract of land described as Tract 3 conveyed by deed to MM Bryson Ranch, LLC, recorded in Document No. 2024-66316 of the Official Public Records of Denton County, Texas and more particularly described as follow:

Beginning at the northwest corner of said 100.012 acre tract;  
Thence S88°40'54"E a distance of 2670.92 feet to a point at the northeast corner of said 100.012 acre tract and being the west line of 843.984 acre tract;

THENCE with the east line of said 100.012 acre tract the following two (2) courses and distances:

1. S00°54'01"W a distance of 55.27 feet to a point;
2. S03°19'03"W a distance of 74.74 feet to a point;

THENCE crossing through said 100.012 acre tract the following two (2) courses and distances:

1. S81°24'52"W a distance of 540.28 feet to a point;
2. S03°33'49"E a distance of 778.15 feet to a point;

THENCE S24°20'55"W continuing through said 100.012 acre tract and crossing through said 843.984 acre tract a distance of 1310.69 feet to a point;

THENCE crossing through said 843.984 acre tract the following four (4) courses and distances:

1. S09°51'12"W a distance of 1392.73 feet to a point;
2. S53°09'38"W a distance of 709.42 feet to a point;
3. S81°42'29"W a distance of 1142.93 feet to a point;
4. S58°02'42"W a distance of 302.77 feet to a point in the west line of said 843.984 acre tract;

THENCE N00°35'44"E with the west line of the 843.984 acre tract a distance of 111.77 feet to a point in Lights Ranch Road;

THENCE with the west line of said 843.984 acre tract and Lights Ranch Road the following six (6) courses and distances:

1. N54°38'49"E a distance of 383.65 feet to a point;
2. N43°05'49"E a distance of 260.04 feet to a point;
3. N00°41'39"E a distance of 643.26 feet to a point;
4. N00°51'24"E a distance of 1006.69 feet to a point;

THENCE continuing with the west line of said 843.984 acre tract the following five (5) courses and distances:

1. S88°29'20"E a distance of 366.91 feet to a point;
2. N01°39'10"E a distance of 165.70 feet to a point;
3. S87°54'03"E a distance of 53.37 feet to a point;
4. N00°51'16"E a distance of 410.48 feet to a point;
5. N87°20'54"W a distance of 422.65 feet to a point in Lights Ranch Road;

THENCE continuing with the west line of said 843.984 acre tract and Lights Ranch Road the following two (2) courses and distances:

1. N01°02'30"E a distance of 1291.05 feet to a point;
2. N01°30'05"E a distance of 317.21 feet to the Point of Beginning and containing 165.042 acres of land more or less.

## **EXHIBIT M-4 – ZONE A REMAINDER AREA LEGAL DESCRIPTION**

### **BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE A REMAINDER AREA METES AND BOUNDS DESCRIPTION**

BEING all of that certain tract of land situated in the M.E.P. & P. RR. Co. Survey, Abstract No. 316, in the J.W. Tenison Survey, Abstract No. 1271, in the M.E.P. & P. RR. Co. Survey, Abstract No. 944, in the J. Auldridge Survey, Abstract No. 21, in the A. Burton Survey, Abstract No. 95, in the M.E.P. & P. RR Co. Survey, Abstract No. 1504, and in the A.C. Warren Survey, Abstract No. 1388, Denton County, Texas, and being a portion of a called 843.984 acre tract of land described in the deed to Bryson Ranch, L.P., recorded in Instrument No. 2020-191494, Official Public Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found in Hames Road at the northeast corner of said 843.984 acre tract and the southeast corner of a called 20.807 acre tract of land described in the deed to Hames Properties LLC; recorded in Instrument No. 2021-227447, said Official Public Records;

THENCE with the east line of said 843.984 acre tract and with Hames Road, the following courses:

1. South 00° 15' 33" East, a distance of 1344.87 feet to a 1/2-inch iron rod found for corner;
2. South 89° 28' 36" West, a distance of 527.33 feet to a 1/2-inch iron rod found for corner;
3. South 00° 18' 36" West, a distance of 3954.05 feet to a 1/2-inch iron rod found for corner;
4. South 89° 18' 17" West, a distance of 318.20 feet to a 1-inch iron pipe found for corner;
5. South 00° 39' 20" East, a distance of 50.88 feet to a 1/2-inch iron rod found at the northeast corner of a called 2.46 acre tract of land described in deed to Bryson Ranch, L.P., recorded in Instrument No. 2021-83466, said Official Public Records;

THENCE South 89° 15' 08" West, with the north line of said 2.46 acre tract, a distance of 374.27 feet to a 1/2-inch iron rod found at the northwest corner of said 2.46 acre tract;

THENCE South 00° 30' 42" East, with the west line of said 2.46 acre tract, a distance of 290.16 feet to a 1/2-inch iron rod found at the southwest corner of said 2.46 acre tract;

THENCE North 89° 17' 02" East, with the south line of said 2.46 acre tract, a distance of 375.00 feet to a 1/2-inch iron rod found at the southeast corner of said 2.46 acre tract;

THENCE with the east line of said 843.984 acre tract and with Hames Road, the following courses:

1. South 00° 26' 24" East, a distance of 333.85 feet to a 1/2-inch iron rod found at the southwest corner of a called 349.490 acre tract of land described in deed to Frisco Main, LP., recorded in Instrument No. 2022-1358, said Official Public Records and at the northwest corner of a called 1878.903 acre tract of land described in deed to Talley Ranch Management, LTD, recorded in Instrument No. 2004-156267, said Official Public Records;
2. South 00° 24' 18" East, a distance of 1020.18 feet to a 1/2-inch iron rod found;
3. South 00° 38' 35" East, a distance of 211.17 feet to a 1/2-inch iron rod with a cap stamped "RPLS 6677" set (hereinafter referred to as capped iron rod set);

THENCE over and across said 843.984 acre tract, the following courses:

1. South 89° 21' 25" West, a distance of 848.87 feet to a capped iron rod set at the beginning of a curve to the left;
2. With said curve to the left, having a radius of 1200.00 feet, a central angle of 89° 44' 30", an arc length of 1879.55 feet, a chord that bears South 44° 29' 10" West, a distance of 1693.23 feet to a capped iron rod set at the end of said curve;
3. South 00° 23' 05" East, a distance of 630.95 feet to a capped iron rod set;
4. North 89°32'12" East, a distance of 125.00 feet to a capped iron rod set;
5. South 00°23'05" East, a distance of 75.00 feet to a capped iron rod set;
6. North 89°32'12" East, a distance of 240.83 feet to a capped iron rod set;
7. North 89°51'39" East, a distance of 721.25 feet to a capped iron rod set;
8. North 89°51'39" East, a distance of 840.03 feet to a capped iron rod set;
9. North 00°38'35" West, a distance of 100.00 feet to a capped iron rod set;
10. North 89°51'39" East, a distance of 99.37 feet to a capped iron rod set;
11. South 00°22'00" East, a distance of 170.77 feet to the south line of said 843.984 acres;

THENCE along the south line of said 843.984 acre tract, the following courses:

1. South 89° 36' 55" West, a distance of 1697.73 feet;
2. South 89° 32' 07" West, a distance of 1760.87 feet;
3. North 75° 56' 03" West, a distance of 860.76 feet;

THENCE over and across said 843.984 acre tract, the following courses:

1. North 14° 03' 57" East, a distance of 83.72 feet to a capped iron rod set;
2. South 75° 22' 47" East, a distance of 710.43 feet to a capped iron rod set;
3. South 78° 37' 58" East, a distance of 78.90 feet to a capped iron rod set;
4. South 81° 57' 42" East, a distance of 96.05 feet to a capped iron rod set;
5. South 86° 45' 31" East, a distance of 94.63 feet to a capped iron rod set;
6. North 89° 32' 12" East, a distance of 711.22 feet to a capped iron rod set;
7. North 89° 32' 12" East, a distance of 936.90 feet to a capped iron rod set;
8. North 00°23'05" West, a distance of 75.00 feet to a capped iron rod set;
9. North 89°32'12" East, a distance of 125.00 feet to a capped iron rod set;
10. North 00° 23' 05" West, a distance of 631.03 feet to a capped iron rod set at the beginning of a curve to the right;
11. With said curve to the right, having a radius of 1260.00 feet, a central angle of 04° 33' 54", an arc length of 100.39 feet, a chord that bears North 01° 53' 52" East, a distance of 100.37 feet to a capped iron rod set at the end of said curve;
12. North 85° 49' 12" West, a distance of 1460.68 feet to a capped iron rod set;
13. South 16° 42' 02" West, a distance of 222.07 feet to a capped iron rod set;
14. South 66° 53' 35" West, a distance of 781.70 feet to a capped iron rod set;
15. South 68° 15' 25" West, a distance of 523.67 feet;
16. South 14° 03' 57" West, a distance of 83.72 feet to a capped iron rod set in the south line of said 843.984 acre tract and in the north line of Lot 1, Block A, Mobberly Multi-Family Addition, recorded in Instrument No. 2023-48, said Official Public Records;

THENCE with the south line of said 843.984 acre tract and the north line of Lot 1, Block A, Mobberly Multi-Family Addition, the following courses:

1. North 75° 56' 03" West, a distance of 116.04 feet to a capped iron rod set;
2. North 75° 56' 03" West, a distance of 506.68 feet to a capped iron rod set at the beginning of a non-tangential curve to the left;

THENCE with the west line of said 843.984 acre tract, the following courses:

1. With said curve to the left, having a radius of 618.04 feet, a central angle of 15° 10' 07", an arc length of 163.62 feet, a chord that bears North 17° 12' 29" West, a distance of 163.14 feet to a capped iron rod set at the end of said curve;
2. North 00° 35' 44" East, a distance of 480.40 feet to a point in Mustang Creek;

THENCE over and across said 843.984 acre tract with the meanders of said Mustang Creek, the following courses:

1. North 58° 02' 42" East, a distance of 302.77 feet;
2. North 81° 42' 29" East, a distance of 1142.93 feet;
3. North 53° 09' 38" East, a distance of 709.42 feet;
4. North 09° 51' 12" East, a distance of 1392.73 feet;
5. North 24° 20' 55" East, a distance of 1310.69 feet;
6. North 03° 33' 49" West, a distance of 778.15 feet;
7. North 81° 24' 52" East, a distance of 1206.16 feet;
8. North 16° 59' 37" East, a distance of 1432.32 feet;
9. North 15° 20' 07" West, a distance of 2295.51 feet;
10. North 04° 41' 46" East, a distance of 453.50 feet to a capped iron rod set in the north line of said 843.984 acre tract and in the south line of a called 81.177 acre tract of land described in deed to Aaron Bryan Thompson and Leslie Thompson, recorded in Instrument No. 2001-109382, said Official Public Records;

THENCE with the north line of said 843.984 acre tract, the following courses:

1. South 88° 08' 23" East, a distance of 885.75 feet to a 1/2-inch iron rod found at the southeast corner of said 81.177 acre tract and the southwest of said 20.807 acre tract;
2. South 87° 59' 44" East, a distance of 609.34 feet to a fence corner post found;
3. South 88° 37' 10" East, a distance of 1109.23 feet to the POINT OF BEGINNING and enclosing 507.933 acres (22,125,561 square feet) of land, more or less.

#### **SAVE & EXCEPT:**

Being a 183.824 acre tract of land out of the M.E.P. & P. RXR Co. Survey, Abstract No. 1504, and the Allen Burton Survey, Abstract No. 95, and being a portion of a called 843.984 acre tract described as Tract 1, and a portion of a 100.012 acre tract of land described as Tract 3 conveyed by deed to MM Bryson Ranch, LLC, recorded in Document No. 2024-66316 of the Official Public Records of Denton County, Texas and more particularly described as follow:



Beginning at the southeast corner of said 843.984 acre tract in the approximate centerline of Mobberly Road;

THENCE with the south line of said 843.984 acre tract and the approximate centerline of Mobberly Road the following four (4) courses and distances:

1. S89°46'35"W a distance of 540.75 feet to a point;
2. S89°36'55"W a distance of 1697.73 feet to a point;
3. S89°32'07"W a distance of 1760.87 feet to a point;
4. N75°56'03"W a distance of 1483.48 feet to a point of curvature;

THENCE with the west line of said 843.984 acre tract, along a non-tangent curve to the left, having a radius of 618.04 feet, an arc length of 618.04 feet, a delta of 15°10'07", and a chord which bears N17°12'29"W a distance of 163.14 feet to a point;

THENCE N00°35'44"E with the west line of said 843.984 acre tract a distance of 480.40 feet to a point;

THENCE crossing through said 843.984 acre tract the following twenty-nine (29) courses and distances:

1. N58°02'42"E a distance of 302.77 feet to a point;
2. N81°42'29"E a distance of 1142.93 feet to a point;
3. N53°09'38"E a distance of 709.42 feet to a point;
4. N09°51'12"E a distance of 696.36 feet to a point;
5. S85°27'55"E a distance of 311.39 feet to a point of curvature;
6. Along a non-tangential curve to the right, having a radius of 2775.00 feet, an arc length of 1722.45, a delta angle of 35°33'49", and a chord which bears N53°04'12"E a distance of 1694.93 feet to a point of tangency;
7. N81°18'29"E a distance of 50.00 feet to a point of curvature;
8. Along a non-tangential curve to the left, having a radius of 475.00 feet, an arc length of 83.80 feet, a delta angle of 10°06'29" and a chord which bears S13°44'46"E a distance of 83.69 feet to a point;
9. S18°48'01"E a distance of 29.93 feet to a point;
10. S63°09'06"E a distance of 14.30 feet to a point of curvature;

11. Along a non-tangential curve to the right, having a radius of 2615.95 feet, an arc length of 292.83 feet, a delta angle of 06°24'49" and a chord which bears N75°06'38"E a distance of 292.68 feet to a point of compound curvature;
12. Along a non-tangential curve to the right, having a radius of 2643.00 feet, an arc length of 509.74 feet, a delta angle of 11°03'01", and a chord which bears N83°49'55"E a distance of 508.95 feet to a point of tangency;
13. N89°21'25"E a distance of 479.29 feet to a point;
14. N00°38'35"W a distance of 121.71 feet to a point;
15. N89°17'02"E a distance of 375.00 feet to a point;
16. S00°26'24"E a distance of 333.85 feet to a point;
17. S00°24'18"E a distance of 1020.18 feet to a point;
18. S00°38'35"E a distance of 211.17 feet to a point;
19. S89°21'25"W a distance of 848.87 feet to a point of curvature;
20. Along a tangential curve to the left, having a radius of 1200.00 feet, an arc length of 1879.55 feet, a delta angle of 89°44'30", and a chord which bears S44°29'10"W a distance of 1693.23 feet to a point of tangency;
21. S00°23'05"E a distance of 630.95 feet to a point herein referenced as "Point A";
22. N89°32'12"E a distance of 125.00 feet to a point;
23. S00°23'05"E a distance of 75.00 feet to a point;
24. N89°32'12"E a distance of 240.83 feet to a point;
25. N89°51'39"E a distance of 721.25 feet to a point;
26. N89°51'39"E a distance of 840.03 feet to a point;
27. N00°38'35"W a distance of 100.00 feet to a point;
28. N89°51'39"E a distance of 99.37 feet to a point;
29. S00°22'00"E a distance of 170.77 feet to the Point of Beginning and containing 224.418 acres of land more or less.

Save and Except the following 40.594 acre tract of land out of the M.E.P. & P. RXR Co. Survey, Abstract No. 1504, and being a portion of a called 843.984 acre tract described as Tract 1, conveyed by deed to MM Bryson Ranch, LLC, recorded in Document No. 2024-66316 of the Official Public Records of Denton County, Texas and more particularly described as follow:

Commencing at the said "Point A";

THENCE S89°32'12"W a distance of 60.00 feet to a point herein referenced as "Point B" and being the Point of Beginning of the Save and Except 40.594 acre tract;

Thence crossing through said 843.984 acre tract the following fourteen (14) courses and distances:

1. S89°32'12"W a distance of 125.00 feet to a point;
2. S00°23'05"E a distance of 75.00 feet to a point;
3. S89°32'12"W a distance of 936.90 feet to a point;
4. S89°32'12"W a distance of 711.22 feet to a point;
5. N86°45'31"W a distance of 94.63 feet to a point;
6. N81°57'42"W a distance of 96.05 feet to a point;
7. N78°37'58"W a distance of 78.90 feet to a point;
8. N75°22'47"W a distance of 710.43 feet to a point;
9. N68°15'25"E a distance of 523.67 feet to a point;
10. N66°53'35"E a distance of 781.70 feet to a point;
11. N16°42'02"E a distance of 222.07 feet to a point;
12. S85°49'12"E a distance of 1460.68 feet to a point of curvature;
13. Along a non-tangential curve to the left, having a radius of 1260.00 feet, an arc length of 100.39 feet, a delta angle of 04°33'54", and a chord which bears S01°53'52"W a distance of 100.37 feet to a point of tangency;
14. S00°23'05"E a distance of 631.03 feet to the Point of Beginning and containing 40.594 acres;

Altogether containing a net acreage of 183.824 acres made of the 224.418 acre tract save and except the 40.594 acre tract.

#### **EXHIBIT M-5 – ZONE B REMAINDER AREA LEGAL DESCRIPTION**

##### BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B IMPROVEMENT AREA #1 METES AND BOUNDS DESCRIPTION

BEING all of that certain tract of land situated in the J.W. Tenison Survey, Abstract No. 1271, in the M.E.P. & P. RR. CO. Survey, Abstract No. 949, in the M.E.P. & P. RR CO. Survey, Abstract No. 1504, in the J. Auldrige Survey, Abstract No. 21, in the A.C. Warren Survey, Abstract No. 1388, and in the A. Burton Survey, Abstract No. 95, Denton County, Texas, and being a portion of a called 843.984 acre tract of land described in the deed to Bryson Ranch, L.P., recorded in Instrument No. 2020-191494, Official Public Records of Denton County, Texas, all of a called 100.012 acre tract of land described in deed to Blue Star Land, L.P., recorded in Instrument No. 2019-136762, said Official Public Records, and all of a called 103.06 acre tract of land described in deed to 103AC Denton BSL, LLC, recorded in Instrument No. 2018-22798, said Official Public Records, and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found in Lights Ranch Road for the northwest corner of said 843.984 acre tract and the southwest corner of a called 41.534 acre tract of land described in the deed to Bellaire Partners, LLC; recorded in Instrument No. 2018-19557, said Official Public Records;

THENCE South 88° 14' 28" East, with the north line of said 843.984 acre tract and the south line of said 41.534 acre tract, a distance of 2640.93 feet to a 1/2-inch iron rod found in the north line of said 843.984 acre tract, at the southeast corner of said 41.534 acre tract and the southwest corner of a called 81.177 acre tract of land described in deed to Aaron Bryan Thompson and Leslie Thompson, recorded in Instrument No. 2001-109382, said Official Public Records;

THENCE South 88° 08' 23" East, with the north line of said 843.984 acre tract and the south line of said 81.77 acre tract, a distance of 434.43 feet to a point in the north line of said 843.984 acre tract and the south line of said 81.177 acre tract;

THENCE leaving the north line of said 843.984 acre tract and with the meanders of said Mustang Creek, the following courses:

1. South 04° 41' 46" West, a distance of 453.50 feet;
2. South 15° 20' 07" East, a distance of 2295.51 feet;
3. South 16° 59' 37" West, a distance of 1432.32 feet;
4. South 81° 24' 52" West, a distance of 1206.16 feet;
5. South 03° 33' 49" East, a distance of 778.15 feet;
6. South 24° 20' 55" West, a distance of 1310.69 feet;
7. South 09° 51' 12" West, a distance of 1392.73 feet;
8. South 53° 09' 38" West, a distance of 709.42 feet;
9. South 81° 42' 29" West, a distance of 1142.93 feet;
10. South 58° 02' 42" West, a distance of 302.77 feet a capped iron rod set for the most southerly southwest corner of said tract;

THENCE North 00° 35' 44" East, a distance of 111.77 feet to a 1/2-inch iron rod with a cap stamped "RPLS 6677" set (hereinafter referred to as capped iron rod set) in Lights Ranch Road;

THENCE with the west line of said 843.984 acre tract and with Lights Ranch Road, the following courses:

1. North 54° 38' 49" East, a distance of 383.65 feet to a capped iron rod set;
2. North 43° 05' 49" East, a distance of 260.04 feet to a capped iron rod set;
3. North 00° 41' 39" East, a distance of 643.26 feet to a 1/2-inch iron rod found;
4. North 00° 51' 24" East, a distance of 1006.69 feet to a 1/2-inch iron rod found at the southwest corner of a called 1.416 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4900, said Official Public Records;

THENCE South 88° 29' 20" East, leaving the west line of said 843.984 acre tract and with the south line of said 1.416 acre tract, a distance of 366.91 feet to a fence corner post found at the southeast corner of said 1.416 acre tract;

THENCE North 01° 39' 10" East, with the east line of said 1.416 acre tract, a distance of 165.70 feet to a fence corner post found at the northeast corner of said 1.416 acre tract, in the south line of a called 2.00 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4911, said Official Public Records;

THENCE South 87° 54' 03" East, with the south line of said 2.00 acre tract, a distance of 53.37 feet to a fence corner post found at the southeast corner of said 2.00 acre tract;

THENCE North 00° 51' 16" East, with the east line of said 2.00 acre tract, passing a 1/2-inch iron rod found at the northeast corner of said 2.00 acre tract and the southeast corner of a called 4.00 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4912, said Official Public Records, at a distance of a 205.22 feet, continuing with the east line of said 4.00 acre tract of land, for a total distance of 410.48 feet to a fence post found at the northeast corner of said 4.00 acre tract;

THENCE North 87° 20' 54" West, with the north line of said 4.00 acre tract, a distance of 422.65 feet to a 1/2-inch iron rod found (Bent) at the northwest corner of said 4.00 acre tract and at the southwest corner of said 100.012 acre tract;

THENCE with the west line of said 100.012 acre tract and with Lights Ranch Road, the following courses:

1. North 01° 02' 30" East, passing a 1/2-inch iron rod found at a distance of 872.84 feet, for a total distance of 1291.05 feet to a point;

2. North 01° 30' 05" East, a distance of 317.21 feet to a Mag Nail found at the northwest corner of said 100.012 acre tract and the southwest corner of a called 62.559 acre tract of land described in deed to Lights Ranch Estates LLC, recorded in Instrument No. 2021-101771, said Official Public Records;

THENCE South 88° 40' 54" East, with the north line of said 100.012 and the south line of said 62.559 acre tract, a distance of 2670.92 feet to a 1/2-inch capped iron rod found stamped "PEISER & MANKIN" at the northeast corner of said 100.012 acre tract and the southeast corner of said 62.559 acre tract;

THENCE North 00° 48' 31" East, with the east line of said 62.559 acre tract, passing a 5/8-inch iron rod at a distance of 137.09 feet, for a total distance of 1034.89 feet to a 5/8-inch iron rod found at the northeast corner of said 62.559 acre tract and the southeast corner of a called 103.06 acre tract described in deed to 103AC Denton BSL, LLC, recorded in Instrument No. 2018-22798, said Official Public Records;

THENCE North 89° 12' 36" West, with the north line of said 62.559 acre tract and the south line of said 103.06 acre tract, a distance of 2658.60 feet to a PK nail found at the northwest corner of said 62.559 acre tract and at the southwest corner of said 103.06 acre tract, in Lights Ranch Road;

THENCE North 01° 28' 27" East, with the west line of said 103.06 acre tract, a distance of 1724.79 feet to a Mag Nail found at the northwest corner of said 103.06 acre tract;

THENCE North 01° 12' 06" East, with the west line of said 843.984 acre tract, a distance of 1304.86 feet to the POINT OF BEGINNING and enclosing 416.872 acres (18,158,942 square feet) of land, more or less.

**SAVE & EXCEPT:**

Being a 165.042 acre tract of land out of the M.E.P. & P. RXR Co. Survey, Abstract No. 1504, the Allen Burton Survey, Abstract No. 95, and the A.C. Warren Survey, Abstract No. 1388, and being a portion of a called 843.984 acre tract described as Tract 1, and a portion of a 100.012 acre tract of land described as Tract 3 conveyed by deed to MM Bryson Ranch, LLC, recorded in Document No. 2024-66316 of the Official Public Records of Denton County, Texas and more particularly described as follow:

Beginning at the northwest corner of said 100.012 acre tract;  
Thence S88°40'54"E a distance of 2670.92 feet to a point at the northeast corner of said 100.012 acre tract and being the west line of 843.984 acre tract;

THENCE with the east line of said 100.012 acre tract the following two (2) courses and distances:

3. S00°54'01"W a distance of 55.27 feet to a point;
4. S03°19'03"W a distance of 74.74 feet to a point;

THENCE crossing through said 100.012 acre tract the following two (2) courses and distances:

3. S81°24'52"W a distance of 540.28 feet to a point;

4. S03°33'49"E a distance of 778.15 feet to a point;

THENCE S24°20'55"W continuing through said 100.012 acre tract and crossing through said 843.984 acre tract a distance of 1310.69 feet to a point;

THENCE crossing through said 843.984 acre tract the following four (4) courses and distances:

5. S09°51'12"W a distance of 1392.73 feet to a point;

6. S53°09'38"W a distance of 709.42 feet to a point;

7. S81°42'29"W a distance of 1142.93 feet to a point;

8. S58°02'42"W a distance of 302.77 feet to a point in the west line of said 843.984 acre tract;

THENCE N00°35'44"E with the west line of the 843.984 acre tract a distance of 111.77 feet to a point in Lights Ranch Road;

THENCE with the west line of said 843.984 acre tract and Lights Ranch Road the following six (6) courses and distances:

5. N54°38'49"E a distance of 383.65 feet to a point;

6. N43°05'49"E a distance of 260.04 feet to a point;

7. N00°41'39"E a distance of 643.26 feet to a point;

8. N00°51'24"E a distance of 1006.69 feet to a point;

THENCE continuing with the west line of said 843.984 acre tract the following five (5) courses and distances:

6. S88°29'20"E a distance of 366.91 feet to a point;

7. N01°39'10"E a distance of 165.70 feet to a point;

8. S87°54'03"E a distance of 53.37 feet to a point;

9. N00°51'16"E a distance of 410.48 feet to a point;

10. N87°20'54"W a distance of 422.65 feet to a point in Lights Ranch Road;

THENCE continuing with the west line of said 843.984 acre tract and Lights Ranch Road the following two (2) courses and distances:

5. N01°02'30"E a distance of 1291.05 feet to a point;
6. N01°30'05"E a distance of 317.21 feet to the Point of Beginning and containing 165.042 acres of land more or less.



## **APPENDIX A – ENGINEER’S REPORT**

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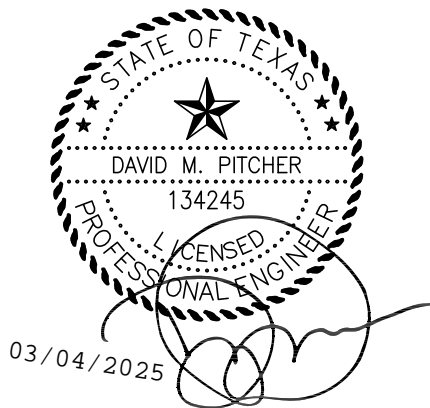
# **PUBLIC IMPROVEMENT DISTRICT ENGINEER'S REPORT**

**BRYSON RANCH**

Pilot Point, TX

Prepared for:  
Centurion American Development Group

Prepared by:  
KFM Engineering & Design  
TBPE #: F-20821  
David Pitcher, P.E.



March 2025

## **A. INTRODUCTION**

Bryson Ranch is a proposed residential development consisting of 3,053 single-family units on approximately 924.805 acres of land. This development is located North of Mobberly Road near the intersection of Hames and Mobberly Road in the City of Pilot Point, Denton County, Texas. The development will include amenity centers, hike and bike trails, open space areas, an emergency services site, and a wastewater lift station. The anticipated timeline of completing all four phases of Bryson Ranch is estimated to take four to five years. Improvement Area No. 1 consists of Phase 1A and Phase 1B.

This report includes the supporting documentation for the formation of the PID and the issuance of the Major Improvements Area and Improvement Area No. 1 bonds by the city. The bonds will finance the public infrastructure items necessary for buildout of the development, as listed below.

## **B. DEVELOPMENT COSTS**

The Public Improvement District Cost Estimate includes KFM's Engineering Opinion of Probable Cost (OPC) for Bryson Ranch's Major Improvement Area and Improvement Area No.1 infrastructure. The Opinion of Probable Cost is based on contractor pricing and our reasonable professional judgment and experience; it does not constitute a warranty, expressed, or implied, that the actual cost will not vary.

## **C. DEVELOPMENT IMPROVEMENTS**

This development is served with water, wastewater, drainage, and access by the proposed Major Improvements in Mobberly, Lights Ranch, and Hames Roads. KFM included the exhibits for the respective improvements in this report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'David Pitcher', with a large circular flourish at the end.

David Pitcher, P.E.

PRINCIPAL/VICE PRESIDENT

TBPE # F-20821

## Bryson Ranch PID Summary

Cost Estimates

Direct Improvements - Public		Zone A - IA #1	Zone B - IA #1	Total Direct Costs		
	1 Grading/Site Preparation (Earthwork/E&S)	\$ 1,670,558	\$ 1,110,773		\$ 2,781,331	
	2 Wet Utilities	\$ 8,723,939	\$ 6,245,312		\$ 14,969,251	
	3 Street Improvements	\$ 4,430,570	\$ 3,639,018		\$ 8,069,588	
	4 Sale of ROW	\$ 2,874,000	\$ 2,263,200		\$ 5,137,200	
	5 District Formation Costs	\$ -	\$ -		\$ -	
	6 Other	\$ -	\$ -		\$ -	
	7 Subtotal	\$ 17,699,067	\$ 13,258,303		\$ 30,957,370	
	8 Const. mmgt, other fees, and bonds	\$ 2,135,405	\$ 1,555,866		\$ 3,691,271	
	9 Contingency	\$ 862,158	\$ -		\$ 862,158	
	10 Total Direct Improvements	\$ 20,696,630	\$ 14,814,169		\$ 35,510,798	
Major Improvements - Public		Global Master	Zone 1A-1B Master	Zone A Master	Zone B Master	Total MI Costs
	1 Grading/Site Preparation (Earthwork/E&S)	\$ 134,888	\$ -	\$ 33,269	\$ 238,813	\$ 406,970
	2 Wet Utilities	\$ 3,048,196	\$ 1,761,400	\$ 549,173	\$ 794,198	\$ 6,152,966
	3 Street Improvements	\$ 2,992,373	\$ -	\$ 836,963	\$ 1,391,880	\$ 5,221,215
	4 Sale of ROW	\$ 1,002,000	\$ -	\$ 423,600	\$ 649,200	\$ 2,074,800
	5 District Formation Costs	\$ 2,200,000	\$ -	\$ -	\$ -	\$ 2,200,000
	6 Other	\$ -	\$ -	\$ -	\$ -	\$ -
	7 Subtotal	\$ 9,377,456	\$ 1,761,400	\$ 1,843,004	\$ 3,074,091	\$ 16,055,950
	8 Const. mmgt, other fees, and bonds	\$ 1,423,785	\$ 264,210	\$ 321,871	\$ 688,253	\$ 2,698,119
	9 Contingency	\$ -	\$ -	\$ -	\$ -	\$ -
	10 Total Direct Improvements	\$ 10,801,240	\$ 2,025,610	\$ 2,164,875	\$ 3,762,343	\$ 18,754,069
Private Improvements		Zone A - IA #1	Zone B - IA #1	Total Private Costs		
	1 Grading/Site Preparation (Earthwork/E&S)	\$ 2,178,475	\$ 1,350,575			\$ 3,529,050
	2 Wet Utilities	\$ 1,492,550	\$ -			\$ 1,492,550
	3 Dry Utilities	\$ 154,000	\$ 161,000			\$ 315,000
	4 Amenities/Landscaping	\$ 4,479,200	\$ 2,162,750			\$ 6,641,950
	5 Other	\$ -	\$ -			\$ -
	6 Subtotal	\$ 8,304,225	\$ 3,674,325			\$ 11,978,550
	7 Const. mmgt, other fees, and bonds	\$ 1,210,459	\$ 603,083			\$ 1,813,542
	8 Contingency	\$ 1,272,333	\$ 551,149			\$ 1,823,481
	9 Total Direct Improvements	\$ 10,787,017	\$ 4,828,557			\$ 15,615,573
Grand Total						\$ 69,880,440
	25'	0	0			
	40'	459	89			
	50'	191	306			
	60'	0	12			
Grand Total Lot Zones		650	407			

Project Name: Bryson Ranch  
Client Name: Centurion American  
City - Pilot Point ETJ, Texas

Date: 8/16/2024  
Project Number: 01.0028.090

## MAJOR IMPROVEMENTS CONSTRUCTION COST ESTIMATE - ZONE 1A-1B MASTER

### Wastewater System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
12" P.V.C. PIPE SDR 26	LF	3,690	\$100.00	\$369,000.00
UPSIZE 8" TO 18" P.V.C. PIPE SDR 26	LF	2,650	\$65.00	\$172,250.00
UPSIZE 4' DIA. WW MANHOLE TO 5' DIA. WWMH	EA	10	\$5,000.00	\$50,000.00
10" FORCE MAIN	LF	2,660	\$55.00	\$146,300.00
6' DIA. WW MANHOLE	EA	8	\$13,500.00	\$108,000.00
LIFT STATION	MGD	0.45	\$2,000,000.00	\$900,000.00
TESTING (EXCLUDING GEOTECH.)	LF	6,340	\$2.00	\$12,680.00
TRENCH SAFETY	LF	6,340	\$0.50	\$3,170.00
<b>SUB-TOTAL</b>				<b>\$1,761,400.00</b>

### SUMMARY

SUM OF CONSTRUCTION COSTS		\$1,761,400.00
CONTINGENCY	0%	\$0.00
<b>SUB-TOTAL</b>		<b>\$1,761,400.00</b>
CM/PM, GEOTECH, & MATERIAL TESTING FEES	10%	\$176,140.00
INSPECTION FEE, BONDS, ETC.	5%	\$88,070.00
<b>TOTAL CONSTRUCTION COST</b>		<b>\$2,025,610.00</b>

Project Name: Bryson Ranch  
Client Name: Centurion American  
City - Pilot Point ETJ, Texas

Date: 3/4/2025  
Project Number: 01.0028.090

Lots: 650

## MAJOR IMPROVEMENTS CONSTRUCTION COST ESTIMATE - GLOBAL AND ZONE A MASTER

### Water System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
12" P.V.C. WATER LINE	LF	12,220	\$85.00	\$1,038,700.00
12" GATE VALVE & BOX	EA	24	\$4,600.00	\$110,400.00
AIR RELEASE VALVE	EA	2	\$10,000.00	\$20,000.00
CONNECT TO EXISTING WATER LINE	EA	2	\$2,000.00	\$4,000.00
FIRE HYDRANT ASSEMBLY	EA	14	\$7,500.00	\$105,000.00
TESTING (EXCLUDING GEOTECH.)	LF	12,220	\$1.00	\$12,220.00
TRENCH SAFETY	LF	12,220	\$0.10	\$1,222.00
SUB-TOTAL				\$1,291,542.00

Note: Water lines include all fittings

### Storm Drain System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
18" R.C.P.	LF	770	\$65.00	\$50,050.00
24" R.C.P.	LF	4,100	\$82.00	\$336,200.00
30" R.C.P.	LF	2,210	\$115.00	\$254,150.00
36" R.C.P.	LF	750	\$145.00	\$108,750.00
42" R.C.P.	LF	740	\$172.00	\$127,280.00
48" R.C.P.	LF	420	\$215.00	\$90,300.00
54" R.C.P.	LF	350	\$275.00	\$96,250.00
5' X 3' BOX CULVERT	LF	90	\$400.00	\$36,000.00
5' X 4' BOX CULVERT	LF	140	\$475.00	\$66,500.00
6' X 3' BOX CULVERT	LF	140	\$500.00	\$70,000.00
7' X 4' BOX CULVERT	LF	90	\$600.00	\$54,000.00
4' X 4' JUNCTION BOX	EA	11	\$8,000.00	\$88,000.00
5' X 5' JUNCTION BOX	EA	6	\$11,500.00	\$69,000.00
6' X 6' JUNCTION BOX	EA	3	\$15,000.00	\$45,000.00
7' X 7' JUNCTION BOX	EA	1	\$20,000.00	\$20,000.00
24" SLOPED HEADWALL	EA	1	\$4,500.00	\$4,500.00
30" SLOPED HEADWALL	EA	1	\$5,500.00	\$5,500.00
36" SLOPED HEADWALL	EA	3	\$7,000.00	\$21,000.00
48" SLOPED HEADWALL	EA	1	\$9,000.00	\$9,000.00
72" SLOPED HEADWALL	EA	1	\$3,000.00	\$3,000.00

7'X4' SLOPED HEADWALL	EA	2	\$25,000.00	\$50,000.00
5'X4' PARALLEL HEADWALL	EA	2	\$20,000.00	\$40,000.00
10' CURB INLET	EA	36	\$6,200.00	\$223,200.00
ROCK RIP-RAP	SY	60	\$100.00	\$6,000.00
TESTING & TV INSPECTION	LF	9,800	\$2.00	\$19,600.00
TRENCH SAFETY	LF	9,340	\$0.25	\$2,335.00
			<b>SUB-TOTAL</b>	<b>\$1,895,615.00</b>

## Roadway and Paving Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" REINFORCED CONCRETE STREET PVMT.	SY	53,970	\$60.00	\$3,238,200.00
6" LIME-STABILIZED SUBGRADE (INCL. LIME)	SY	56,900	\$3.75	\$213,375.00
6' SIDEWALK (4" THICK, 3000 PSI)	SF	24,380	\$7.00	\$170,660.00
TRAFFIC CONTROL	LS	3	\$40,000.00	\$120,000.00
STOP SIGN w/ STREET NAME BLADES	EA	6	\$2,850.00	\$17,100.00
1385 TURN LANE	LS	1	\$35,000.00	\$35,000.00
1385 TURN LANE STRIPING	LS	1	\$35,000.00	\$35,000.00
			<b>SUB-TOTAL</b>	<b>\$3,829,335.00</b>

## Earthwork and E&S Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
CLEARING AND GRUBBING	ACRE	11.88	\$2,500.00	\$29,700.00
ROADWAY EXCAVATION	CY	39,498	\$3.00	\$118,494.00
CONSTRUCTION ENTRANCE	EA	1	\$5,000.00	\$5,000.00
TRAFFIC CONTROL	LS	2	\$0.00	\$0.00
INLET PROTECTION	EA	36	\$125.00	\$4,500.00
SILT FENCE	LF	6,750	\$1.55	\$10,462.50
			<b>SUB-TOTAL</b>	<b>\$168,156.50</b>

## SUMMARY

SUM OF CONSTRUCTION COSTS				\$7,184,648.50
CONTINGENCY			12%	\$862,157.82
<b>SUB-TOTAL</b>				<b>\$8,046,806.32</b>
ENGINEER, SURVEY FEES				\$1,065,950.00
DISTRICT FORMATION FEES				\$2,200,000.00
SALE OF ROW	ACRE	11.88	\$120,000	\$1,425,600.00
CM/PM, GEOTECH, & MATERIAL TESTING FEES			2%	\$160,936.13
INSPECTION FEE, BONDS, ETC.			5%	\$402,340.32
<b>TOTAL CONSTRUCTION COST</b>				<b>\$13,301,632.76</b>
TOTAL COST / LOT				\$20,464.05

Project Name: Bryson Ranch  
Client Name: Centurion American  
City - Pilot Point ETJ, Texas

Date: 3/4/2025  
Project Number: 01.0028.090  
Acres: 121.7  
Lots: 650

## **DIRECT IMPROVEMENTS CONSTRUCTION COST ESTIMATE - ZONE A IMPROVEMENT AREA #1**

### **Water System Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" P.V.C. WATER LINE	LF	21,040	\$52.00	\$1,094,080.00
8" GATE VALVE & BOX	EA	73	\$2,650.00	\$193,450.00
1" SINGLE WATER SERVICE	EA	650	\$1,240.00	\$806,000.00
6" FIRE SERVICE	EA	1	\$1,150.00	\$1,150.00
CONNECT TO EXISTING WATER LINE	EA	2	\$2,000.00	\$4,000.00
FIRE HYDRANT ASSEMBLY	EA	44	\$7,500.00	\$330,000.00
TESTING (EXCLUDING GEOTECH.)	LF	21,040	\$1.00	\$21,040.00
TRENCH SAFETY	LF	21,040	\$0.10	\$2,104.00
<b>SUB-TOTAL</b>				<b>\$2,451,824.00</b>

Note: Water lines include all fittings

### **Wastewater System Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" P.V.C. PIPE SDR 26 (0'-10' DEEP)	LF	16,160	\$65.00	\$1,050,400.00
4' DIA. WW MANHOLE	EA	2	\$7,600.00	\$15,200.00
5' DIA. WW MANHOLE	EA	43	\$11,000.00	\$473,000.00
5' DIA. DROP MANHOLE	EA	1	\$4,480.00	\$4,480.00
8" PLUG	EA	5	\$0.00	\$0.00
4" SERVICE LINE	EA	650	\$1,575.00	\$1,023,750.00
6" SERVICE LINE	EA	1	\$2,000.00	\$2,000.00
CONNECT TO EX. WW MH	EA	3	\$7,500.00	\$22,500.00
TESTING (EXCLUDING GEOTECH.)	LF	16,160	\$2.00	\$32,320.00
TRENCH SAFETY	LF	16,160	\$0.25	\$4,040.00
<b>SUB-TOTAL</b>				<b>\$2,627,690.00</b>



**Storm Drain System Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
18" R.C.P.	LF	1,420	\$65.00	\$92,300.00
24" R.C.P.	LF	6,690	\$82.00	\$548,580.00
30" R.C.P.	LF	1,390	\$115.00	\$159,850.00
36" R.C.P.	LF	2,570	\$145.00	\$372,650.00
42" R.C.P.	LF	1,370	\$172.00	\$235,640.00
48" R.C.P.	LF	570	\$215.00	\$122,550.00
54" R.C.P.	LF	300	\$275.00	\$82,500.00
60" R.C.P.	LF	2,670	\$325.00	\$867,750.00
72" R.C.P.	LF	200	\$200.00	\$40,000.00
48" SLOPED HEADWALL	EA	1	\$9,000.00	\$9,000.00
60" SLOPED HEADWALL	EA	1	\$12,500.00	\$12,500.00
72" SLOPED HEADWALL	EA	1	\$3,000.00	\$3,000.00
5' INLET	EA	2	\$1,750.00	\$3,500.00
10' CURB INLET	EA	89	\$6,200.00	\$551,800.00
4' X 4' JUNCTION BOX	EA	18	\$8,000.00	\$144,000.00
5' X 5' JUNCTION BOX	EA	5	\$11,500.00	\$57,500.00
6' X 6' JUNCTION BOX	EA	10	\$15,000.00	\$150,000.00
7' X 7' JUNCTION BOX	EA	7	\$20,000.00	\$140,000.00
24" PLUG	EA	2	\$1,800.00	\$3,600.00
30" PLUG	EA	3	\$2,150.00	\$6,450.00
ROCK RIP-RAP	SY	26	\$100.00	\$2,600.00
TESTING & TV INSPECTION	LF	17,180	\$2.00	\$34,360.00
TRENCH SAFETY	LF	17,180	\$0.25	\$4,295.00
<b>SUB-TOTAL</b>				<b>\$3,644,425.00</b>

**Roadway and Paving Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
7" REINFORCED CONCRETE STREET PVMT.	SY	73,910	\$52.00	\$3,843,320.00
6" LIME-STABILIZED SUBGRADE (INCL. LIME)	SY	78,360	\$3.75	\$293,850.00
CONNECT TO EXISTING CONCRETE PVMT	LF		\$40.00	\$0.00
5' SIDEWALK (4" THICK, 3000 PSI)	SF	6,700	\$7.00	\$46,900.00
BARRIER FREE RAMPS	EA	70	\$2,300.00	\$161,000.00
STOP SIGN w/ STREET NAME BLADES	EA	30	\$2,850.00	\$85,500.00
<b>SUB-TOTAL</b>				<b>\$4,430,570.00</b>

**Earthwork and E&S Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
DEMUCKING STOCK PONDS	EA	1	\$5,000.00	\$5,000.00
CLEARING AND GRUBBING	ACRE	138.00	\$2,500.00	\$345,000.00
MASS GRADING - EXCAVATION	CY	433,501	\$3.00	\$1,300,503.00
INLET PROTECTION	EA	91	\$130.00	\$11,830.00
SILT FENCE	LF	4,700	\$1.75	\$8,225.00
<b>SUB-TOTAL</b>				<b>\$1,670,558.00</b>

**SUMMARY**

SUM OF CONSTRUCTION COSTS				\$14,825,067.00
CONTINGENCY			0%	\$0.00
<b>SUB-TOTAL</b>				<b>\$14,825,067.00</b>
ENGINEER, SURVEY FEES				\$1,034,600.00
SALE OF ROW	ACRE	23.95	\$120,000	\$2,874,000.00
CM/PM, GEOTECH, & MATERIAL TESTING FEES			2%	\$296,501.34
INSPECTION FEE, BONDS, ETC.			5%	\$741,253.35
PERMIT FEE			PER LOT	\$63,050.00
<b>TOTAL CONSTRUCTION COST</b>				<b>\$19,834,471.69</b>
TOTAL COST / LOT				\$30,514.57

Project Name: Bryson Ranch  
 Client Name: Centurion American  
 City - Pilot Point ETJ, Texas

Date: 3/4/2025  
 Project Number: 01.0028.090  
 Acres: 121.7  
 Lots: 650

## PRIVATE IMPROVEMENTS CONSTRUCTION COST ESTIMATE - ZONE A IMPROVEMENT AREA #1

### Dry Utility Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
STREET LIGHT	EA	44	\$3,500.00	\$154,000.00
<b>SUB-TOTAL</b>				<b>\$154,000.00</b>

### Earthwork and E&S Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
ROUGH LOT GRADING	LOT	650	\$250.00	\$162,500.00
MOISTURE CONDITIONING	LOT	389	\$2,750.00	\$1,069,750.00
POLY FOR MOISTURE CONDITIONED PADS	LOT	389	\$475.00	\$184,775.00
ROCK GRAVITY WALL (0'-6' HIGH)	LOT	650	\$500.00	\$325,000.00
FINAL LOT GRADING	LOT	650	\$250.00	\$162,500.00
EROSION CONTROL	LOT	650	\$350.00	\$227,500.00
FINAL GRADING HOA LOTS	ACRE	9.29	\$5,000.00	\$46,450.00
<b>SUB-TOTAL</b>				<b>\$2,178,475.00</b>

### Hardscape/Landscape Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
MAIN ENTRY	EA	2	\$250,000.00	\$500,000.00
BRICK/STONE MASONRY WALL	LF	5,800	\$160.00	\$928,000.00
8' CONCRETE TRAIL (4" THICK, 3000 PSI)	SF	9,100	\$7.00	\$63,700.00
AMENITY CENTER	LS	1	\$2,000,000.00	\$2,000,000.00
OPEN SPACE LANDSCAPING	LOT	650	\$750.00	\$487,500.00
<b>SUB-TOTAL</b>				<b>\$3,979,200.00</b>

### SUMMARY

SUM OF CONSTRUCTION COSTS		\$6,311,675.00
CONTINGENCY	15%	\$946,751.25
ZONE 1A-1B MAJOR CONTINGENCY		\$176,140.00
<b>SUB-TOTAL</b>		<b>\$7,434,566.25</b>
ENGINEER, SURVEY FEES		\$540,100.00
CM/PM, GEOTECH, & MATERIAL TESTING FEES	2%	\$148,691.33
INSPECTION FEE, BONDS, ETC.	5%	\$371,728.31
<b>TOTAL CONSTRUCTION COST</b>		<b>\$8,495,085.89</b>
TOTAL COST / LOT		\$13,069.36

Project Name: Bryson Ranch  
Client Name: Centurion American  
City - Pilot Point ETJ, Texas

Date: 3/4/2025  
Project Number: 01.0028.090  
Acres: 121.7

## PRIVATE IMPROVEMENTS CONSTRUCTION COST ESTIMATE - ZONE A IMPROVEMENT AREA #1 (COMMERCIAL/MF)

### Water System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
UPSIZE 12" TO 24" P.V.C. PIPE	LF	9,120	\$115.00	\$1,048,800.00
UPSIZE 12" TO 24" GATE VALVE & BOX	EA	11	\$7,900.00	\$86,900.00
<b>SUB-TOTAL</b>				<b>\$1,048,800.00</b>

### Wastewater System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" P.V.C. PIPE SDR 26	LF	471	\$150.00	\$70,650.00
18" P.V.C. PIPE SDR 26	LF	1,790	\$190.00	\$340,100.00
5' DIA. WW MANHOLE	EA	3	\$11,000.00	\$33,000.00
<b>SUB-TOTAL</b>				<b>\$443,750.00</b>

### Hardscape/Landscape Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
MOBBERLY/COLLECTOR ROAD ENTRY	EA	2	\$100,000.00	\$200,000.00
MOBBERLY/HAMES ROAD ENTRY	EA	1	\$300,000.00	\$300,000.00
<b>SUB-TOTAL</b>				<b>\$500,000.00</b>

### SUMMARY

SUM OF CONSTRUCTION COSTS		\$1,992,550.00
CONTINGENCY	7.5%	\$149,441.25
<b>SUB-TOTAL</b>		<b>\$2,141,991.25</b>
CM/PM, GEOTECH, & MATERIAL TESTING FEES	2%	\$42,839.83
INSPECTION FEE, BONDS, ETC.	5%	\$107,099.56
<b>TOTAL CONSTRUCTION COST</b>		<b>\$2,291,930.64</b>

Project Name: Bryson Ranch  
Client Name: Centurion American  
City - Pilot Point ETJ, Texas

Date: 3/4/2025  
Project Number: 01.0028.090

Lots: 407

## MAJOR IMPROVEMENTS CONSTRUCTION COST ESTIMATE - GLOBAL AND ZONE B MASTER

### Water System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
12" P.V.C. WATER LINE	LF	3,510	\$85.00	\$298,350.00
12" GATE VALVE & BOX	EA	10	\$4,600.00	\$46,000.00
CONNECT TO EXISTING WATER LINE	EA	1	\$2,000.00	\$2,000.00
FIRE HYDRANT ASSEMBLY	EA	8	\$7,500.00	\$60,000.00
TESTING (EXCLUDING GEOTECH.)	LF	3,510	\$1.00	\$3,510.00
TRENCH SAFETY	LF	3,510	\$0.10	\$351.00
<b>SUB-TOTAL</b>				<b>\$410,211.00</b>

Note: Water lines include all fittings

### Storm Drain System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
18" R.C.P.	LF	490	\$65.00	\$31,850.00
24" R.C.P.	LF	1,790	\$82.00	\$146,780.00
36" R.C.P.	LF	1,540	\$145.00	\$223,300.00
8' X 10' BOX CULVERT	LF	130	\$1,000.00	\$130,000.00
7' X 4' BOX CULVERT	LF	80	\$600.00	\$48,000.00
36" SLOPED HEADWALL	EA	2	\$7,000.00	\$14,000.00
2 - 8'X10' HEADWALL W/ FLARED WINGWALLS	EA	1	\$50,000.00	\$50,000.00
2 - 7'X4' HEADWALL W/ FLARED WINGWALLS	EA	2	\$45,000.00	\$90,000.00
10' CURB INLET	EA	6	\$6,200.00	\$37,200.00
ROCK RIP-RAP	SY	140	\$100.00	\$14,000.00
TESTING & TV INSPECTION	LF	4,030	\$2.00	\$8,060.00
TRENCH SAFETY	LF	4,030	\$0.25	\$1,007.50
<b>SUB-TOTAL</b>				<b>\$794,197.50</b>

**Roadway and Paving Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" REINFORCED CONCRETE STREET PVMT.	SY	16,540	\$60.00	\$992,400.00
6" LIME-STABILIZED SUBGRADE (INCL. LIME)	SY	17,680	\$3.75	\$66,300.00
6' SIDEWALK (4" THICK, 3000 PSI)	SY	9,190	\$7.00	\$64,330.00
REMOVE & DISPOSE OF EXISTING ASPHALT PAVING	SY	17,160	\$15.00	\$257,400.00
REPAIR EXISTING DRIVEWAYS	EA	3	\$1,200.00	\$3,600.00
TRAFFIC CONTROL	LS	1	\$5,000.00	\$5,000.00
STOP SIGN w/ STREET NAME BLADES	EA	1	\$2,850.00	\$2,850.00
<b>SUB-TOTAL</b>				<b>\$1,391,880.00</b>

**Earthwork and E&S Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
CLEARING AND GRUBBING	ACRE	5.4	\$2,500.00	\$13,500.00
ROADWAY EXCAVATION	CY	4,196	\$3.00	\$12,588.00
ROCK GRAVITY WALL (6'-12' HIGH)	SF	6,500	\$30.00	\$195,000.00
CONSTRUCTION ENTRANCE	EA	1	\$5,000.00	\$5,000.00
TRAFFIC CONTROL	LS	1	\$5,000.00	\$5,000.00
INLET PROTECTION	EA	6	\$125.00	\$750.00
SILT FENCE	LF	4,500	\$1.55	\$6,975.00
<b>SUB-TOTAL</b>				<b>\$238,813.00</b>

**SUMMARY**

SUM OF CONSTRUCTION COSTS				\$2,835,101.50
CONTINGENCY			0%	\$0.00
<b>SUB-TOTAL</b>				<b>\$2,835,101.50</b>
ENGINEER, SURVEY FEES				\$606,225.00
SALE OF ROW	ACRE	5.41	\$120,000	\$649,200.00
CM/PM, GEOTECH, & MATERIAL TESTING FEES			2%	\$56,702.03
INSPECTION FEE, BONDS, ETC.			5%	\$141,755.08
<b>TOTAL CONSTRUCTION COST</b>				<b>\$4,288,983.61</b>
TOTAL COST / LOT				\$10,538.04

Project Name: Bryson Ranch  
Client Name: Centurion American  
City - Pilot Point ETJ, Texas

Date: 3/4/2025  
Project Number: 01.0028.090  
Acres: 87.6  
Lots: 407

## **DIRECT IMPROVEMENTS CONSTRUCTION COST ESTIMATE - ZONE B IMPROVEMENT AREA #1**

### **Water System Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" P.V.C. WATER LINE	LF	17,420	\$52.00	\$905,840.00
8" GATE VALVE & BOX	EA	57	\$2,650.00	\$151,050.00
1" SINGLE WATER SERVICE	EA	407	\$1,240.00	\$504,680.00
CONNECT TO EXISTING WATER LINE	EA	2	\$2,000.00	\$4,000.00
FIRE HYDRANT ASSEMBLY	EA	37	\$7,500.00	\$277,500.00
TESTING (EXCLUDING GEOTECH.)	LF	17,420	\$1.00	\$17,420.00
TRENCH SAFETY	LF	17,420	\$0.10	\$1,742.00
<b>SUB-TOTAL</b>				<b>\$1,862,232.00</b>

Note: Water lines include all fittings

### **Wastewater System Cost**

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" P.V.C. PIPE SDR 26 (0'-10' DEEP)	LF	17,110	\$65.00	\$1,112,150.00
4' DIA. WW MANHOLE	EA	51	\$7,600.00	\$387,600.00
5' DIA. WW MANHOLE	EA	8	\$11,000.00	\$88,000.00
4" SERVICE LINE	EA	407	\$1,575.00	\$641,025.00
CONNECT TO EX. WW MH	EA	2	\$7,500.00	\$15,000.00
TESTING (EXCLUDING GEOTECH.)	LF	17,110	\$2.00	\$34,220.00
TRENCH SAFETY	LF	17,110	\$0.25	\$4,277.50
<b>SUB-TOTAL</b>				<b>\$2,282,272.50</b>

## Storm Drain System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
18" R.C.P.	LF	2,720	\$65.00	\$176,800.00
24" R.C.P.	LF	4,070	\$82.00	\$333,740.00
30" R.C.P.	LF	1,730	\$115.00	\$198,950.00
36" R.C.P.	LF	1,950	\$145.00	\$282,750.00
42" R.C.P.	LF	630	\$172.00	\$108,360.00
5' X 4' BOX CULVERT	LF	370	\$475.00	\$175,750.00
3' X 2' BOX CULVERT	LF	200	\$400.00	\$80,000.00
24" SLOPED HEADWALL	EA	3	\$4,500.00	\$13,500.00
30" SLOPED HEADWALL	EA	1	\$5,500.00	\$5,500.00
36" SLOPED HEADWALL	EA	2	\$7,000.00	\$14,000.00
42" SLOPED HEADWALL	EA	1	\$9,000.00	\$9,000.00
10' CURB INLET	EA	71	\$6,200.00	\$440,200.00
4' X 4' JUNCTION BOX	EA	18	\$8,000.00	\$144,000.00
5' X 5' JUNCTION BOX	EA	2	\$11,500.00	\$23,000.00
6' X 6' JUNCTION BOX	EA	2	\$15,000.00	\$30,000.00
ROCK RIP-RAP	SY	390	\$100.00	\$39,000.00
TESTING & TV INSPECTION	LF	11,670	\$2.00	\$23,340.00
TRENCH SAFETY	LF	11,670	\$0.25	\$2,917.50
<b>SUB-TOTAL</b>				<b>\$2,100,807.50</b>

## Roadway and Paving Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
7" REINFORCED CONCRETE STREET PVMT.	SY	59,190	\$52.00	\$3,077,880.00
6" LIME-STABILIZED SUBGRADE (INCL. LIME)	SY	62,650	\$3.75	\$234,937.50
CONNECT TO EXISTING CONCRETE PVMT	LF		\$40.00	\$0.00
5' SIDEWALK (4" THICK, 3000 PSI)	SF	16,800	\$7.00	\$117,600.00
BARRIER FREE RAMPS	EA	56	\$2,300.00	\$128,800.00
STOP SIGN w/ STREET NAME BLADES	EA	28	\$2,850.00	\$79,800.00
<b>SUB-TOTAL</b>				<b>\$3,639,017.50</b>

## Earthwork and E&S Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
DEMUCKING STOCK PONDS	EA	4	\$5,000.00	\$20,000.00
CLEARING AND GRUBBING	ACRE	90.00	\$2,500.00	\$225,000.00
MASS GRADING - EXCAVATION	CY	248,138	\$3.00	\$744,414.00
STOCKPILE AND EXPORT	CY	48,977	\$2.00	\$97,954.00
INLET PROTECTION	EA	71	\$130.00	\$9,230.00
SILT FENCE	LF	8,100	\$1.75	\$14,175.00
<b>SUB-TOTAL</b>				<b>\$1,110,773.00</b>



**SUMMARY**

SUM OF CONSTRUCTION COSTS				\$10,995,102.50
CONTINGENCY			0%	\$0.00
<b>SUB-TOTAL</b>				<b>\$10,995,102.50</b>
ENGINEER, SURVEY FEES				\$744,300.00
SALE OF ROW	ACRE	18.86	\$120,000	\$2,263,200.00
CM/PM, GEOTECH, & MATERIAL TESTING FEES			2%	\$219,902.05
INSPECTION FEE, BONDS, ETC.			5%	\$549,755.13
PERMIT FEE			PER LOT	\$41,909.00
<b>TOTAL CONSTRUCTION COST</b>				<b>\$14,814,168.68</b>
TOTAL COST / LOT				\$36,398.45

Project Name: Bryson Ranch  
 Client Name: Centurion American  
 City - Pilot Point ETJ, Texas

Date: 3/4/2025  
 Project Number: 01.0028.090  
 Acres: 87.6  
 Lots: 407

## PRIVATE IMPROVEMENTS CONSTRUCTION COST ESTIMATE - ZONE B IMPROVEMENT AREA #1

### Dry Utility Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
STREET LIGHT	EA	46	\$3,500.00	\$161,000.00
<b>SUB-TOTAL</b>				<b>\$161,000.00</b>

### Earthwork and E&S Cost

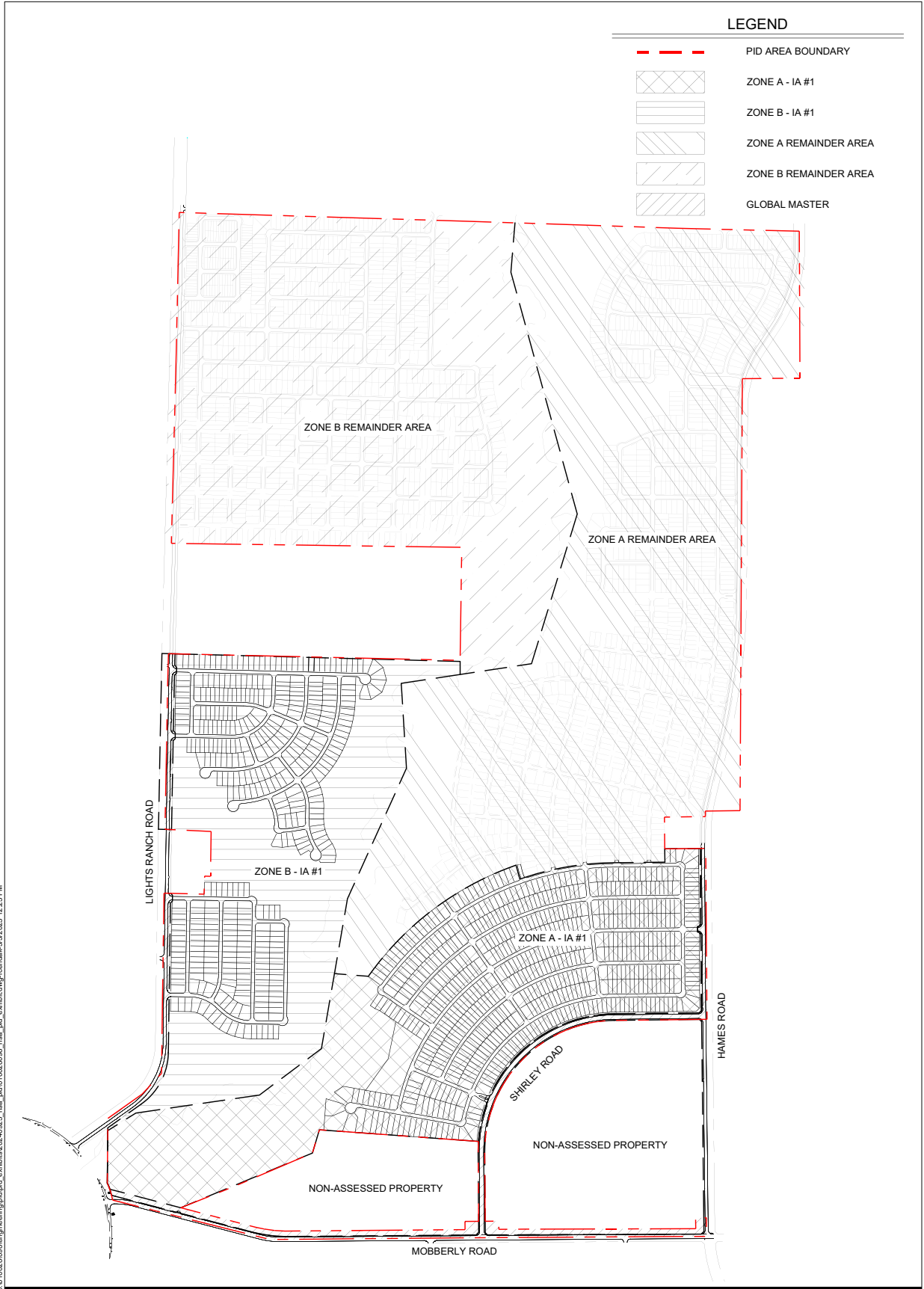
ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
ROUGH LOT GRADING	LOT	407	\$250.00	\$101,750.00
MOISTURE CONDITIONING	LOT	245	\$2,750.00	\$673,750.00
POLY FOR MOISTURE CONDITIONED PADS	LOT	245	\$475.00	\$116,375.00
ROCK GRAVITY WALL (0'-6' HIGH)	LOT	407	\$500.00	\$203,500.00
FINAL LOT GRADING	LOT	407	\$250.00	\$101,750.00
EROSION CONTROL	LOT	407	\$350.00	\$142,450.00
FINAL GRADING HOA LOTS	ACRE	2.20	\$5,000.00	\$11,000.00
<b>SUB-TOTAL</b>				<b>\$1,350,575.00</b>

### Hardscape/Landscape Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
MAIN ENTRY	EA	2	\$250,000.00	\$500,000.00
BRICK/STONE MASONRY WALL	LF	1,600	\$160.00	\$256,000.00
8' CONCRETE TRAIL (4" THICK, 3000 PSI)	SF	14,500	\$7.00	\$101,500.00
AMENITY CENTER	LS	1	\$1,000,000.00	\$1,000,000.00
OPEN SPACE LANDSCAPING	LOT	407	\$750.00	\$305,250.00
<b>SUB-TOTAL</b>				<b>\$2,162,750.00</b>

### SUMMARY

SUM OF CONSTRUCTION COSTS		\$3,674,325.00
CONTINGENCY	15%	\$551,148.75
<b>SUB-TOTAL</b>		<b>\$4,225,473.75</b>
ENGINEER, SURVEY FEES		\$307,300.00
CM/PM, GEOTECH, & MATERIAL TESTING FEES	2%	\$84,509.48
INSPECTION FEE, BONDS, ETC.	5%	\$211,273.69
<b>TOTAL CONSTRUCTION COST</b>		<b>\$4,828,556.91</b>
TOTAL COST / LOT		\$11,863.78



**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**

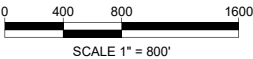
**IMPROVEMENT AREA BOUNDARY  
PID EXHIBIT**

**PROJECT**

BRYSON RANCH  
PILOT POINT, TX

**CLIENT**

CENTURION AMERICAN  
FARMERS BRANCH, TX

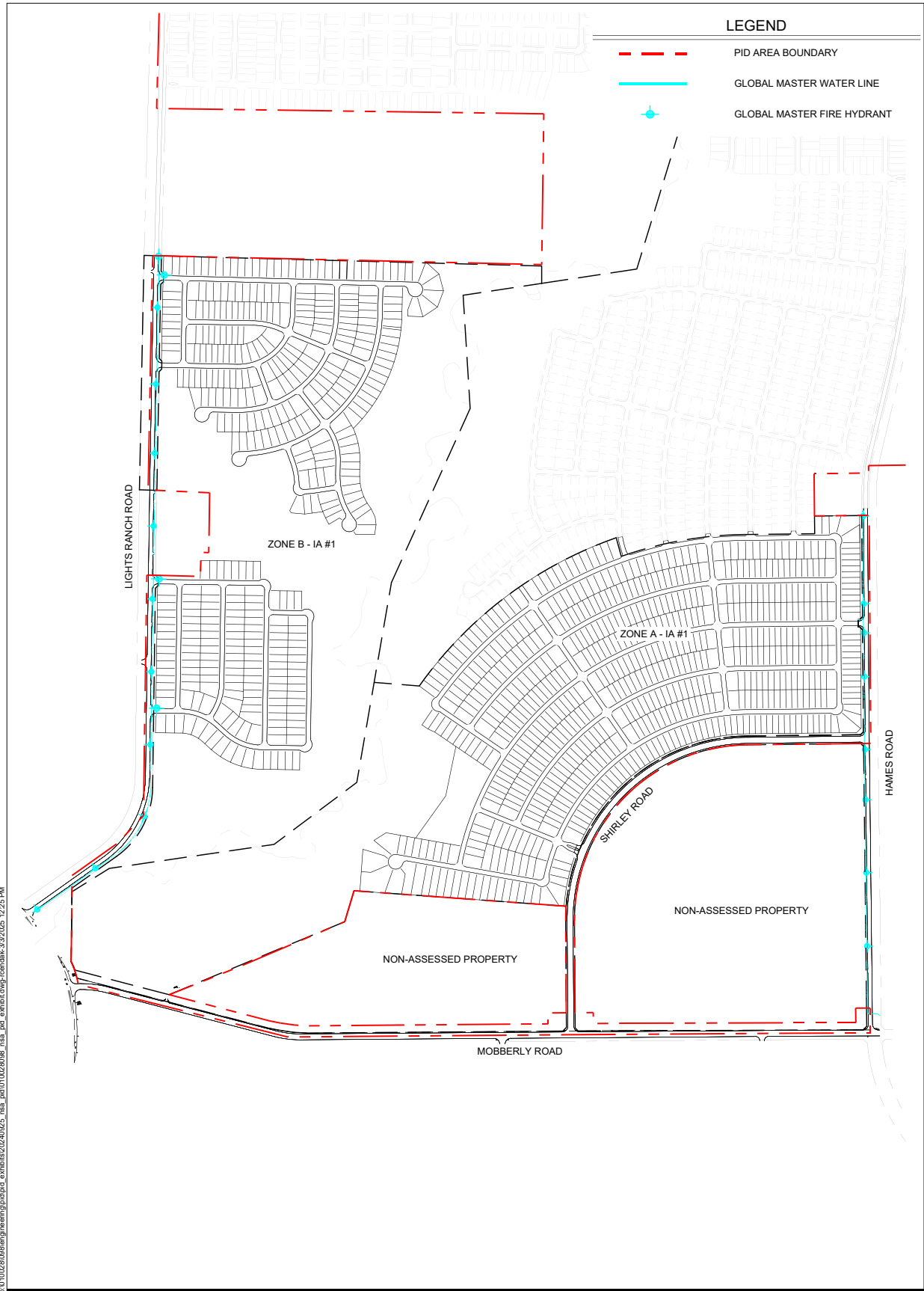


PROJECT NUMBER:  
010028098

DRAWN BY:

DATE:  
2025/03/03

SHEET:



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**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**

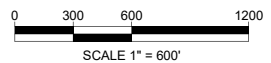
# GLOBAL MASTER WATER PID EXHIBIT

**PROJECT**

BRYSON RANCH  
PILOT POINT, TX

**CLIENT**

CENTURION AMERICAN  
FARMERS BRANCH, TX

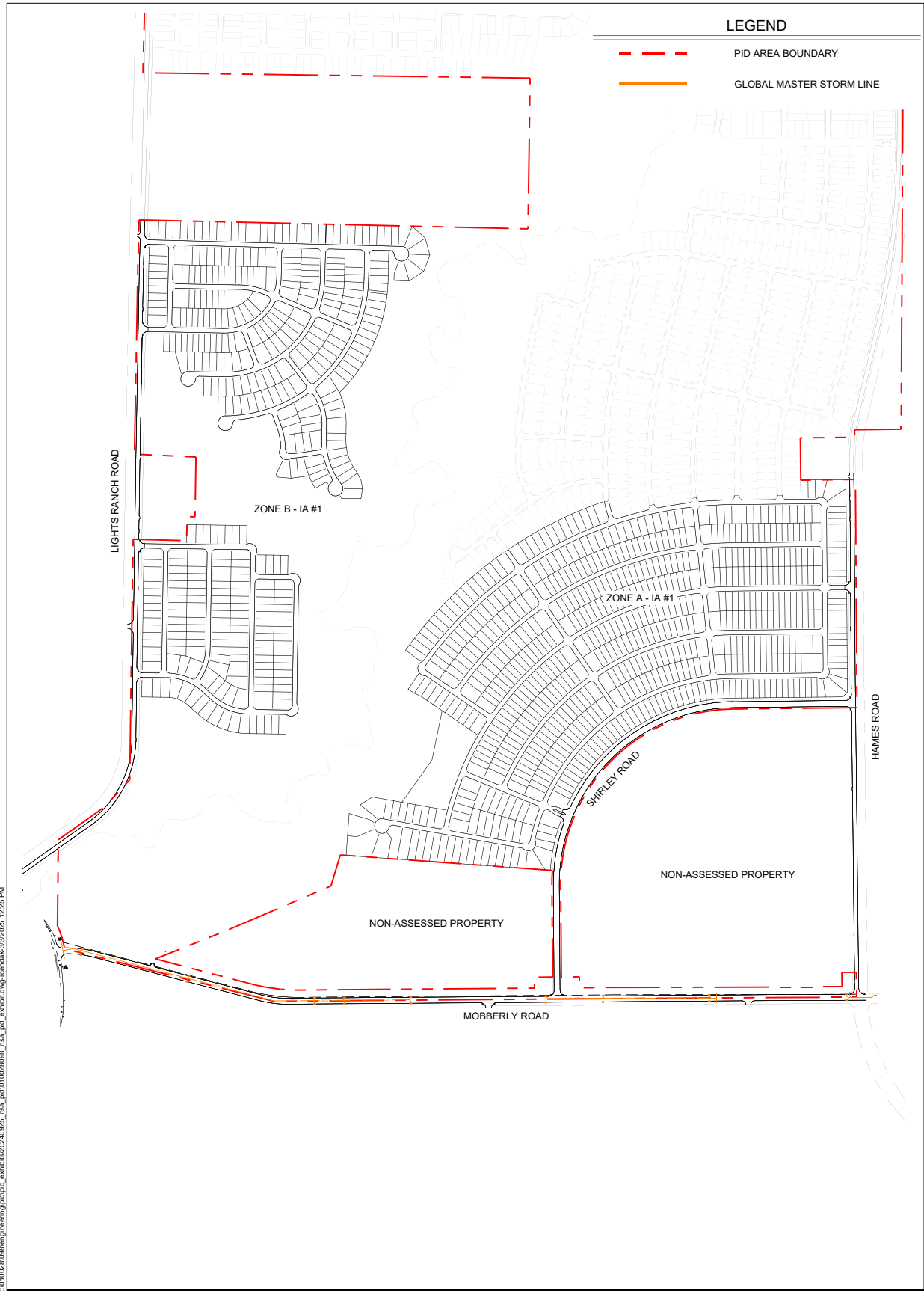


PROJECT NUMBER:  
010028098

DRAWN BY:

DATE:  
2025/03/03

SHEET:



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**KFM**  
ENGINEERING & DESIGN  
3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**  
**GLOBAL MASTER STORM**  
**PID EXHIBIT**

**PROJECT**  
BRYSON RANCH  
PILOT POINT, TX

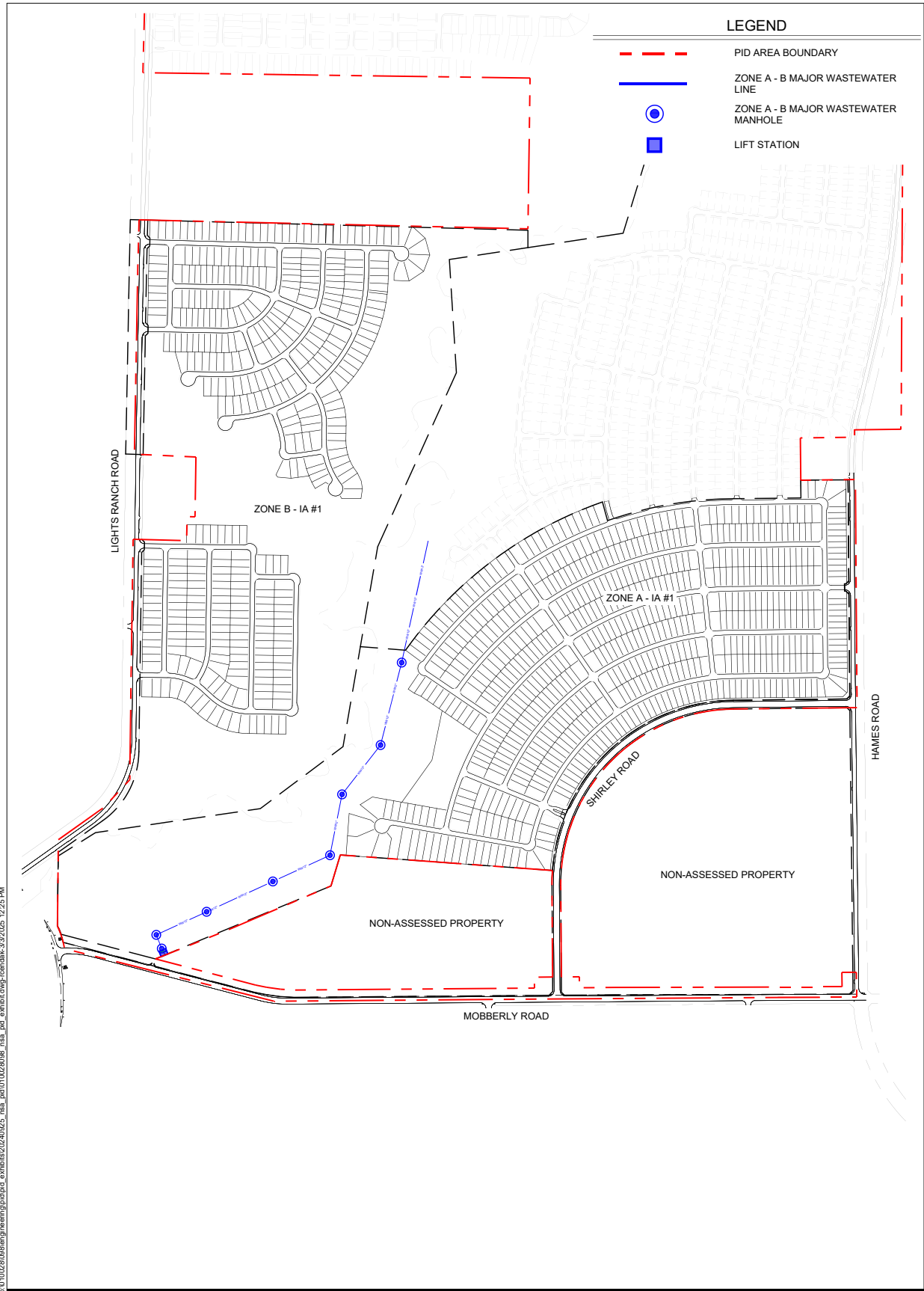
**CLIENT**  
CENTURION AMERICAN  
FARMERS BRANCH, TX



0 300 600 1200  
SCALE 1" = 600'

PROJECT NUMBER:  
010028098  
DRAWN BY:

DATE:  
2025/03/03  
SHEET:



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**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**

**ZONE A - B MAJOR WASTEWATER  
PID EXHIBIT**

**PROJECT**

BRYSON RANCH  
PILOT POINT, TX

**CLIENT**

CENTURION AMERICAN  
FARMERS BRANCH, TX



0 300 600 1200

SCALE 1" = 600'

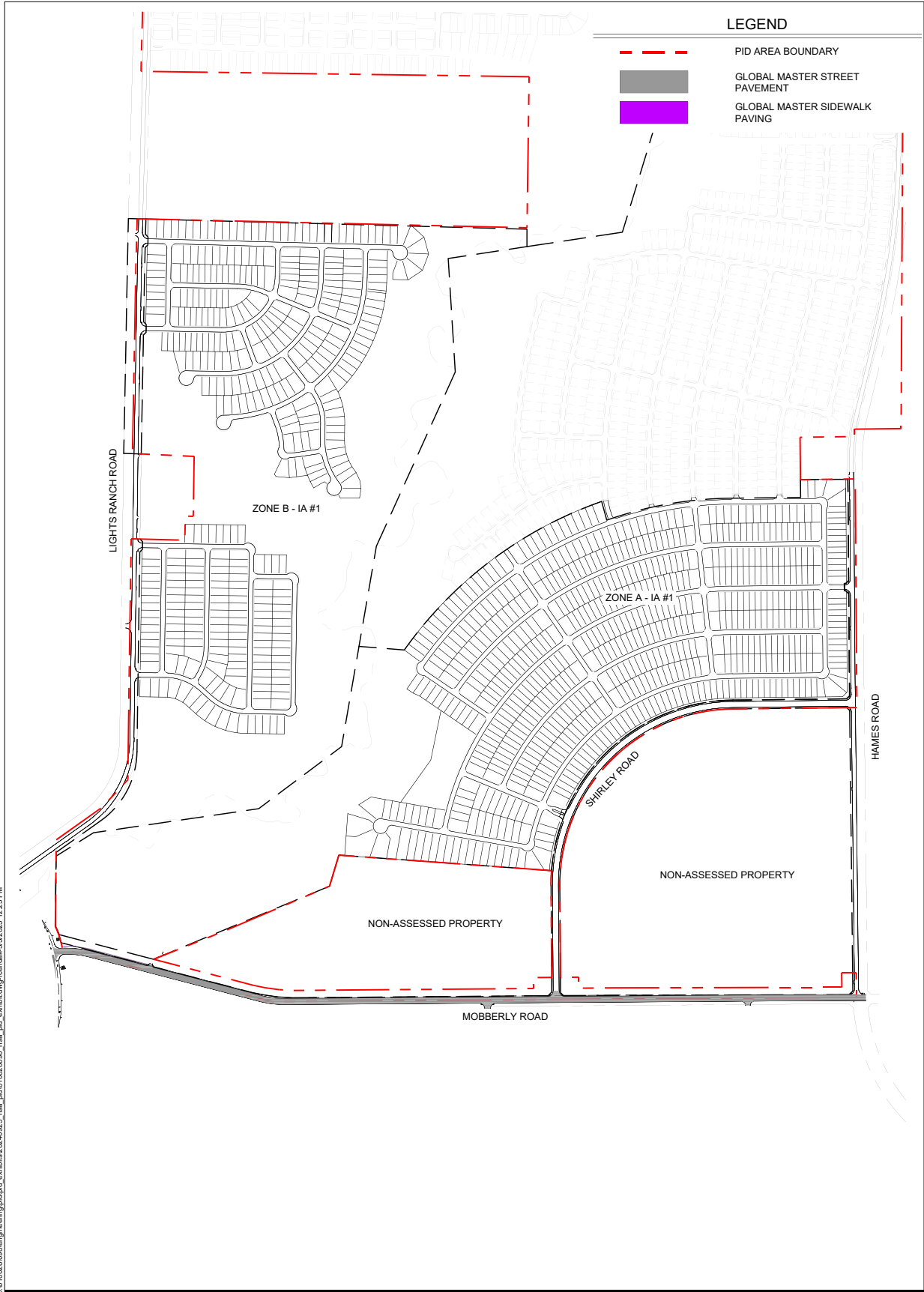
PROJECT NUMBER:  
010028098

DATE:  
2025/03/03

DRAWN BY:

SHEET:

4



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3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

#### TITLE

## GLOBAL MASTER PAVING PID EXHIBIT

#### PROJECT

BRYSON RANCH  
PILOT POINT, TX

#### CLIENT

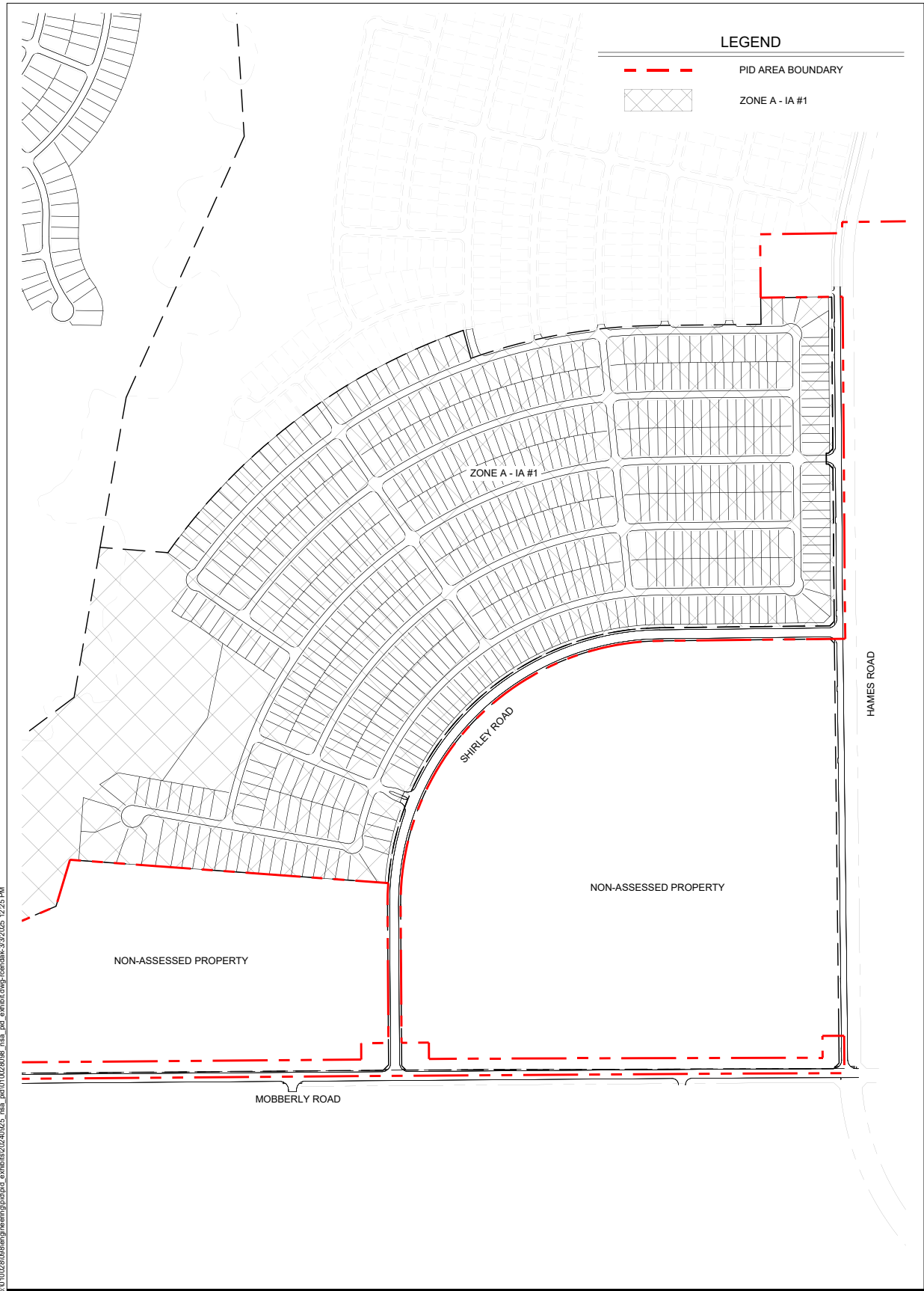
CENTURION AMERICAN  
FARMERS BRANCH, TX



0 300 600 1200  
SCALE 1" = 600'

PROJECT NUMBER:  
010028098  
DRAWN BY:

DATE:  
2025/03/03  
SHEET:



3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**  
**ZONE A IMPROVEMENT AREA #1**

**PROJECT**  
BRYSON RANCH  
PILOT POINT, TX

**CLIENT**  
CENTURION AMERICAN  
FARMERS BRANCH, TX



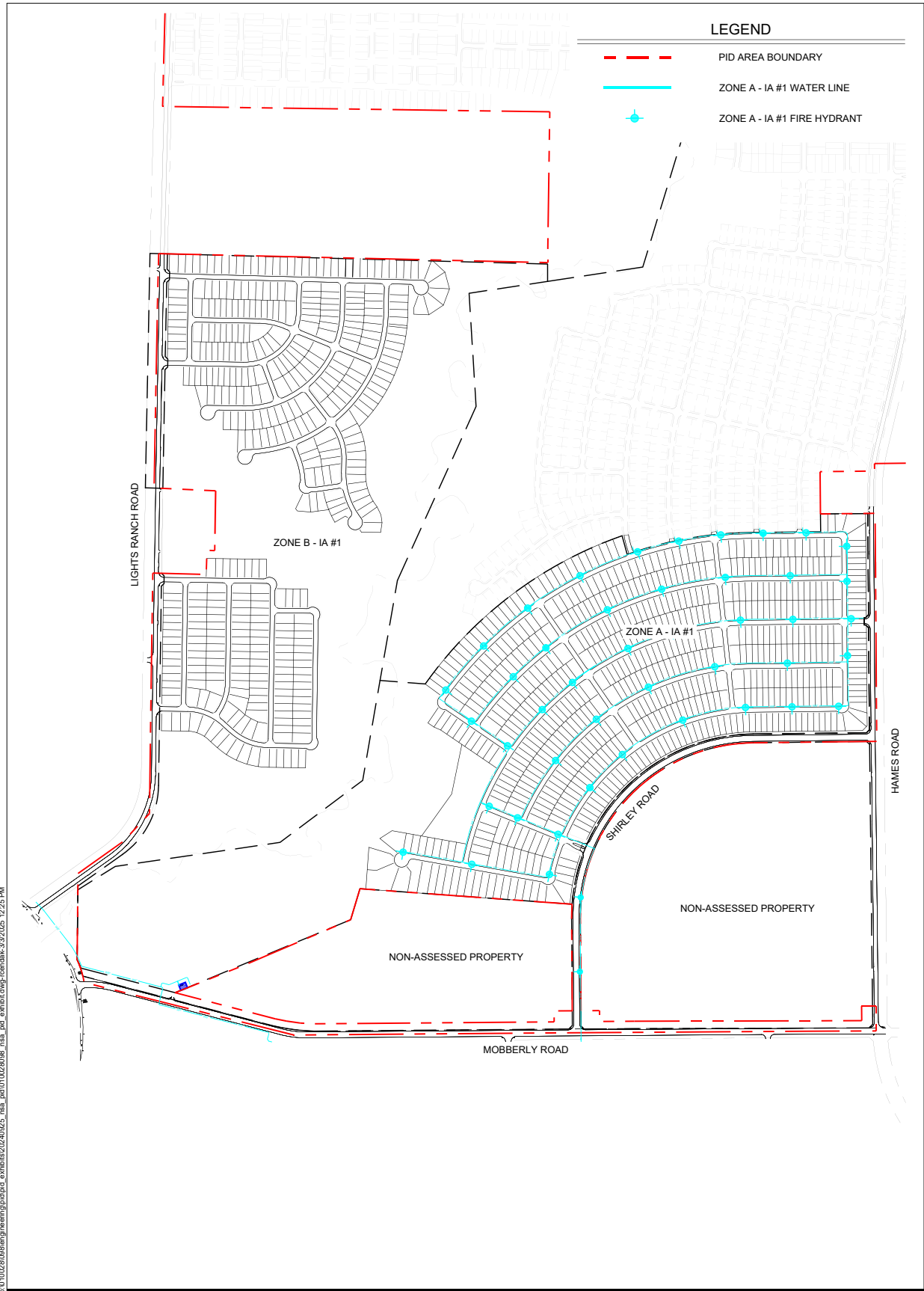
0 200 400 800

SCALE 1" = 400'

PROJECT NUMBER:  
010028098  
DRAWN BY:

DATE:  
2025/03/03  
SHEET:





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**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**

**ZONE A IMPROVEMENT AREA #1 WATER  
PID EXHIBIT**

**PROJECT**

BRYSON RANCH  
PILOT POINT, TX

**CLIENT**

CENTURION AMERICAN  
FARMERS BRANCH, TX



0 300 600 1200

SCALE 1" = 600'

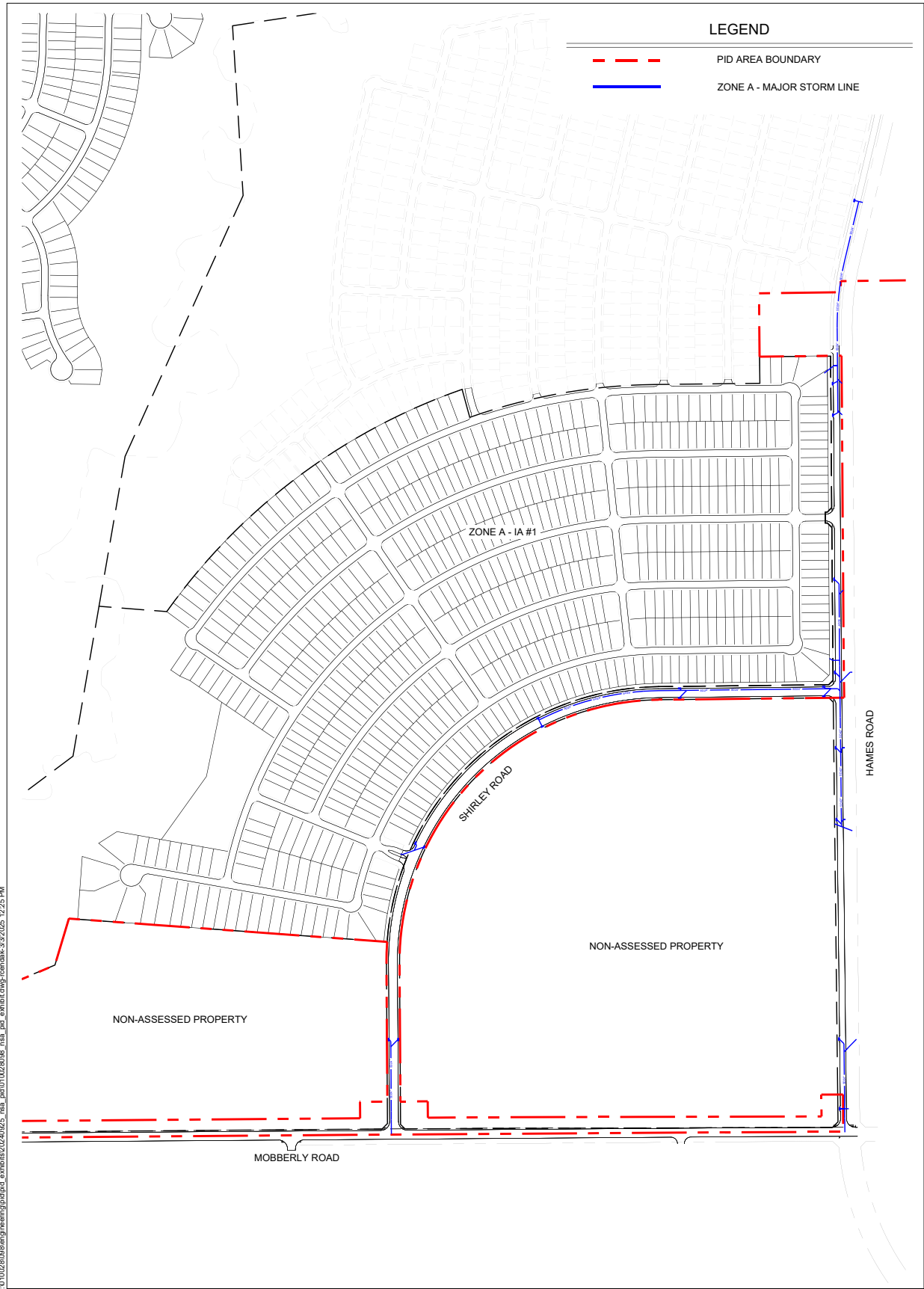
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010028098

DATE:  
2025/03/03

DRAWN BY:

SHEET:

7



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**KFM**  
ENGINEERING & DESIGN  
3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**  
**ZONE A MAJOR STORM**  
**PID EXHIBIT**

**PROJECT**  
**BRYSON RANCH**  
**PILOT POINT, TX**

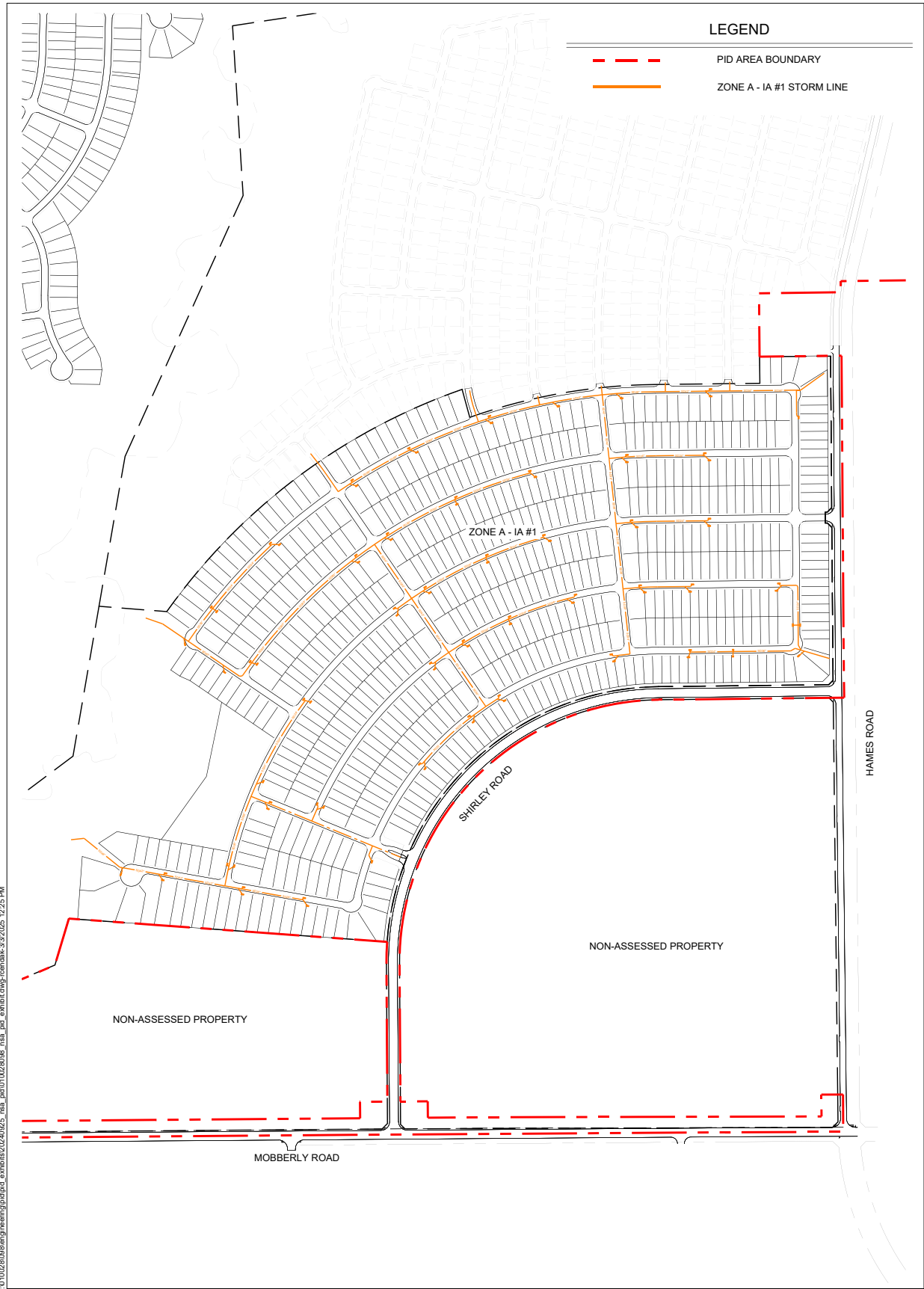
**CLIENT**  
**CENTURION AMERICAN**  
**FARMERS BRANCH, TX**



0 200 400 800  
SCALE 1" = 400'

PROJECT NUMBER:  
010028098  
DRAWN BY:

DATE:  
2025/03/03  
SHEET:



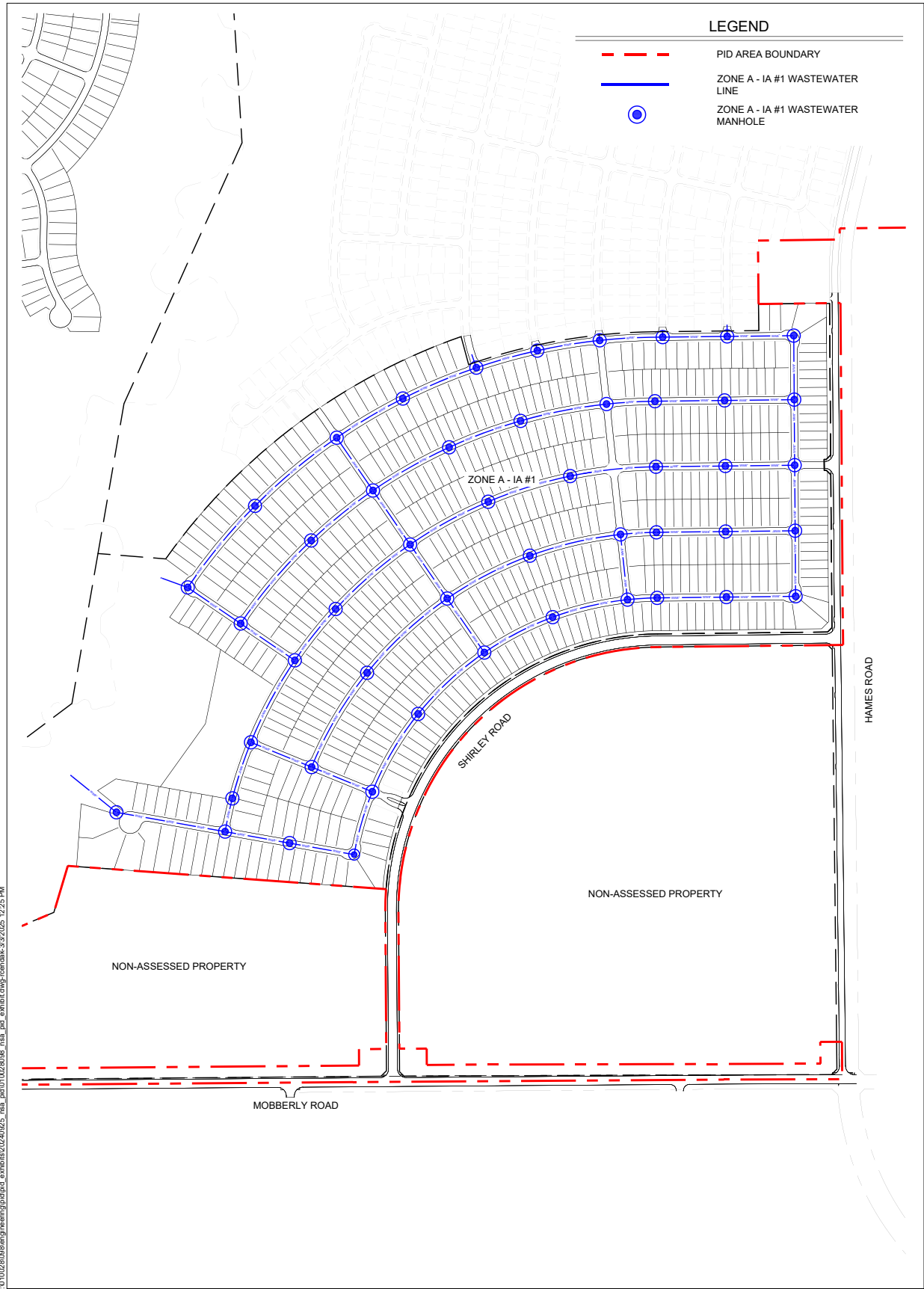
**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**  
**ZONE A IMPROVEMENT AREA #1 STORM  
PID EXHIBIT**

**PROJECT**  
BRYSON RANCH  
PILOT POINT, TX

**CLIENT**  
CENTURION AMERICAN  
FARMERS BRANCH, TX



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**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**

**ZONE A IMPROVEMENT AREA #1  
WASTEWATER**

**PROJECT**

BRYSON RANCH  
PILOT POINT, TX

**CLIENT**

CENTURION AMERICAN  
FARMERS BRANCH, TX



0 300 400 800

SCALE 1" = 400'

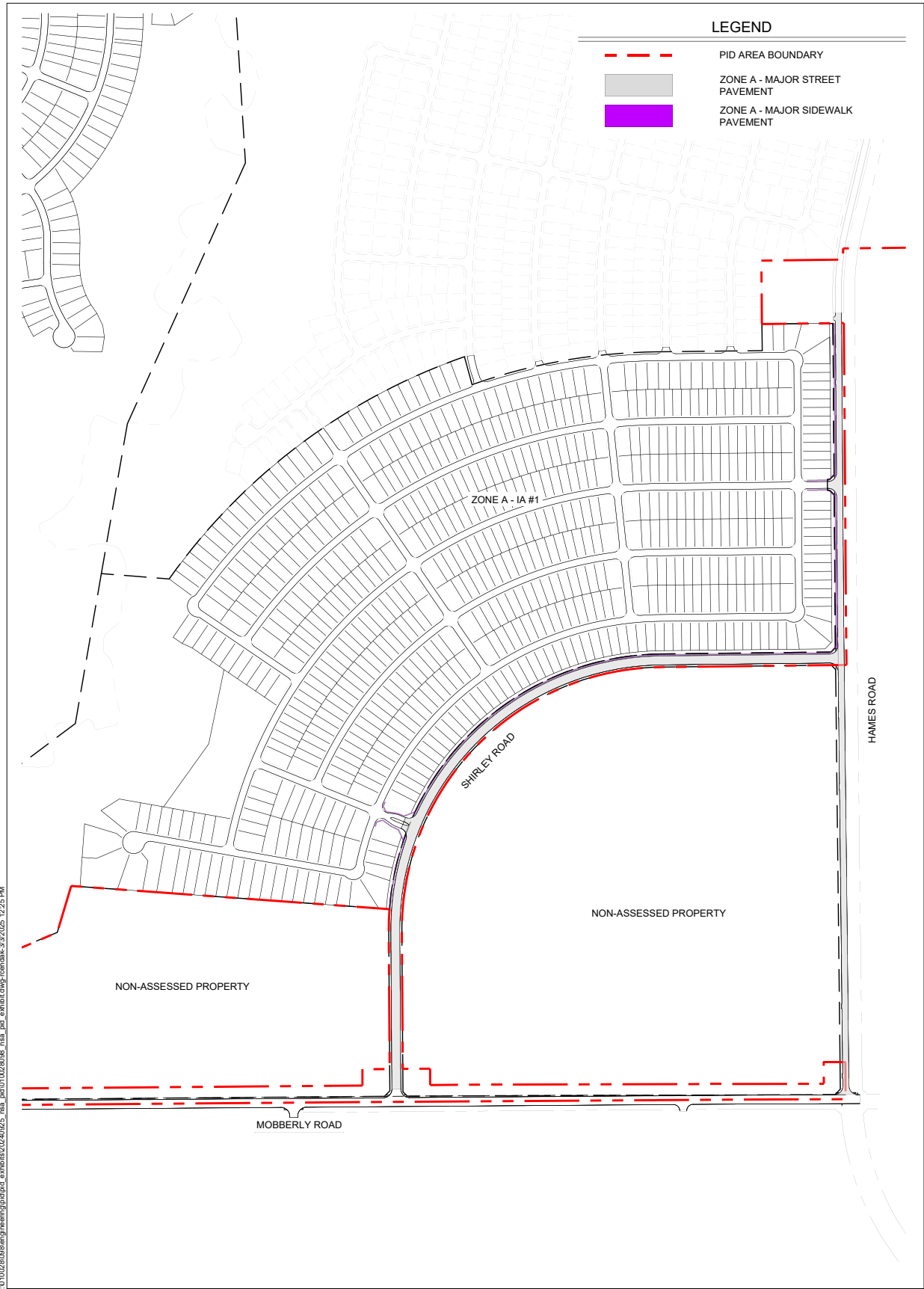
PROJECT NUMBER:  
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DATE:  
2025/03/03

DRAWN BY:

SHEET:

10



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**KFM**  
ENGINEERING & DESIGN  
3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**  
**ZONE A MAJOR PAVING**  
**PID EXHIBIT**

**PROJECT**  
BRYSON RANCH  
PILOT POINT, TX

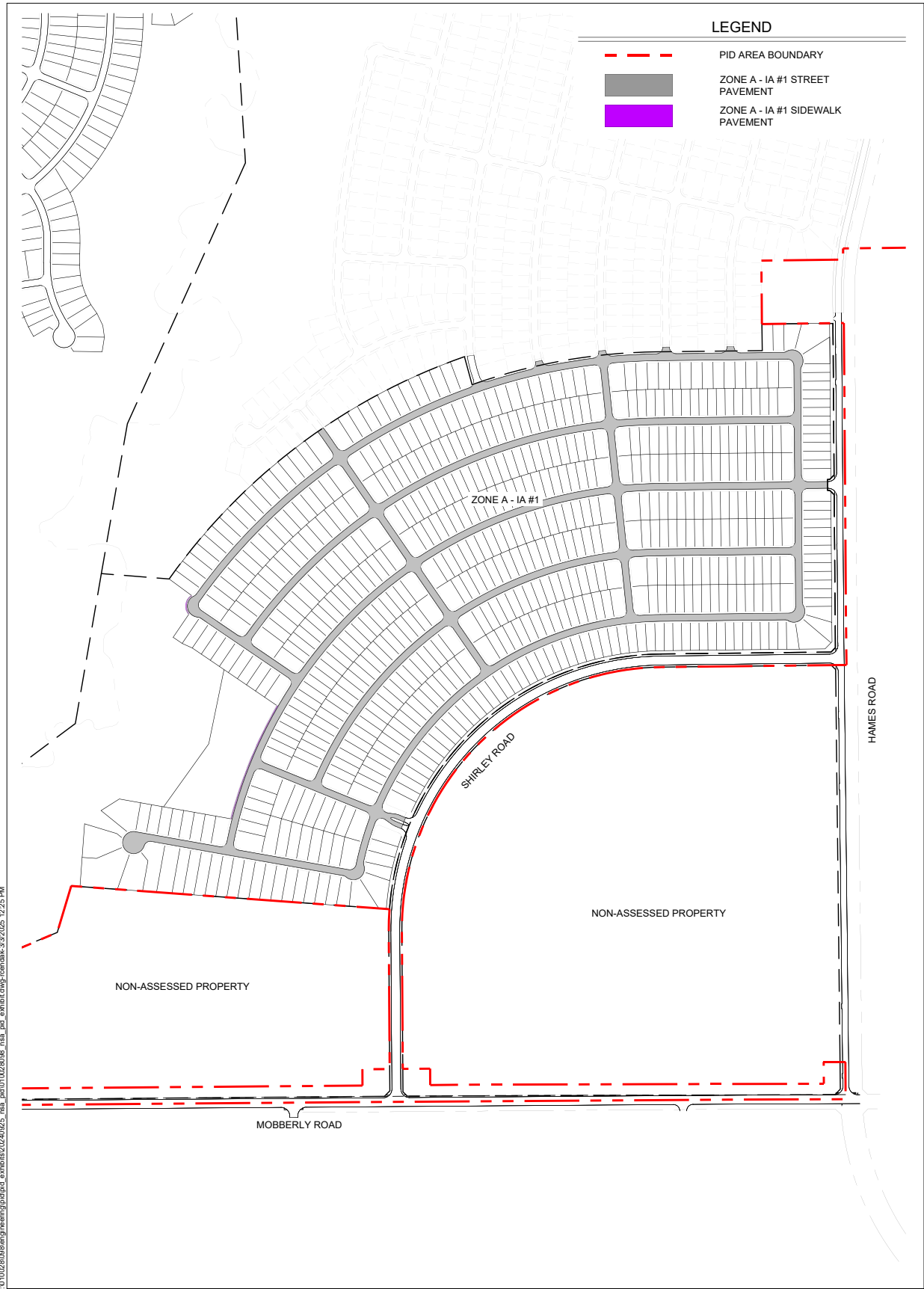
**CLIENT**  
CENTURION AMERICAN  
FARMERS BRANCH, TX



0 200 400 800  
SCALE 1" = 400'

PROJECT NUMBER:  
010028098  
DRAWN BY:

DATE:  
2025/03/03  
SHEET:



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**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**

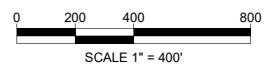
**ZONE A IMPROVEMENT AREA #1 PAVING  
PID EXHIBIT**

**PROJECT**

BRYSON RANCH  
PILOT POINT, TX

**CLIENT**

CENTURION AMERICAN  
FARMERS BRANCH, TX

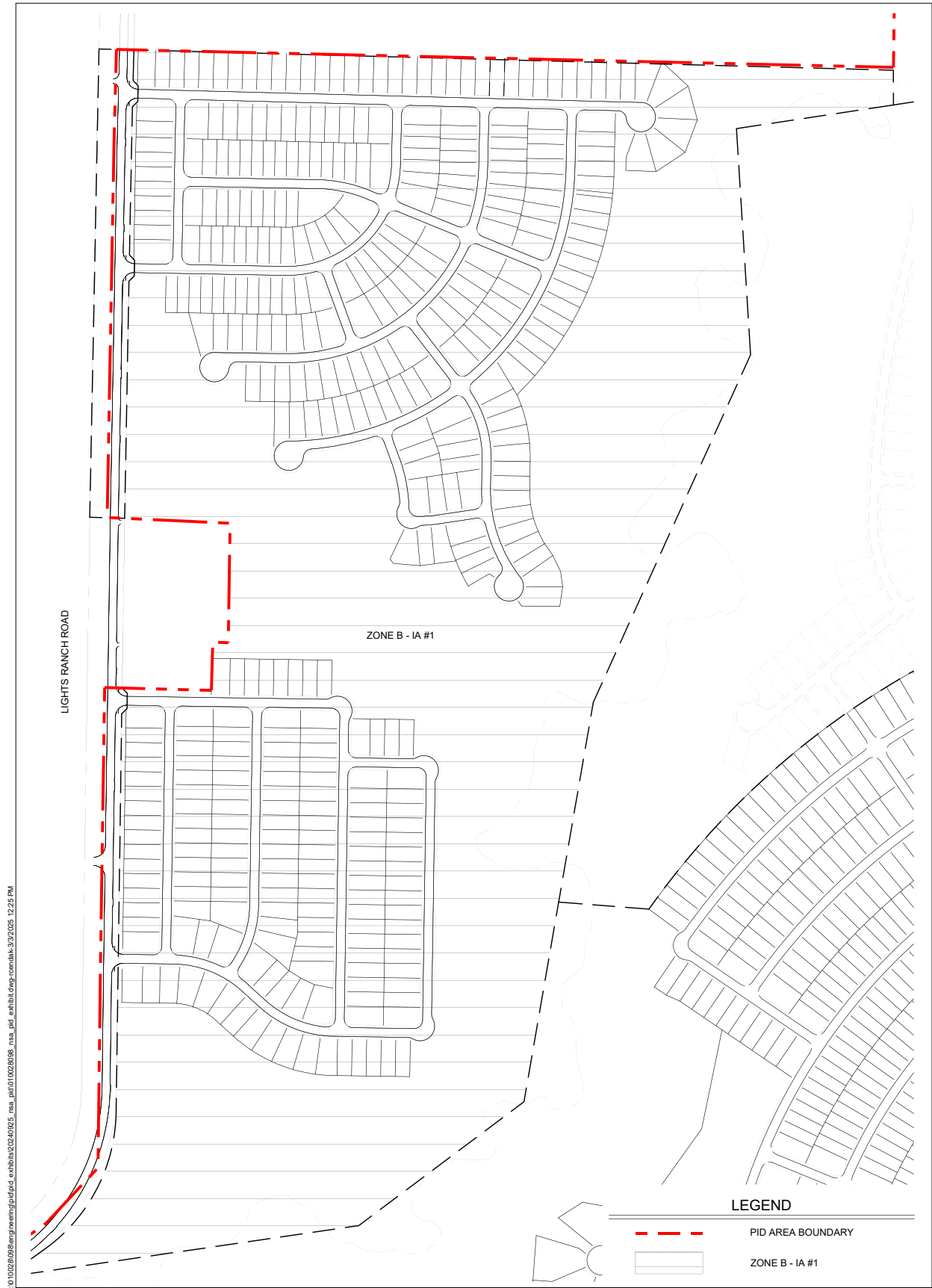


PROJECT NUMBER:  
010028098

DATE:  
2025/03/03

DRAWN BY:

SHEET:



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**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

**TITLE**

**ZONE B IMPROVEMENT AREA #1  
BOUNDARY**

**PROJECT**

BRYSON RANCH  
PILOT POINT, TX

**CLIENT**

CENTURION AMERICAN  
FARMERS BRANCH, TX



0 150 300 600

SCALE 1" = 300'

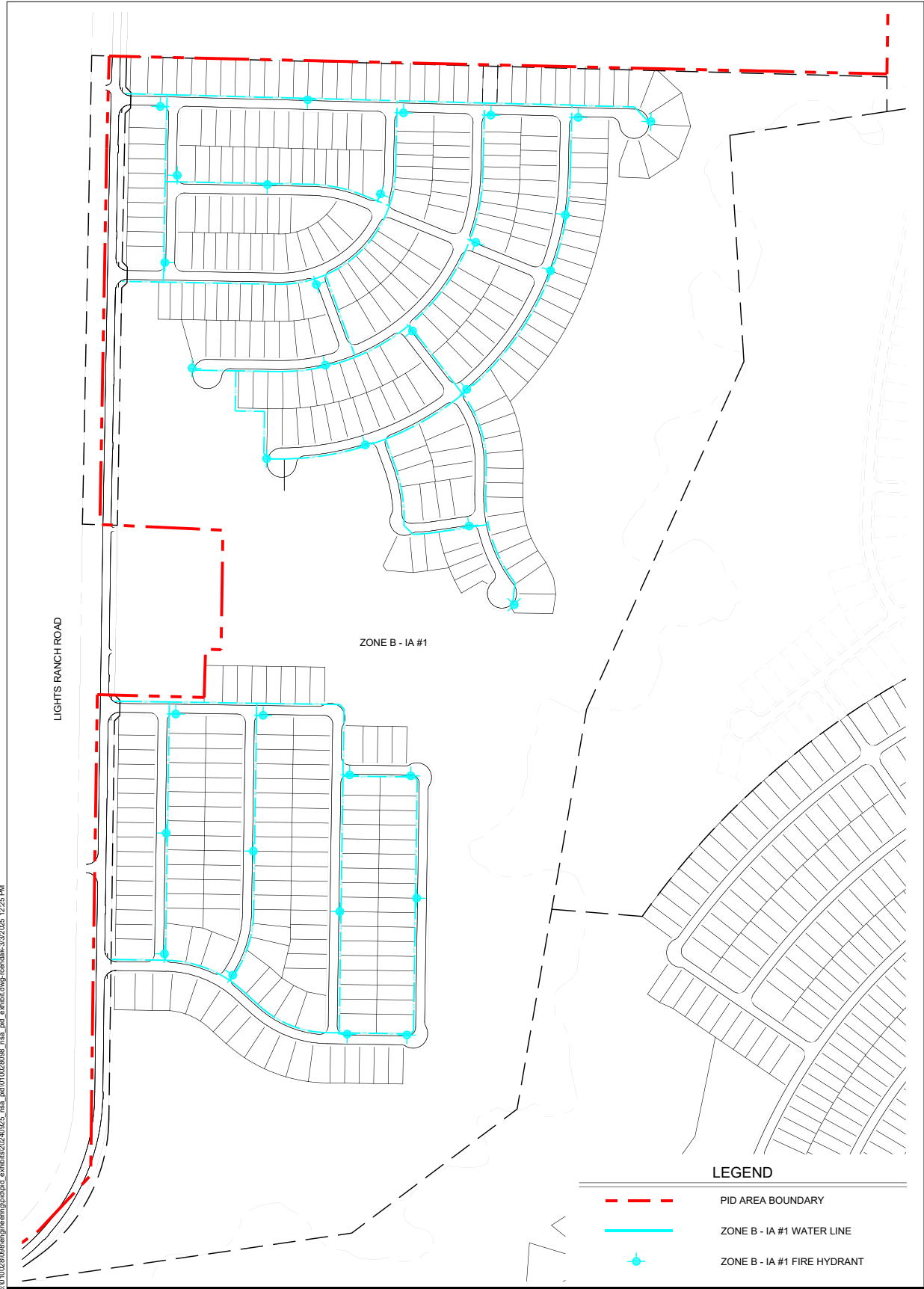
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DRAWN BY:

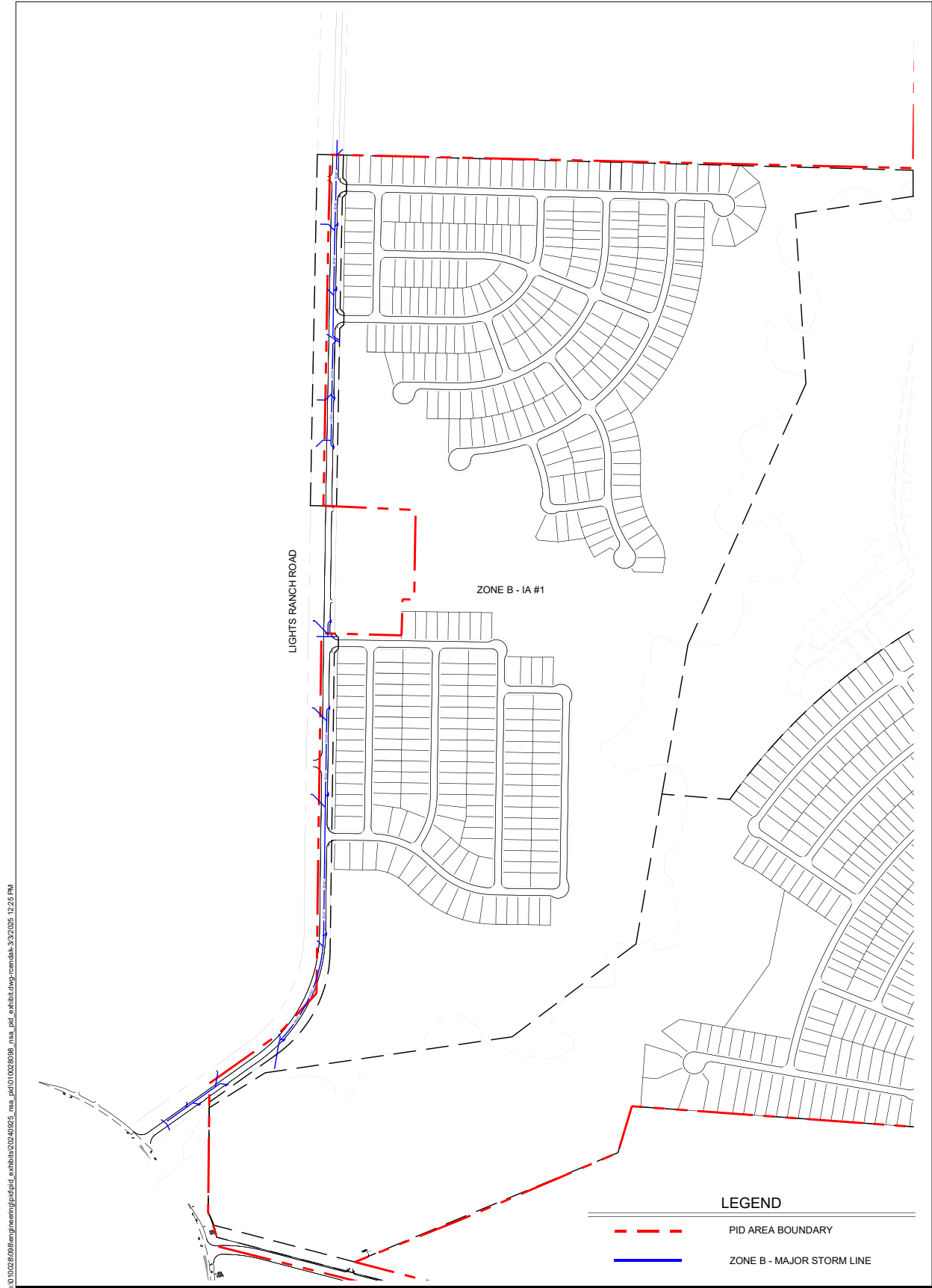
DATE:  
2025/03/03

SHEET:





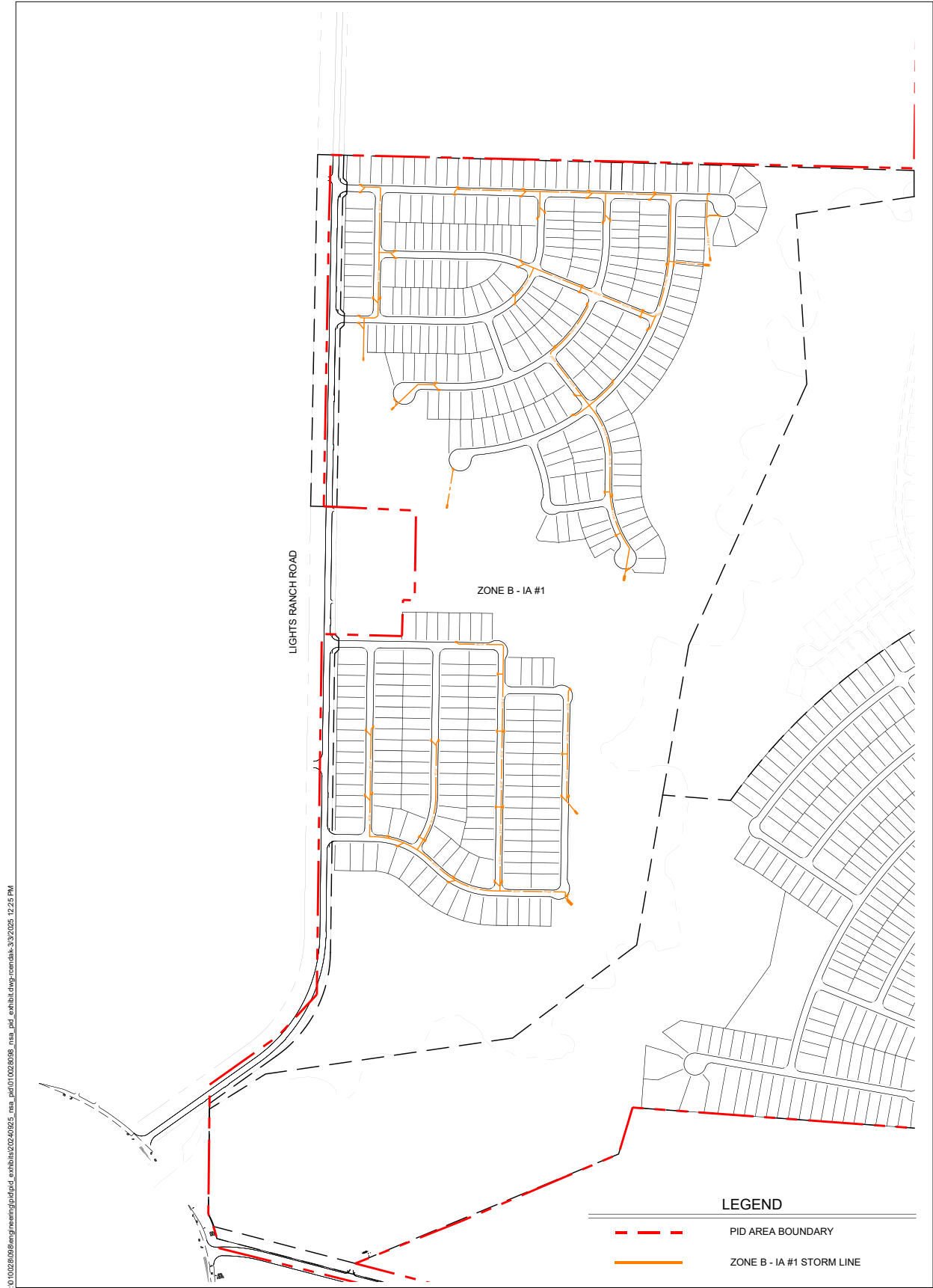




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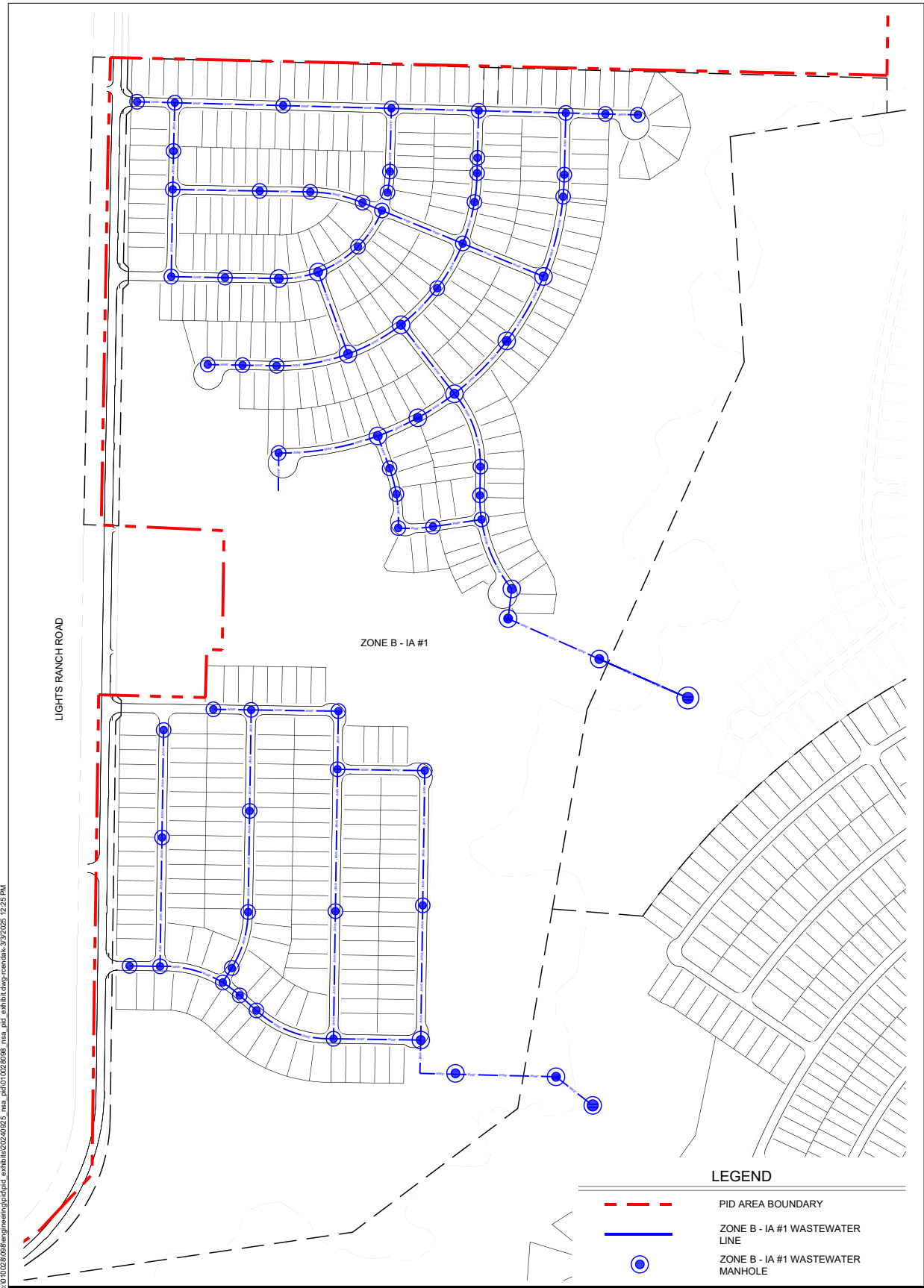
3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

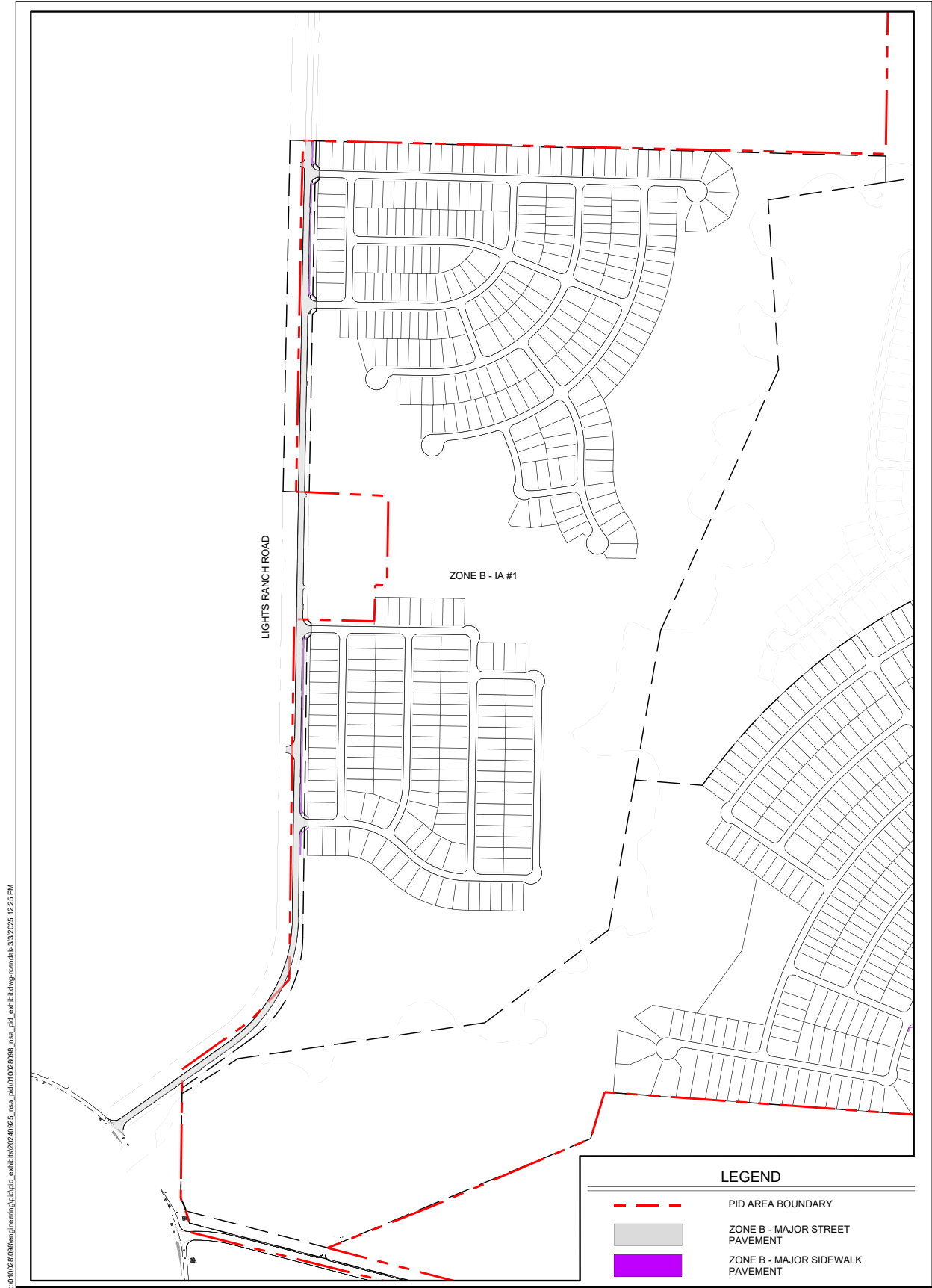


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**KFM**  
ENGINEERING & DESIGN

3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821





3501 OLYMPUS BLVD  
SUITE 100  
DALLAS, TEXAS 75019  
PHONE: (469) 899-0536  
WWW.KFM-LLC.COM  
TBPE #: F-20821

#### TITLE

## ZONE B MAJOR PAVING PID EXHIBIT

#### PROJECT

BRYSON RANCH  
PILOT POINT, TX

#### CLIENT

CENTURION AMERICAN  
FARMERS BRANCH, TX



0 200 400 800

SCALE 1" = 400'

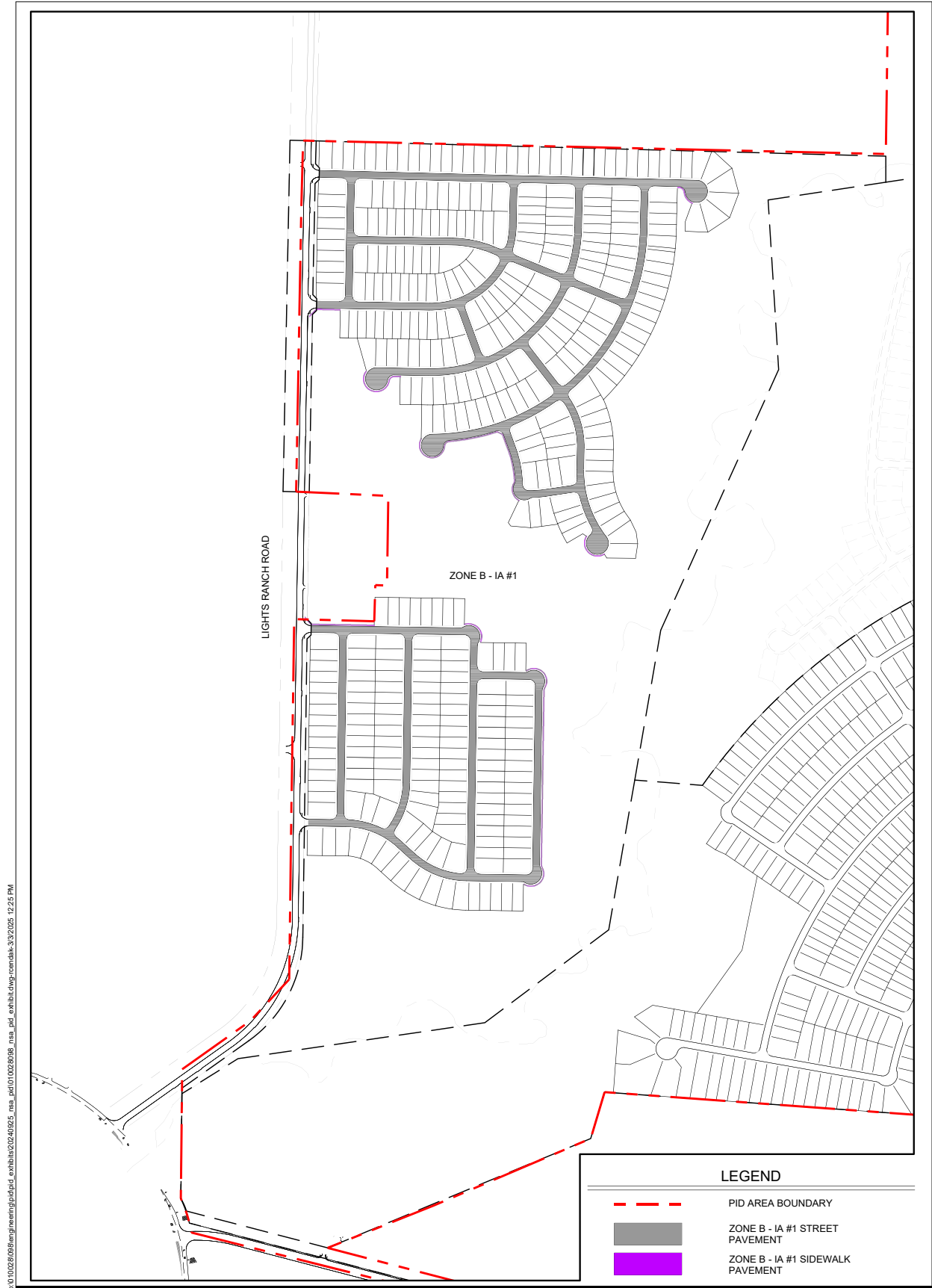
PROJECT NUMBER:  
010028098

DRAWN BY:

DATE:  
2025/03/03

SHEET:

18



3501 OLYMPUS BLVD  
 SUITE 100  
 DALLAS, TEXAS 75019  
 PHONE: (469) 899-0536  
 WWW.KFM-LLC.COM  
 TBPE #: F-20821



0 200 400 800  
 SCALE 1" = 400'

## **APPENDIX B – BUYER DISCLOSURES**

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

### Zone A Improvement Area #1

- Zone A Improvement Area #1 Initial Parcel
- Lot Type 1
- Lot Type 2

### Zone B Improvement Area #1

- Zone B Improvement Area #1 Initial Parcel
- Lot Type 3
- Lot Type 4
- Lot Type 5

### Zone A Remainder Area

- Zone A Remainder Area Initial Parcel

### Zone B Remainder Area

- Zone B Remainder Area Initial Parcel

[Remainder of page left intentionally blank.]

**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
A IMPROVEMENT AREA #1 INITIAL PARCEL**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

---

STREET ADDRESS

**ZONE A IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT:  
\$26,283,000.00**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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

§  
§  
§

COUNTY OF \_\_\_\_\_

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 Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF \_\_\_\_\_

§

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 Denton County.

## ANNUAL INSTALLMENTS - ZONE A IMPROVEMENT AREA #1 INITIAL PARCEL

Installment Due 1/31	Zone A - Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest		
2025	\$ -	\$ 640,648	\$ (640,648)	\$ -	\$ -	\$ -
2026	\$ -	\$ 1,708,395	\$ (1,708,395)	\$ -	\$ 40,000	\$ 40,000
2027	\$ 310,000	\$ 1,708,395	\$ -	\$ 131,415	\$ 40,800	\$ 2,190,610
2028	\$ 331,000	\$ 1,688,245	\$ -	\$ 129,865	\$ 41,616	\$ 2,190,726
2029	\$ 353,000	\$ 1,666,730	\$ -	\$ 128,210	\$ 42,448	\$ 2,190,388
2030	\$ 377,000	\$ 1,643,785	\$ -	\$ 126,445	\$ 43,297	\$ 2,190,527
2031	\$ 403,000	\$ 1,619,280	\$ -	\$ 124,560	\$ 44,163	\$ 2,191,003
2032	\$ 430,000	\$ 1,593,085	\$ -	\$ 122,545	\$ 45,046	\$ 2,190,676
2033	\$ 459,000	\$ 1,565,135	\$ -	\$ 120,395	\$ 45,947	\$ 2,190,477
2034	\$ 490,000	\$ 1,535,300	\$ -	\$ 118,100	\$ 46,866	\$ 2,190,266
2035	\$ 524,000	\$ 1,503,450	\$ -	\$ 115,650	\$ 47,804	\$ 2,190,904
2036	\$ 560,000	\$ 1,469,390	\$ -	\$ 113,030	\$ 48,760	\$ 2,191,180
2037	\$ 598,000	\$ 1,432,990	\$ -	\$ 110,230	\$ 49,735	\$ 2,190,955
2038	\$ 639,000	\$ 1,394,120	\$ -	\$ 107,240	\$ 50,730	\$ 2,191,090
2039	\$ 682,000	\$ 1,352,585	\$ -	\$ 104,045	\$ 51,744	\$ 2,190,374
2040	\$ 729,000	\$ 1,308,255	\$ -	\$ 100,635	\$ 52,779	\$ 2,190,669
2041	\$ 779,000	\$ 1,260,870	\$ -	\$ 96,990	\$ 53,835	\$ 2,190,695
2042	\$ 832,000	\$ 1,210,235	\$ -	\$ 93,095	\$ 54,911	\$ 2,190,241
2043	\$ 889,000	\$ 1,156,155	\$ -	\$ 88,935	\$ 56,010	\$ 2,190,100
2044	\$ 950,000	\$ 1,098,370	\$ -	\$ 84,490	\$ 57,130	\$ 2,189,990
2045	\$ 1,016,000	\$ 1,036,620	\$ -	\$ 79,740	\$ 58,272	\$ 2,190,632
2046	\$ 1,086,000	\$ 970,580	\$ -	\$ 74,660	\$ 59,438	\$ 2,190,678
2047	\$ 1,161,000	\$ 899,990	\$ -	\$ 69,230	\$ 60,627	\$ 2,190,847
2048	\$ 1,241,000	\$ 824,525	\$ -	\$ 63,425	\$ 61,839	\$ 2,190,789
2049	\$ 1,326,000	\$ 743,860	\$ -	\$ 57,220	\$ 63,076	\$ 2,190,156
2050	\$ 1,418,000	\$ 657,670	\$ -	\$ 50,590	\$ 64,337	\$ 2,190,597
2051	\$ 1,516,000	\$ 565,500	\$ -	\$ 43,500	\$ 65,624	\$ 2,190,624
2052	\$ 1,620,000	\$ 466,960	\$ -	\$ 35,920	\$ 66,937	\$ 2,189,817
2053	\$ 1,732,000	\$ 361,660	\$ -	\$ 27,820	\$ 68,275	\$ 2,189,755
2054	\$ 1,852,000	\$ 249,080	\$ -	\$ 19,160	\$ 69,641	\$ 2,189,881
2055	\$ 1,980,000	\$ 128,700	\$ -	\$ 9,900	\$ 71,034	\$ 2,189,634
<b>Total</b>	<b>\$ 26,283,000</b>	<b>\$ 35,460,563</b>	<b>\$ (2,349,043)</b>	<b>\$ 2,547,040</b>	<b>\$ 1,622,723</b>	<b>\$ 63,564,283</b>

### Footnotes:

[a] Interest on the Zone A Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
A IMPROVEMENT AREA #1 – LOT TYPE 1**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**ZONE A IMPROVEMENT AREA #1 LOT TYPE 1 PRINCIPAL ASSESSMENT:  
\$37,668.22**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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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§

COUNTY OF \_\_\_\_\_

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 Denton County.



[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

## ANNUAL INSTALLMENTS - ZONE A IMPROVEMENT AREA #1 LOT TYPE 1

Installment Due 1/31	Zone A Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest		
2025	\$ -	\$ 918.16	\$ (918.16)	\$ -	\$ -	\$ -
2026	\$ -	\$ 2,448.43	\$ (2,448.43)	\$ -	\$ 57.33	\$ 57.33
2027	\$ 444.29	\$ 2,448.43	\$ -	\$ 188.34	\$ 58.47	\$ 3,139.53
2028	\$ 474.38	\$ 2,419.56	\$ -	\$ 186.12	\$ 59.64	\$ 3,139.70
2029	\$ 505.91	\$ 2,388.72	\$ -	\$ 183.75	\$ 60.84	\$ 3,139.22
2030	\$ 540.31	\$ 2,355.84	\$ -	\$ 181.22	\$ 62.05	\$ 3,139.42
2031	\$ 577.57	\$ 2,320.72	\$ -	\$ 178.52	\$ 63.29	\$ 3,140.10
2032	\$ 616.27	\$ 2,283.17	\$ -	\$ 175.63	\$ 64.56	\$ 3,139.63
2033	\$ 657.83	\$ 2,243.12	\$ -	\$ 172.55	\$ 65.85	\$ 3,139.34
2034	\$ 702.26	\$ 2,200.36	\$ -	\$ 169.26	\$ 67.17	\$ 3,139.04
2035	\$ 750.99	\$ 2,154.71	\$ -	\$ 165.75	\$ 68.51	\$ 3,139.96
2036	\$ 802.58	\$ 2,105.90	\$ -	\$ 161.99	\$ 69.88	\$ 3,140.35
2037	\$ 857.04	\$ 2,053.73	\$ -	\$ 157.98	\$ 71.28	\$ 3,140.03
2038	\$ 915.80	\$ 1,998.02	\$ -	\$ 153.69	\$ 72.70	\$ 3,140.22
2039	\$ 977.43	\$ 1,938.50	\$ -	\$ 149.12	\$ 74.16	\$ 3,139.20
2040	\$ 1,044.79	\$ 1,874.96	\$ -	\$ 144.23	\$ 75.64	\$ 3,139.62
2041	\$ 1,116.45	\$ 1,807.05	\$ -	\$ 139.00	\$ 77.15	\$ 3,139.66
2042	\$ 1,192.40	\$ 1,734.48	\$ -	\$ 133.42	\$ 78.70	\$ 3,139.01
2043	\$ 1,274.10	\$ 1,656.98	\$ -	\$ 127.46	\$ 80.27	\$ 3,138.80
2044	\$ 1,361.52	\$ 1,574.16	\$ -	\$ 121.09	\$ 81.88	\$ 3,138.65
2045	\$ 1,456.11	\$ 1,485.66	\$ -	\$ 114.28	\$ 83.51	\$ 3,139.57
2046	\$ 1,556.43	\$ 1,391.01	\$ -	\$ 107.00	\$ 85.19	\$ 3,139.63
2047	\$ 1,663.92	\$ 1,289.85	\$ -	\$ 99.22	\$ 86.89	\$ 3,139.87
2048	\$ 1,778.57	\$ 1,181.69	\$ -	\$ 90.90	\$ 88.63	\$ 3,139.79
2049	\$ 1,900.39	\$ 1,066.08	\$ -	\$ 82.01	\$ 90.40	\$ 3,138.88
2050	\$ 2,032.25	\$ 942.56	\$ -	\$ 72.50	\$ 92.21	\$ 3,139.52
2051	\$ 2,172.70	\$ 810.46	\$ -	\$ 62.34	\$ 94.05	\$ 3,139.55
2052	\$ 2,321.75	\$ 669.24	\$ -	\$ 51.48	\$ 95.93	\$ 3,138.40
2053	\$ 2,482.26	\$ 518.32	\$ -	\$ 39.87	\$ 97.85	\$ 3,138.31
2054	\$ 2,654.25	\$ 356.98	\$ -	\$ 27.46	\$ 99.81	\$ 3,138.49
2055	\$ 2,837.69	\$ 184.45	\$ -	\$ 14.19	\$ 101.80	\$ 3,138.14
<b>Total</b>	<b>\$ 37,668.22</b>	<b>\$ 50,821.30</b>	<b>\$ (3,366.60)</b>	<b>\$ 3,650.36</b>	<b>\$ 2,325.65</b>	<b>\$ 91,098.94</b>

**Footnotes:**

[a] Interest on the Zone A Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
A IMPROVEMENT AREA #1 – LOT TYPE 2**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**ZONE A IMPROVEMENT AREA #1 LOT TYPE 2 PRINCIPAL ASSESSMENT:  
\$47,085.27**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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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COUNTY OF \_\_\_\_\_

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 Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County

## ANNUAL INSTALLMENTS - ZONE A IMPROVEMENT AREA #1 LOT TYPE 2

Installment Due 1/31	Zone A Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest		
2025	\$ -	\$ 1,147.70	\$ (1,147.70)	\$ -	\$ -	\$ -
2026	\$ -	\$ 3,060.54	\$ (3,060.54)	\$ -	\$ 71.66	\$ 71.66
2027	\$ 555.36	\$ 3,060.54	\$ -	\$ 235.43	\$ 73.09	\$ 3,924.42
2028	\$ 592.98	\$ 3,024.44	\$ -	\$ 232.65	\$ 74.55	\$ 3,924.63
2029	\$ 632.39	\$ 2,985.90	\$ -	\$ 229.68	\$ 76.05	\$ 3,924.02
2030	\$ 675.39	\$ 2,944.80	\$ -	\$ 226.52	\$ 77.57	\$ 3,924.27
2031	\$ 721.96	\$ 2,900.90	\$ -	\$ 223.15	\$ 79.12	\$ 3,925.12
2032	\$ 770.33	\$ 2,853.97	\$ -	\$ 219.54	\$ 80.70	\$ 3,924.54
2033	\$ 822.29	\$ 2,803.90	\$ -	\$ 215.68	\$ 82.31	\$ 3,924.18
2034	\$ 877.82	\$ 2,750.45	\$ -	\$ 211.57	\$ 83.96	\$ 3,923.80
2035	\$ 938.73	\$ 2,693.39	\$ -	\$ 207.18	\$ 85.64	\$ 3,924.94
2036	\$ 1,003.22	\$ 2,632.37	\$ -	\$ 202.49	\$ 87.35	\$ 3,925.44
2037	\$ 1,071.30	\$ 2,567.16	\$ -	\$ 197.47	\$ 89.10	\$ 3,925.04
2038	\$ 1,144.75	\$ 2,497.53	\$ -	\$ 192.12	\$ 90.88	\$ 3,925.28
2039	\$ 1,221.78	\$ 2,423.12	\$ -	\$ 186.39	\$ 92.70	\$ 3,924.00
2040	\$ 1,305.98	\$ 2,343.70	\$ -	\$ 180.28	\$ 94.55	\$ 3,924.52
2041	\$ 1,395.56	\$ 2,258.81	\$ -	\$ 173.75	\$ 96.44	\$ 3,924.57
2042	\$ 1,490.51	\$ 2,168.10	\$ -	\$ 166.78	\$ 98.37	\$ 3,923.76
2043	\$ 1,592.62	\$ 2,071.22	\$ -	\$ 159.32	\$ 100.34	\$ 3,923.50
2044	\$ 1,701.90	\$ 1,967.70	\$ -	\$ 151.36	\$ 102.35	\$ 3,923.31
2045	\$ 1,820.14	\$ 1,857.08	\$ -	\$ 142.85	\$ 104.39	\$ 3,924.46
2046	\$ 1,945.54	\$ 1,738.77	\$ -	\$ 133.75	\$ 106.48	\$ 3,924.54
2047	\$ 2,079.90	\$ 1,612.31	\$ -	\$ 124.02	\$ 108.61	\$ 3,924.84
2048	\$ 2,223.22	\$ 1,477.11	\$ -	\$ 113.62	\$ 110.78	\$ 3,924.74
2049	\$ 2,375.49	\$ 1,332.60	\$ -	\$ 102.51	\$ 113.00	\$ 3,923.60
2050	\$ 2,540.31	\$ 1,178.20	\$ -	\$ 90.63	\$ 115.26	\$ 3,924.40
2051	\$ 2,715.87	\$ 1,013.08	\$ -	\$ 77.93	\$ 117.56	\$ 3,924.44
2052	\$ 2,902.19	\$ 836.55	\$ -	\$ 64.35	\$ 119.92	\$ 3,923.00
2053	\$ 3,102.83	\$ 647.90	\$ -	\$ 49.84	\$ 122.31	\$ 3,922.89
2054	\$ 3,317.81	\$ 446.22	\$ -	\$ 34.32	\$ 124.76	\$ 3,923.11
2055	\$ 3,547.12	\$ 230.56	\$ -	\$ 17.74	\$ 127.26	\$ 3,922.67
<b>Total</b>	<b>\$ 47,085.27</b>	<b>\$ 63,526.63</b>	<b>\$ (4,208.25)</b>	<b>\$ 4,562.95</b>	<b>\$ 2,907.06</b>	<b>\$ 113,873.67</b>

### Footnotes:

[a] Interest on the Zone A Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment



**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
B IMPROVEMENT AREA #1 INITIAL PARCEL**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**ZONE B IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT:  
\$18,771,000.00**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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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COUNTY OF \_\_\_\_\_

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 Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County

## ANNUAL INSTALLMENTS - ZONE B IMPROVEMENT AREA #1 INITIAL PARCEL

Installment Due 1/31	Zone B - Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest		
2025	\$ -	\$ 457,543	\$ (457,543)	\$ -	\$ -	\$ -
2026	\$ -	\$ 1,220,115	\$ (1,220,115)	\$ -	\$ 40,000	\$ 40,000
2027	\$ 224,000	\$ 1,220,115	\$ -	\$ 93,855	\$ 40,800	\$ 1,578,770
2028	\$ 239,000	\$ 1,205,555	\$ -	\$ 92,735	\$ 41,616	\$ 1,578,906
2029	\$ 255,000	\$ 1,190,020	\$ -	\$ 91,540	\$ 42,448	\$ 1,579,008
2030	\$ 272,000	\$ 1,173,445	\$ -	\$ 90,265	\$ 43,297	\$ 1,579,007
2031	\$ 290,000	\$ 1,155,765	\$ -	\$ 88,905	\$ 44,163	\$ 1,578,833
2032	\$ 309,000	\$ 1,136,915	\$ -	\$ 87,455	\$ 45,046	\$ 1,578,416
2033	\$ 330,000	\$ 1,116,830	\$ -	\$ 85,910	\$ 45,947	\$ 1,578,687
2034	\$ 352,000	\$ 1,095,380	\$ -	\$ 84,260	\$ 46,866	\$ 1,578,506
2035	\$ 376,000	\$ 1,072,500	\$ -	\$ 82,500	\$ 47,804	\$ 1,578,804
2036	\$ 401,000	\$ 1,048,060	\$ -	\$ 80,620	\$ 48,760	\$ 1,578,440
2037	\$ 429,000	\$ 1,021,995	\$ -	\$ 78,615	\$ 49,735	\$ 1,579,345
2038	\$ 458,000	\$ 994,110	\$ -	\$ 76,470	\$ 50,730	\$ 1,579,310
2039	\$ 488,000	\$ 964,340	\$ -	\$ 74,180	\$ 51,744	\$ 1,578,264
2040	\$ 522,000	\$ 932,620	\$ -	\$ 71,740	\$ 52,779	\$ 1,579,139
2041	\$ 557,000	\$ 898,690	\$ -	\$ 69,130	\$ 53,835	\$ 1,578,655
2042	\$ 595,000	\$ 862,485	\$ -	\$ 66,345	\$ 54,911	\$ 1,578,741
2043	\$ 635,000	\$ 823,810	\$ -	\$ 63,370	\$ 56,010	\$ 1,578,190
2044	\$ 679,000	\$ 782,535	\$ -	\$ 60,195	\$ 57,130	\$ 1,578,860
2045	\$ 725,000	\$ 738,400	\$ -	\$ 56,800	\$ 58,272	\$ 1,578,472
2046	\$ 775,000	\$ 691,275	\$ -	\$ 53,175	\$ 59,438	\$ 1,578,888
2047	\$ 828,000	\$ 640,900	\$ -	\$ 49,300	\$ 60,627	\$ 1,578,827
2048	\$ 884,000	\$ 587,080	\$ -	\$ 45,160	\$ 61,839	\$ 1,578,079
2049	\$ 945,000	\$ 529,620	\$ -	\$ 40,740	\$ 63,076	\$ 1,578,436
2050	\$ 1,010,000	\$ 468,195	\$ -	\$ 36,015	\$ 64,337	\$ 1,578,547
2051	\$ 1,079,000	\$ 402,545	\$ -	\$ 30,965	\$ 65,624	\$ 1,578,134
2052	\$ 1,154,000	\$ 332,410	\$ -	\$ 25,570	\$ 66,937	\$ 1,578,917
2053	\$ 1,233,000	\$ 257,400	\$ -	\$ 19,800	\$ 68,275	\$ 1,578,475
2054	\$ 1,318,000	\$ 177,255	\$ -	\$ 13,635	\$ 69,641	\$ 1,578,531
2055	\$ 1,409,000	\$ 91,585	\$ -	\$ 7,045	\$ 71,034	\$ 1,578,664
<b>Total</b>	<b>\$ 18,771,000</b>	<b>\$ 25,289,493</b>	<b>\$ (1,677,658)</b>	<b>\$ 1,816,295</b>	<b>\$ 1,622,723</b>	<b>\$ 45,821,853</b>

### Footnotes:

[a] Interest on the Zone B Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
B IMPROVEMENT AREA #1 – LOT TYPE 3**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**ZONE B IMPROVEMENT AREA #1 LOT TYPE 3 PRINCIPAL ASSESSMENT:  
\$38,347.29**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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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COUNTY OF \_\_\_\_\_

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 Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

### ANNUAL INSTALLMENTS - ZONE B IMPROVEMENT AREA #1 LOT TYPE 3

Installment Due 1/31	Zone B Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest		
2025	\$ -	\$ 934.72	\$ (934.72)	\$ -	\$ -	\$ -
2026	\$ -	\$ 2,492.57	\$ (2,492.57)	\$ -	\$ 81.72	\$ 81.72
2027	\$ 457.61	\$ 2,492.57	\$ -	\$ 191.74	\$ 83.35	\$ 3,225.27
2028	\$ 488.25	\$ 2,462.83	\$ -	\$ 189.45	\$ 85.02	\$ 3,225.55
2029	\$ 520.94	\$ 2,431.09	\$ -	\$ 187.01	\$ 86.72	\$ 3,225.76
2030	\$ 555.67	\$ 2,397.23	\$ -	\$ 184.40	\$ 88.45	\$ 3,225.76
2031	\$ 592.44	\$ 2,361.11	\$ -	\$ 181.62	\$ 90.22	\$ 3,225.40
2032	\$ 631.26	\$ 2,322.60	\$ -	\$ 178.66	\$ 92.03	\$ 3,224.55
2033	\$ 674.16	\$ 2,281.57	\$ -	\$ 175.51	\$ 93.87	\$ 3,225.10
2034	\$ 719.10	\$ 2,237.75	\$ -	\$ 172.13	\$ 95.74	\$ 3,224.73
2035	\$ 768.13	\$ 2,191.01	\$ -	\$ 168.54	\$ 97.66	\$ 3,225.34
2036	\$ 819.20	\$ 2,141.08	\$ -	\$ 164.70	\$ 99.61	\$ 3,224.60
2037	\$ 876.40	\$ 2,087.83	\$ -	\$ 160.60	\$ 101.60	\$ 3,226.45
2038	\$ 935.65	\$ 2,030.87	\$ -	\$ 156.22	\$ 103.64	\$ 3,226.37
2039	\$ 996.94	\$ 1,970.05	\$ -	\$ 151.54	\$ 105.71	\$ 3,224.24
2040	\$ 1,066.39	\$ 1,905.25	\$ -	\$ 146.56	\$ 107.82	\$ 3,226.02
2041	\$ 1,137.90	\$ 1,835.93	\$ -	\$ 141.23	\$ 109.98	\$ 3,225.04
2042	\$ 1,215.53	\$ 1,761.97	\$ -	\$ 135.54	\$ 112.18	\$ 3,225.21
2043	\$ 1,297.24	\$ 1,682.96	\$ -	\$ 129.46	\$ 114.42	\$ 3,224.09
2044	\$ 1,387.13	\$ 1,598.64	\$ -	\$ 122.97	\$ 116.71	\$ 3,225.45
2045	\$ 1,481.10	\$ 1,508.48	\$ -	\$ 116.04	\$ 119.04	\$ 3,224.66
2046	\$ 1,583.25	\$ 1,412.21	\$ -	\$ 108.63	\$ 121.43	\$ 3,225.51
2047	\$ 1,691.52	\$ 1,309.30	\$ -	\$ 100.72	\$ 123.85	\$ 3,225.39
2048	\$ 1,805.92	\$ 1,199.35	\$ -	\$ 92.26	\$ 126.33	\$ 3,223.86
2049	\$ 1,930.54	\$ 1,081.96	\$ -	\$ 83.23	\$ 128.86	\$ 3,224.59
2050	\$ 2,063.33	\$ 956.48	\$ -	\$ 73.58	\$ 131.44	\$ 3,224.82
2051	\$ 2,204.29	\$ 822.36	\$ -	\$ 63.26	\$ 134.06	\$ 3,223.97
2052	\$ 2,357.51	\$ 679.08	\$ -	\$ 52.24	\$ 136.75	\$ 3,225.57
2053	\$ 2,518.90	\$ 525.84	\$ -	\$ 40.45	\$ 139.48	\$ 3,224.67
2054	\$ 2,692.54	\$ 362.11	\$ -	\$ 27.85	\$ 142.27	\$ 3,224.78
2055	\$ 2,878.45	\$ 187.10	\$ -	\$ 14.39	\$ 145.11	\$ 3,225.05
<b>Total</b>	<b>\$ 38,347.29</b>	<b>\$ 51,663.93</b>	<b>\$ (3,427.29)</b>	<b>\$ 3,710.51</b>	<b>\$ 3,315.06</b>	<b>\$ 93,609.51</b>

**Footnotes:**

[a] Interest on the Zone B Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
B IMPROVEMENT AREA #1 – LOT TYPE 4**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**ZONE B IMPROVEMENT AREA #1 LOT TYPE 4 PRINCIPAL ASSESSMENT:  
\$47,934.12**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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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COUNTY OF \_\_\_\_\_

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 Denton County.



[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

### ANNUAL INSTALLMENTS - ZONE B IMPROVEMENT AREA #1 LOT TYPE 4

Installment Due 1/31	Zone B Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest		
2025	\$ -	\$ 1,168.39	\$ (1,168.39)	\$ -	\$ -	\$ -
2026	\$ -	\$ 3,115.72	\$ (3,115.72)	\$ -	\$ 102.15	\$ 102.15
2027	\$ 572.01	\$ 3,115.72	\$ -	\$ 239.67	\$ 104.19	\$ 4,031.59
2028	\$ 610.32	\$ 3,078.54	\$ -	\$ 236.81	\$ 106.27	\$ 4,031.94
2029	\$ 651.17	\$ 3,038.87	\$ -	\$ 233.76	\$ 108.40	\$ 4,032.20
2030	\$ 694.59	\$ 2,996.54	\$ -	\$ 230.50	\$ 110.57	\$ 4,032.19
2031	\$ 740.55	\$ 2,951.39	\$ -	\$ 227.03	\$ 112.78	\$ 4,031.75
2032	\$ 789.07	\$ 2,903.26	\$ -	\$ 223.33	\$ 115.03	\$ 4,030.69
2033	\$ 842.70	\$ 2,851.97	\$ -	\$ 219.38	\$ 117.33	\$ 4,031.38
2034	\$ 898.88	\$ 2,797.19	\$ -	\$ 215.17	\$ 119.68	\$ 4,030.92
2035	\$ 960.16	\$ 2,738.76	\$ -	\$ 210.67	\$ 122.07	\$ 4,031.67
2036	\$ 1,024.00	\$ 2,676.35	\$ -	\$ 205.87	\$ 124.51	\$ 4,030.75
2037	\$ 1,095.51	\$ 2,609.79	\$ -	\$ 200.75	\$ 127.00	\$ 4,033.06
2038	\$ 1,169.56	\$ 2,538.59	\$ -	\$ 195.28	\$ 129.54	\$ 4,032.97
2039	\$ 1,246.17	\$ 2,462.56	\$ -	\$ 189.43	\$ 132.14	\$ 4,030.30
2040	\$ 1,332.99	\$ 2,381.56	\$ -	\$ 183.20	\$ 134.78	\$ 4,032.53
2041	\$ 1,422.37	\$ 2,294.92	\$ -	\$ 176.53	\$ 137.47	\$ 4,031.29
2042	\$ 1,519.41	\$ 2,202.46	\$ -	\$ 169.42	\$ 140.22	\$ 4,031.52
2043	\$ 1,621.55	\$ 2,103.70	\$ -	\$ 161.82	\$ 143.03	\$ 4,030.11
2044	\$ 1,733.91	\$ 1,998.30	\$ -	\$ 153.72	\$ 145.89	\$ 4,031.82
2045	\$ 1,851.38	\$ 1,885.60	\$ -	\$ 145.05	\$ 148.81	\$ 4,030.83
2046	\$ 1,979.06	\$ 1,765.26	\$ -	\$ 135.79	\$ 151.78	\$ 4,031.89
2047	\$ 2,114.40	\$ 1,636.62	\$ -	\$ 125.89	\$ 154.82	\$ 4,031.73
2048	\$ 2,257.41	\$ 1,499.18	\$ -	\$ 115.32	\$ 157.91	\$ 4,029.82
2049	\$ 2,413.18	\$ 1,352.45	\$ -	\$ 104.03	\$ 161.07	\$ 4,030.74
2050	\$ 2,579.16	\$ 1,195.59	\$ -	\$ 91.97	\$ 164.29	\$ 4,031.02
2051	\$ 2,755.36	\$ 1,027.95	\$ -	\$ 79.07	\$ 167.58	\$ 4,029.96
2052	\$ 2,946.88	\$ 848.85	\$ -	\$ 65.30	\$ 170.93	\$ 4,031.96
2053	\$ 3,148.62	\$ 657.30	\$ -	\$ 50.56	\$ 174.35	\$ 4,030.84
2054	\$ 3,365.68	\$ 452.64	\$ -	\$ 34.82	\$ 177.84	\$ 4,030.98
2055	\$ 3,598.06	\$ 233.87	\$ -	\$ 17.99	\$ 181.39	\$ 4,031.32
<b>Total</b>	<b>\$ 47,934.12</b>	<b>\$ 64,579.91</b>	<b>\$ (4,284.11)</b>	<b>\$ 4,638.14</b>	<b>\$ 4,143.83</b>	<b>\$ 117,011.88</b>

**Footnotes:**

[a] Interest on the Zone B Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
B IMPROVEMENT AREA #1 – LOT TYPE 5**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**ZONE B IMPROVEMENT AREA #1 LOT TYPE 5 PRINCIPAL ASSESSMENT:  
\$57,520.94**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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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COUNTY OF \_\_\_\_\_

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 Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF \_\_\_\_\_

§

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 Denton County.

## ANNUAL INSTALLMENTS - ZONE B IMPROVEMENT AREA #1 LOT TYPE 5

Installment Due 1/31	Zone B Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest		
2025	\$ -	\$ 1,402.07	\$ (1,402.07)	\$ -	\$ -	\$ -
2026	\$ -	\$ 3,738.86	\$ (3,738.86)	\$ -	\$ 122.57	\$ 122.57
2027	\$ 686.41	\$ 3,738.86	\$ -	\$ 287.60	\$ 125.03	\$ 4,837.91
2028	\$ 732.38	\$ 3,694.24	\$ -	\$ 284.17	\$ 127.53	\$ 4,838.32
2029	\$ 781.41	\$ 3,646.64	\$ -	\$ 280.51	\$ 130.08	\$ 4,838.64
2030	\$ 833.50	\$ 3,595.85	\$ -	\$ 276.60	\$ 132.68	\$ 4,838.63
2031	\$ 888.66	\$ 3,541.67	\$ -	\$ 272.44	\$ 135.33	\$ 4,838.10
2032	\$ 946.88	\$ 3,483.91	\$ -	\$ 267.99	\$ 138.04	\$ 4,836.82
2033	\$ 1,011.24	\$ 3,422.36	\$ -	\$ 263.26	\$ 140.80	\$ 4,837.65
2034	\$ 1,078.65	\$ 3,356.63	\$ -	\$ 258.20	\$ 143.62	\$ 4,837.10
2035	\$ 1,152.20	\$ 3,286.52	\$ -	\$ 252.81	\$ 146.49	\$ 4,838.01
2036	\$ 1,228.80	\$ 3,211.62	\$ -	\$ 247.05	\$ 149.42	\$ 4,836.89
2037	\$ 1,314.61	\$ 3,131.75	\$ -	\$ 240.90	\$ 152.41	\$ 4,839.67
2038	\$ 1,403.47	\$ 3,046.30	\$ -	\$ 234.33	\$ 155.45	\$ 4,839.56
2039	\$ 1,495.40	\$ 2,955.08	\$ -	\$ 227.31	\$ 158.56	\$ 4,836.36
2040	\$ 1,599.59	\$ 2,857.88	\$ -	\$ 219.84	\$ 161.73	\$ 4,839.04
2041	\$ 1,706.84	\$ 2,753.90	\$ -	\$ 211.84	\$ 164.97	\$ 4,837.55
2042	\$ 1,823.29	\$ 2,642.96	\$ -	\$ 203.30	\$ 168.27	\$ 4,837.82
2043	\$ 1,945.86	\$ 2,524.44	\$ -	\$ 194.19	\$ 171.63	\$ 4,836.13
2044	\$ 2,080.69	\$ 2,397.96	\$ -	\$ 184.46	\$ 175.07	\$ 4,838.18
2045	\$ 2,221.65	\$ 2,262.72	\$ -	\$ 174.06	\$ 178.57	\$ 4,836.99
2046	\$ 2,374.87	\$ 2,118.31	\$ -	\$ 162.95	\$ 182.14	\$ 4,838.27
2047	\$ 2,537.28	\$ 1,963.94	\$ -	\$ 151.07	\$ 185.78	\$ 4,838.08
2048	\$ 2,708.89	\$ 1,799.02	\$ -	\$ 138.39	\$ 189.50	\$ 4,835.79
2049	\$ 2,895.81	\$ 1,622.94	\$ -	\$ 124.84	\$ 193.29	\$ 4,836.88
2050	\$ 3,094.99	\$ 1,434.71	\$ -	\$ 110.36	\$ 197.15	\$ 4,837.22
2051	\$ 3,306.44	\$ 1,233.54	\$ -	\$ 94.89	\$ 201.10	\$ 4,835.96
2052	\$ 3,536.26	\$ 1,018.62	\$ -	\$ 78.36	\$ 205.12	\$ 4,838.36
2053	\$ 3,778.35	\$ 788.76	\$ -	\$ 60.67	\$ 209.22	\$ 4,837.00
2054	\$ 4,038.82	\$ 543.17	\$ -	\$ 41.78	\$ 213.40	\$ 4,837.17
2055	\$ 4,317.67	\$ 280.65	\$ -	\$ 21.59	\$ 217.67	\$ 4,837.58
<b>Total</b>	<b>\$ 57,520.94</b>	<b>\$ 77,495.89</b>	<b>\$ (5,140.93)</b>	<b>\$ 5,565.77</b>	<b>\$ 4,972.59</b>	<b>\$ 140,414.26</b>

### **Footnotes:**

[a] Interest on the Zone B Improvement Area #1 Bonds is calculated at a 6.50% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 17 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.



**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
A REMAINDER AREA INITIAL PARCEL**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**ZONE A REMAINDER AREA INITIAL PARCEL PRINCIPAL ASSESSMENT:**  
**\$7,738,000.00**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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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§

COUNTY OF \_\_\_\_\_

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 Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF \_\_\_\_\_

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The foregoing instrument was acknowledged before me by \_\_\_\_\_ and \_\_\_\_\_, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

## ANNUAL INSTALLMENTS - ZONE A REMAINDER AREA INITIAL PARCEL

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
2025	\$ -	\$ 203,123	\$ (203,123)	\$ -	\$ -	\$ -
2026	\$ -	\$ 541,660	\$ (541,660)	\$ -	\$ 40,000	\$ 40,000
2027	\$ -	\$ 541,660	\$ (541,660)	\$ -	\$ 40,800	\$ 40,800
2028	\$ 97,000	\$ 541,660	\$ -	\$ 38,690	\$ 41,616	\$ 718,966
2029	\$ 103,000	\$ 534,870	\$ -	\$ 38,205	\$ 42,448	\$ 718,523
2030	\$ 110,000	\$ 527,660	\$ -	\$ 37,690	\$ 43,297	\$ 718,647
2031	\$ 118,000	\$ 519,960	\$ -	\$ 37,140	\$ 44,163	\$ 719,263
2032	\$ 126,000	\$ 511,700	\$ -	\$ 36,550	\$ 45,046	\$ 719,296
2033	\$ 134,000	\$ 502,880	\$ -	\$ 35,920	\$ 45,947	\$ 718,747
2034	\$ 143,000	\$ 493,500	\$ -	\$ 35,250	\$ 46,866	\$ 718,616
2035	\$ 153,000	\$ 483,490	\$ -	\$ 34,535	\$ 47,804	\$ 718,829
2036	\$ 164,000	\$ 472,780	\$ -	\$ 33,770	\$ 48,760	\$ 719,310
2037	\$ 175,000	\$ 461,300	\$ -	\$ 32,950	\$ 49,735	\$ 718,985
2038	\$ 187,000	\$ 449,050	\$ -	\$ 32,075	\$ 50,730	\$ 718,855
2039	\$ 200,000	\$ 435,960	\$ -	\$ 31,140	\$ 51,744	\$ 718,844
2040	\$ 214,000	\$ 421,960	\$ -	\$ 30,140	\$ 52,779	\$ 718,879
2041	\$ 229,000	\$ 406,980	\$ -	\$ 29,070	\$ 53,835	\$ 718,885
2042	\$ 245,000	\$ 390,950	\$ -	\$ 27,925	\$ 54,911	\$ 718,786
2043	\$ 263,000	\$ 373,800	\$ -	\$ 26,700	\$ 56,010	\$ 719,510
2044	\$ 281,000	\$ 355,390	\$ -	\$ 25,385	\$ 57,130	\$ 718,905
2045	\$ 301,000	\$ 335,720	\$ -	\$ 23,980	\$ 58,272	\$ 718,972
2046	\$ 323,000	\$ 314,650	\$ -	\$ 22,475	\$ 59,438	\$ 719,563
2047	\$ 346,000	\$ 292,040	\$ -	\$ 20,860	\$ 60,627	\$ 719,527
2048	\$ 370,000	\$ 267,820	\$ -	\$ 19,130	\$ 61,839	\$ 718,789
2049	\$ 397,000	\$ 241,920	\$ -	\$ 17,280	\$ 63,076	\$ 719,276
2050	\$ 425,000	\$ 214,130	\$ -	\$ 15,295	\$ 64,337	\$ 718,762
2051	\$ 456,000	\$ 184,380	\$ -	\$ 13,170	\$ 65,624	\$ 719,174
2052	\$ 489,000	\$ 152,460	\$ -	\$ 10,890	\$ 66,937	\$ 719,287
2053	\$ 524,000	\$ 118,230	\$ -	\$ 8,445	\$ 68,275	\$ 718,950
2054	\$ 562,000	\$ 81,550	\$ -	\$ 5,825	\$ 69,641	\$ 719,016
2055	\$ 603,000	\$ 42,210	\$ -	\$ 3,015	\$ 71,034	\$ 719,259
<b>Total</b>	<b>\$ 7,738,000</b>	<b>\$ 11,415,443</b>	<b>\$ (1,286,443)</b>	<b>\$ 723,500</b>	<b>\$ 1,622,723</b>	<b>\$ 20,213,223</b>

### **Footnotes:**

[a] Interest on the Zone A Remainder Area Bonds is calculated at a 7.00% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 29 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – ZONE  
B REMAINDER AREA INITIAL PARCEL**

**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 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING<sup>1</sup> RETURN TO:

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NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
CITY OF PILOT POINT, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

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STREET ADDRESS

**ZONE B REMAINDER AREA INITIAL PARCEL PRINCIPAL ASSESSMENT:**  
**\$6,419,000.00**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Pilot Point, 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 ***Bryson Ranch 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 Pilot Point. The exact amount of each annual installment will be approved each year by the Pilot Point 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 City of Pilot Point.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

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<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton 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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COUNTY OF \_\_\_\_\_

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 Denton County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF \_\_\_\_\_

§

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 Denton County.

## ANNUAL INSTALLMENTS - ZONE B REMAINDER AREA INITIAL PARCEL

Installment Due 1/31	Principal	Interest <sup>[a]</sup>	Capitalized Interest <sup>[b]</sup>	Additional Interest	Annual Collection Costs	Total Annual Installment Due <sup>[c]</sup>
2025	\$ -	\$ 168,499	\$ (168,499)	\$ -	\$ -	\$ -
2026	\$ -	\$ 449,330	\$ (449,330)	\$ -	\$ 40,000	\$ 40,000
2027	\$ -	\$ 449,330	\$ (449,330)	\$ -	\$ 40,800	\$ 40,800
2028	\$ 82,000	\$ 449,330	\$ -	\$ 32,095	\$ 41,616	\$ 605,041
2029	\$ 87,000	\$ 443,590	\$ -	\$ 31,685	\$ 42,448	\$ 604,723
2030	\$ 93,000	\$ 437,500	\$ -	\$ 31,250	\$ 43,297	\$ 605,047
2031	\$ 99,000	\$ 430,990	\$ -	\$ 30,785	\$ 44,163	\$ 604,938
2032	\$ 106,000	\$ 424,060	\$ -	\$ 30,290	\$ 45,046	\$ 605,396
2033	\$ 113,000	\$ 416,640	\$ -	\$ 29,760	\$ 45,947	\$ 605,347
2034	\$ 120,000	\$ 408,730	\$ -	\$ 29,195	\$ 46,866	\$ 604,791
2035	\$ 128,000	\$ 400,330	\$ -	\$ 28,595	\$ 47,804	\$ 604,729
2036	\$ 137,000	\$ 391,370	\$ -	\$ 27,955	\$ 48,760	\$ 605,085
2037	\$ 146,000	\$ 381,780	\$ -	\$ 27,270	\$ 49,735	\$ 604,785
2038	\$ 156,000	\$ 371,560	\$ -	\$ 26,540	\$ 50,730	\$ 604,830
2039	\$ 167,000	\$ 360,640	\$ -	\$ 25,760	\$ 51,744	\$ 605,144
2040	\$ 178,000	\$ 348,950	\$ -	\$ 24,925	\$ 52,779	\$ 604,654
2041	\$ 191,000	\$ 336,490	\$ -	\$ 24,035	\$ 53,835	\$ 605,360
2042	\$ 204,000	\$ 323,120	\$ -	\$ 23,080	\$ 54,911	\$ 605,111
2043	\$ 218,000	\$ 308,840	\$ -	\$ 22,060	\$ 56,010	\$ 604,910
2044	\$ 233,000	\$ 293,580	\$ -	\$ 20,970	\$ 57,130	\$ 604,680
2045	\$ 250,000	\$ 277,270	\$ -	\$ 19,805	\$ 58,272	\$ 605,347
2046	\$ 267,000	\$ 259,770	\$ -	\$ 18,555	\$ 59,438	\$ 604,763
2047	\$ 286,000	\$ 241,080	\$ -	\$ 17,220	\$ 60,627	\$ 604,927
2048	\$ 306,000	\$ 221,060	\$ -	\$ 15,790	\$ 61,839	\$ 604,689
2049	\$ 328,000	\$ 199,640	\$ -	\$ 14,260	\$ 63,076	\$ 604,976
2050	\$ 352,000	\$ 176,680	\$ -	\$ 12,620	\$ 64,337	\$ 605,637
2051	\$ 377,000	\$ 152,040	\$ -	\$ 10,860	\$ 65,624	\$ 605,524
2052	\$ 403,000	\$ 125,650	\$ -	\$ 8,975	\$ 66,937	\$ 604,562
2053	\$ 432,000	\$ 97,440	\$ -	\$ 6,960	\$ 68,275	\$ 604,675
2054	\$ 463,000	\$ 67,200	\$ -	\$ 4,800	\$ 69,641	\$ 604,641
2055	\$ 497,000	\$ 34,790	\$ -	\$ 2,485	\$ 71,034	\$ 605,309
<b>Total</b>	<b>\$ 6,419,000</b>	<b>\$ 9,447,279</b>	<b>\$ (1,067,159)</b>	<b>\$ 598,580</b>	<b>\$ 1,622,723</b>	<b>\$ 17,020,423</b>

**Footnotes:**

[a] Interest on the Zone B Remainder Area Bonds is calculated at a 7.00% rate per the City Financial Advisor and is subject to change upon final pricing.

[b] Assumes 29 months of Capitalized Interest.

[c] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

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[CLOSING DATE]

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201-7932  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project)” (the “Bonds”), dated April 30, 2025, in the principal amount of \$\_\_\_\_\_, we have examined the legality and validity of the issuance thereof by the City of Pilot Point, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature on September 15 in each of the years specified in an Indenture of Trust (the “Indenture”), dated as of April 1, 2025, with Wilmington Trust, National Association, as trustee (the “Trustee”), approved by the City Council of the City pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City authorizing the issuance of the Bonds, unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from the Trust Estate, except to the extent the

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enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.



**APPENDIX D-1**

**FORM OF CITY DISCLOSURE AGREEMENT**

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**CITY OF PILOT POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT  
ZONE B 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 Pilot Point, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B 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:

“Additional Bonds” shall have the meaning assigned to such term in the Indenture.

“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 MM Bryson Ranch, LLC a Texas limited liability company.

“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 Administrator 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 HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., 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 Bryson Ranch 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.

“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.

“Zone B Improvement Area #1” 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; and

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Section 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”); and

(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 City 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 Zone B 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. For the avoidance of doubt, the incurrence of Additional Bonds without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent 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 Annual Collection Costs collected from the property owners in Zone B Improvement Area #1, against any losses, expenses and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses

(including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive 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 Annual Collection Costs collected from the property owners in Zone B Improvement Area #1, against any losses, expenses and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the

provisions hereof or 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 reason 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 Zone B 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 PILOT POINT, TEXAS

By: \_\_\_\_\_  
Mayor

HTS Continuing Disclosure Services, a division of  
Hilltop Securities Inc.  
(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 Pilot Point, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025  
(Bryson Ranch Public Improvement District Zone B Improvement  
Area #1 Project) (the “Bonds”)  
CUSIP Nos. [insert CUSIP NOs.]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the City of Pilot Point, 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 HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by \_\_\_\_\_.

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

HTS Continuing Disclosure Services, a division of  
Hilltop Securities Inc.,  
on behalf of the City of Pilot Point, Texas  
(as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Pilot Point, Texas

## EXHIBIT B

### CITY OF PILOT POINT, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025 (BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B 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: HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.  
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
				—
				—
Total				

#### 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 Zone B 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>
-----------------------	--------------------------------------	---	--	--

<sup>(1)</sup> Does not include those owing less than one percent (1%) of total Assessments.

**Assessed Value of Zone B Improvement Area #1 of the District**

The [YEAR] certified total assessed value for the Assessed Property in Zone B Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Denton 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__				

---

[insert any necessary footnotes]

### **ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)**

[Insert a line item for each applicable listing]

**EXHIBIT C**

**CITY OF PILOT POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT  
ZONE B IMPROVEMENT AREA #1 PROJECT)**

---

**ANNUAL COLLECTIONS REPORT**

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Delivery Date: \_\_\_\_\_, 20\_\_

CUSIP Nos: [insert CUSIP Nos.]

**DISSEMINATION AGENT**

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.  
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 December 1, 20\_\_ through March 1, 20\_\_.



**Collection and Delinquency of Annual Installments** <sup>(1)</sup>

Succeeding Fiscal Year 20__	Total Annual Installments <u>Levied</u> \$	Parcels <u>Levied</u> <sup>(2)</sup>	Delinquent Amount as <u>of 3/1</u> \$	Delinquent % <u>as of 3/1</u> %	Total Annual Installments <u>Collected</u> <sup>(3)</sup> \$
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<sup>(1)</sup> Period covered includes December 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>

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$
---------------------------	---------------------------------	---------------------------------------	-----------------------	---

<sup>(1)</sup> Period covered includes December 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 15	43/44	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 PILOT POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT  
ZONE B 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 MM Bryson Ranch, LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., 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 Zone B Improvement Area #1 of the District and is controlled by, controls, or is under common control with the Developer, including any Homebuilder.

“Amenities” shall mean hike and bike trails, open space improvements, pocket parks in Zone B Improvement Area #1 and the initial amenity center to be constructed in the District.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by the Developer or Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean MM Bryson Ranch, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., 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 Bryson Ranch Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into an Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Issuer” shall mean the City of Pilot Point, 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 Zone B 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 September 30, 2025.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilder who has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder that then owns 41 or more of the single family residential lots within Zone B 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.

“Zone B Improvement Area #1 shall have the meaning assigned to such term in the Indenture.

“Zone B Improvement Area #1 Projects” 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 September 30, 2025, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with

respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment 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 authorize 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, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the

Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

- (d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereof.

#### SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

- (i) Failure to pay any real property taxes or Assessments levied within Zone B 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 Zone B 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 Zone B Improvement Area #1, including the Zone B Improvement Area #1 Projects, and the Amenities;

- (iii) Material default by the Developer or any of the Developer's affiliates on any loan with respect to the acquisition, development, or permanent financing of Zone B 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 Zone B 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 adversely affect the completion of development of Zone B Improvement Area #1, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

- (viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Zone B 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 Zone B 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 Significant Homebuilder, regardless of if such Reporting Party is providing Quarterly Information on behalf of any other Significant Homebuilder.

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 Zone B Improvement Area #1 Projects or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Zone B Improvement Area #1 Project or Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the 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. Additionally, for the avoidance of doubt, the Developer shall require that any Person comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity meeting the definition of a "Developer" in the future.

#### SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in Zone B Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party's disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit E (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Section 4(c) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder's delivery of written acknowledgement of assumption of the Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

#### SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer or any Significant Homebuilder under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer or such Significant Homebuilder, including their respective

affiliates and/or successors and assigns, no longer owns 41 or more single family residential lots within Zone B 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 or such Significant Homebuilder, 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 41 or more single family residential lots within Zone B 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, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof, or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof 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 of the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof, or any

Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.

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 the Developer or any Significant Homebuilder, 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 the Developer or any Significant Homebuilder 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 the Developer or Significant Homebuilder 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, the Developer or the Significant Homebuilder, as applicable, 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 hereunder.

SECTION 12. Default. In the event of a failure of the Developer, any Significant Homebuilder, 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 Developer, Significant Homebuilder, 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 the Developer, Significant Homebuilder, 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 the Developer or any Significant Homebuilder, as applicable, 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 the Developer, any Significant Homebuilder, or the Administrator. Additionally, a default by the Developer of its obligations under this Disclosure Agreement shall not be deemed a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement; and, likewise, a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement shall not be deemed a default of the Developer of the Developer's obligations 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 losses, expenses, 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 losses,

expenses, 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 the Developer, any Significant Homebuilder, 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 Developer, any Significant Homebuilder, 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 reason 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 Developer, 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 Zone B 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 Zone B 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 Reporting Parties, the Administrator, the Dissemination Agent 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 read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer:	MM Bryson Ranch, LLC
	Attn: Mehrdad Moayed
	1800 Valley View Lane, Suite 300
	Farmers Branch, Texas 75234
	Email: mehrdad@centurionamerican.com

With a copy to: Boghetich Law, PLLC  
Attn: Travis Boghetich  
1800 Valley View Lane, Suite 360  
Farmers Branch, Texas 75234  
Email: travis@txreallaw.com

If to the Dissemination Agent: HTS Continuing Disclosure Services  
Attn: Tanya Calvit  
717 N. Harwood Street, Suite 3400  
Dallas, Texas 75201  
Email: Tanya.calvit@hilltopsecurities.com

If to Administrator: P3Works, LLC  
9284 Huntington Square, Ste 100  
North Richland Hills, Texas 76182  
Email: admin@p3-works.com

If to the Issuer: City of Pilot Point  
Attn: City Manager  
102 East Main Street  
Pilot Point, Texas 76258  
Email: blusk@cityofpilotpoint.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.*

HTS Continuing Disclosure Services, a division of  
Hilltop Securities Inc.,  
Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

DEVELOPER:

MM BRYSON RANCH, LLC,  
a Texas limited liability company  
(as Developer)

By: MMM Ventures, LLC  
a Texas limited liability company  
Its Manager

By: 2M Ventures, LLC  
a Delaware limited liability company  
Its Manager

By: \_\_\_\_\_  
Name: Mehrdad Moayed  
Its: Manager

P3Works, LLC,  
Administrator

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**EXHIBIT A**

**CITY OF PILOT POINT, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT  
ZONE B 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: HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.  
Address:  
City:  
Telephone:  
Contact Person: Attn:

**I. Expenditures Paid from Accounts under Indenture**

1. TOTAL BUDGETED COSTS REQUIRED TO COMPLETE ZONE B IMPROVEMENT AREA #1 PROJECTS: \$ \_\_\_\_\_
2. Of the budgeted costs for Zone B Improvement Area #1 Projects shown in the Service and Assessment Plan:
  - a. Actual costs drawn from the Improvement Area Improvement Account<sup>1</sup>:  
\$ \_\_\_\_\_
  - b. Actual costs drawn from the Major Improvement Account: \$ \_\_\_\_\_<sup>2</sup>
  - c. Actual costs drawn from the Developer Improvement Account: \$ \_\_\_\_\_<sup>3</sup>

**II. Status of Zone B Improvement Area #1 Projects**

Projected/actual completion date of the Zone B Improvement Area #1 Projects

1. [Actual/Expected] date of completion of the Zone B Improvement Area #1 Projects:  
[\_\_\_\_\_]

---

<sup>1</sup> Improvement Area Improvement Account means the account titled Zone B Improvement Area #1 Projects Account held under the Project Fund in the Indenture.

<sup>2</sup> Not applicable.

<sup>3</sup> Not applicable.



2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: \_\_\_\_\_]

### **III. Unit Mix in Zone B Improvement Area #1**

<b><u>Product Type</u></b>	<b><u>Number of Units</u></b>
Single Family _____	
Single Family _____	

### **IV. Lot Status in Zone B Improvement Area #1**

Of the 407 lots in Zone B Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 407
2. Planned lots as of the date of this Quarterly Report: \_\_\_\_\_
3. Lots developed: \_\_\_\_\_
4. Lots platted: \_\_\_\_\_
5. Expected completion date of all lots in Zone B Improvement Area #1 (if incomplete):  
\_\_\_\_\_

### **V. Ownership of Lots/Units in Zone B Improvement Area #1**

PLANNED LOTS IN ZONE B IMPROVEMENT AREA #1: 407

Of the 407 lots in Zone B Improvement Area #1:

1. Number of lots owned by the Developer: \_\_\_\_\_
2. Number of lots under contract but not closed to Homebuilder(s): \_\_\_\_\_
3. Number of lots owned by all Homebuilder(s): \_\_\_\_\_<sup>4</sup>
  - a. Number of lots owned by [*insert name of Homebuilder*]: \_\_\_\_\_<sup>5</sup>
  - b. Number of lots owned by [*insert name of Homebuilder*]: \_\_\_\_\_
4. Number of units owned by homeowners: \_\_\_\_\_

### **VI. Home Sales Information in Zone B Improvement Area #1**

PLANNED HOMES IN ZONE B IMPROVEMENT AREA #1: 407

Of the 407 homes planned for Zone B 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>5</sup>
  - b. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: \_\_\_\_\_<sup>5</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.

2. How many total homes have closed with homebuyers **during the current quarter?**

a. Number of homes closed with homebuyers during the current quarter for  
[insert name of Homebuilder]: \_\_\_\_\_<sup>5</sup>

b. Number of homes closed with homebuyers during the current quarter for  
[insert name of Homebuilder]: \_\_\_\_\_<sup>6</sup>

3. How many total homes have closed with homebuyers **cumulatively?** \_\_\_\_\_

a. Number of homes closed with homebuyers cumulatively for [insert name of  
Homebuilder]: \_\_\_\_\_<sup>6</sup>

b. Number of homes closed with homebuyers cumulatively for [insert name of  
Homebuilder]: \_\_\_\_\_<sup>6</sup>

### **VII. Amenities**

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES<sup>7</sup>: \$[\_\_\_\_\_]

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

<sup>6</sup> Include a line item for each individual Homebuilder.

<sup>7</sup> Amenities shall mean shall mean hike and bike trails, open space improvements, pocket parks in Zone B Improvement Area #1 and the initial amenity center to be constructed in the District.

developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?

5. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.
6. **Other** – Provide any other material information that should be disclosed.

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO  
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Pilot Point, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch  
Public Improvement District Zone B 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] for the period ending on [*Insert Quarterly Ending Date*]  
with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer  
related to such Bonds, by and among MM Bryson Ranch, LLC, a Texas limited liability company  
(the “Developer”), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a  
division of Hilltop Securities Inc., as Dissemination Agent. The [Developer][Homebuilder]  
anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by  
\_\_\_\_\_.

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

HTS Continuing Disclosure Services, a division of  
Hilltop Securities Inc.,  
on behalf of the Developer,  
as Dissemination Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Pilot Point, Texas

<sup>8</sup> If applicable, replace with applicable successor(s)/assign(s).

## EXHIBIT C

### TERMINATION NOTICE

[DATE]

Name of Issuer: City of Pilot Point, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B 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

HTS Continuing Disclosure Services, a division of  
Hilltop Securities Inc.  
\_\_\_\_\_  
\_\_\_\_\_

City of Pilot Point, Texas  
373 Main Street  
Howe, Texas 75459

MM Bryson Ranch, LLC  
1800 Valley View Lane, Suite 300  
Farmers Branch, Texas 75234

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that \_\_\_\_\_, a \_\_\_\_\_ (the [“Developer”] [“Significant Homebuilder”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer related to such Bonds, by and among MM Bryson Ranch, LLC, a Texas limited liability company (the “Developer”), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent.

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

P3Works, LLC  
on behalf of the [Developer] [Significant  
Homebuilder],  
as Administrator)

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

## EXHIBIT D

### CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Pilot Point, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch  
Public Improvement District Zone B Improvement Area #1 Project)  
CUSIP Numbers: [insert CUSIP Numbers]  
Quarterly Ending Date: \_\_\_\_\_, 20\_\_

Re: Quarterly Report for Bryson Ranch Public Improvement District – Zone B Improvement Area  
#1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among MM Bryson Ranch, LLC, a Texas limited liability company<sup>1</sup> (the “Developer”), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent, this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][\_\_\_\_\_, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [*Insert Quarterly Ending Date*], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

MM BRYSON RANCH, LLC,  
a Texas limited liability company  
(as Developer)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[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: Bryson Ranch Public Improvement District – Zone B 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 Zone B Improvement Area #1 Projects or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within Zone B Improvement Area #1 of the Bryson Ranch Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among MM Bryson Ranch, LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the “Dissemination Agent”), with respect to the “City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Zone B Improvement Area #1 Projects or Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

MM BRYSON RANCH, LLC,  
a Texas limited liability company  
(as Developer)

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: Bryson Ranch Public Improvement District – Zone B Improvement Area #1 –  
Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

As of \_\_\_\_\_, 20\_\_\_\_, you own \_\_\_\_\_ lots within Zone B Improvement Area #1 of Bryson Ranch Public Improvement District (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the “Disclosure Agreement of Developer”) by and among MM Bryson Ranch, LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the “Dissemination Agent”), with respect to the “City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project),” any entity that owns 41 or more of the single family residential lots within Zone B 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(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

MM BRYSON RANCH, LLC,  
a Texas limited liability company  
(as Developer)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by:

**[INSERT ASSIGNEE NAME]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

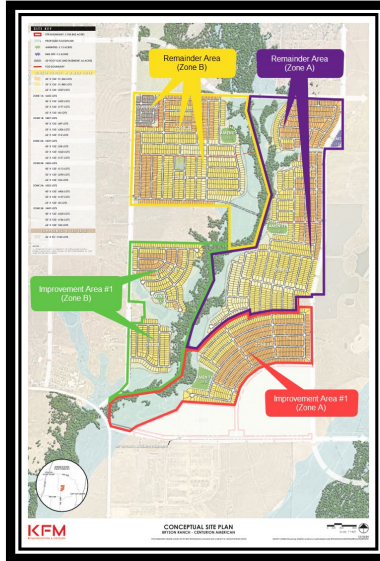


**APPENDIX E**  
**APPRAISAL**

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# APPRAISAL REPORT

PROJECT # A24-1014-13



**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT  
183.824-AC CONTAINING 650 PROSPECTIVE RESIDENTIAL LOTS IN IMPROVEMENT  
AREA #1 (ZONE A), 165.082-AC CONTAINING 407 PROSPECTIVE RESIDENTIAL LOTS IN  
IMPROVEMENT AREA #1 (ZONE B), 1,092 RESIDENTIAL PAPER LOTS IN THE  
REMAINDER AREA (ZONE A) ON APPROXIMATELY 324.109-AC, AND 1,024  
RESIDENTIAL PAPER LOTS IN THE REMAINDER AREA (ZONE B) ON  
APPROXIMATELY 251.830-AC  
PILOT POINT, TX 76258**

**FOR:**

**FMSBONDS, INC.  
5 COWBOYS WAY, SUITE 300-25  
FRISCO, TEXAS 75034**

**EFFECTIVE DATE OF APPRAISAL:**

**SEPTEMBER 1, 2026 (DATE OF SUBSTANTIAL COMPLETION) FOR 650 RESIDENTIAL LOTS  
IN IA #1 ZONE A, 407 RESIDENTIAL LOTS IN IA #1 ZONE B, 1,092 RESIDENTIAL PAPER  
LOTS IN RA ZONE A, AND 1,024 RESIDENTIAL PAPER LOTS IN RA ZONE B**

**PREPARED BY:**

**JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,  
LESLIE TOLLIVER, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,  
BROOKE CLOCK, LICENSED RESIDENTIAL REAL ESTATE APPRAISER, AND  
BRANDON LAWSON, APPRAISER TRAINEE**

**OF:**

**PEYCO SOUTHWEST REALTY, INC.  
1703 NORTH PEYCO DRIVE  
ARLINGTON, TEXAS 76001**

*Bryson Ranch Public Improvement District*

March 18, 2025

**Mr. R.R “Tripp” Davenport, III**

Director

FMSbonds, Inc.

5 Cowboys Way, Suite 300-25

Frisco, Texas 75034

tdavenport@fmsbonds.com

SUBJECT: Prospective Market Value “Upon Completion” Appraisal  
Bryson Ranch Public Improvement District, Improvement Area #1 (Zone A and B) and Remainder  
Area (Zone A and B)  
Pilot Point, Denton County, Texas

Mr. Davenport,

At your request, we have inspected and appraised the above-referenced property. The purpose of the appraisal is to develop an opinion of prospective market value of the Fee Simple interest of 183.824 acres containing 650 residential lots located in Improvement Area #1 (Zone A) and 165.082 acres containing 407 residential lots located in Improvement Area #1 (Zone B) of the Bryson Ranch Public Improvement District (referred to as Bryson Ranch PID) along with the prospective market value of 1,092 residential paper lots in the Remainder Area (Zone A) on 324.109 acres and 1,024 residential paper lots in the Remainder Area (Zone B) on 251.830-acres. Bryson Ranch PID has a total of 924.805-acres consisting of the following:

- Prospective Market Value “Upon Completion” as of **September 1, 2026 of 650 detached residential improved lots in Improvement Area #1 Zone A on approximately 183.824 acres. The improved lots are as follows:**
  - 459 lots with 40-foot frontages, and
  - 191 lots with 50-front footages
- Prospective Market Value “Upon Completion” as of **September 1, 2026 of 407 detached residential improved lots in Improvement Area #1 Zone B on approximately 165.082 acres. The improved lots are as follows:**
  - 89 lots with 40-foot frontages,
  - 306 lots with 50-front footages, and
  - 12 lots with 60-front footages
- Prospective Market Value “Upon Completion” as of **September 1, 2026 for a combined total of 1,092 detached residential paper lots\* of various sizes on approximately 324.109 acres within the Remainder Area Zone A.**
- Prospective Market Value “Upon Completion” as of **September 1, 2026 for a combined total of 1,024 detached residential paper lots\* of various sizes on approximately 251.830 acres within the Remainder Area Zone B.**

*\*Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

## *Bryson Ranch Public Improvement District*

The clients for the assignment are FMSbonds, Inc. and the City of Pilot Point. The intended use is underwriting of a proposed Public Improvement District bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City of Pilot Point, nor is it the basis of a determination of the benefit of any constructed or installed public improvements will have on properties within the Bryson Ranch PID.

At Substantial Completion, which is forecast for September 1, 2026, the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots within the Bryson Ranch PID. A Public Improvement District containing the property within Bryson Ranch PID, which comprises 924.805 acres is governed by a Development Agreement between the City of Pilot Point and Centurion American Acquisitions, LLC (as assigned to MM Bryson Ranch, LLC) which the Development Agreement allows mixed-use development consisting of single-family uses at the subject property, and commercial and multifamily uses on the property adjacent to the Bryson Ranch PID. The focus of this report is on the single-family lots, and the residential paper lots. Each of the lots are located in Pilot Point ISD.

Per the developer (MM Bryson Ranch LLC), Bryson Ranch PID is comprised of a total of approximately 924.805 contiguous acres of land with a final estimated build-out of 459 detached single-family residential 40-FF lots and 191 detached single-family residential 50-FF lots, totaling 650 improved residential lots on 183.824-AC within Improvement Area #1 (Zone A), along with 89 detached single-family residential 40-FF lots, 306 detached single-family residential 50-FF lots, and 12 detached single-family residential 60-FF lots, totaling 407 improved residential lots on 165.082-AC within Improvement Area #1 (Zone B), the Bryson Ranch PID will also have 1,092 entitled paper lots in Remainder Area (Zone A) on 324.109-AC and 1,024 entitled paper lots in Remainder Area (Zone B) on 251.830-AC, located in Pilot Point, Denton County, Texas. The subject property of this assignment - Bryson Ranch PID - will be developed in three phases each located in two different zones, Zone A and Zone B.

Within Zone A and Zone B, each of the 40-FF lot types will have a minimum of 4,600-SF, each of the 50-FF lot types will have a minimum of 6,000-SF, and each of the 60-FF lot types will have a minimum of 7,200-SF. The minimum lot depth of the 40-FF lots of the subject property will be 115' in depth and the minimum lots depths of the 50-FF and 60-FF lots of the subject property will be 120' in depth. The three lot types may have different market values with identical characteristics; however, the homebuilders and developer reflect different market values in their purchase contracts as such: \$72,000 for the 40' lots, \$90,000 for the 50' lots, and \$108,000 for the 60' lots. We have considered any difference in market value based on lot depth is negligible, and other attributes, such as the overall situs of the Bryson Ranch PID, are more important to the market value consideration of a single lot.

*Bryson Ranch Public Improvement District*

Within the Remainder Area (RA) Zone A, the subject property contains approximately 324.109-acres and is projected to contain approximately 1,092 residential paper lots of various sizes. Within the RA Zone B, the subject property contains approximately 251.830-acres and is projected to contain approximately 1,024 residential paper lots of various sizes. The development will be in three phases. The breakdown of the subject property improved lots are as follows:

Bryson Ranch PID					
<i>Lot Type</i>	<i>IA #1 (Zone A)</i>	<i>IA #1 (Zone B)</i>	<i>Remainder Area Paper Lots (Zone A)</i>	<i>Remainder Area Paper Lots (Zone B)</i>	<i>Total</i>
Townhome Lots	0	0	0	120	120
40-FF	459	89	464	332	1,344
50-FF	191	306	507	476	1,480
60-FF	0	12	121	96	229
<b>Total IA #1 (Zone A/B)</b>	<b>650</b>	<b>407</b>			
<b>Total Remainder Area Paper Lots (Zone A/B)</b>			<b>1092</b>	<b>1,024</b>	<b>2,116</b>
<b>Total Lots at Bryson Ranch PID</b>					<b>3,173</b>

The focus of our appraisal of the Bryson Ranch PID is for Improvement Area #1 (Zone A and B) and the Remainder Area Paper Lots (Zone A and B) which is shown below:

Bryson Ranch PID						
<b>Area Type</b>	<b>Size (Acres)</b>	<b>Townhome Lots</b>	<b>40' Lot Type</b>	<b>50' Lot Type</b>	<b>60' Lot Type</b>	<b>Total Lots Appraised</b>
<i>IA #1 (Zone B)</i>	<i>183.824</i>	<i>0</i>	<i>459</i>	<i>191</i>	<i>0</i>	<i>650</i>
<i>IA #1 (Zone A)</i>	<i>165.082</i>	<i>0</i>	<i>89</i>	<i>306</i>	<i>12</i>	<i>407</i>
<b>Remainder Area Paper Lots (Zone A)</b>	<b>324.109</b>	0	464	507	121	<b>1,092</b>
<b>Remainder Area Paper Lots (Zone B)</b>	<b>251.830</b>	120	332	476	96	<b>1,024</b>

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary Assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by the engineering plans published by KFM Engineering & Design as of September 12, 2024 for 650 improved residential lots in IA #1 Zone A, 407 improved lots in IA #1 Zone B, 1,092 residential paper lots in RA Zone A, and 1,024 residential paper lots in in RA Zone B, all of which is within Bryson Ranch PID.
- All information relative to the property located within Bryson Ranch PID including land areas, lot totals, lot sizes, and other pertinent data that was provided by MM Bryson Ranch LLC (Owner/Developer), KFM Engineering & Design (Professional Engineers and Surveyor), the City of Pilot Point, Denton County, and the Denton Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected completion date of September 1, 2026; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these Extraordinary Assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A Hypothetical Condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

- According to FEMA Flood Map 48121C0280G and 48121C0260G, each effective April 18, 2011, the subject property lies within two flood designations: Zone X and Zone AE. Zone X is an area determined to be outside the 0.2% annual chance of floodplain. Zone AE is an area subject to inundation by a 1% annual chance of flood. The area designated at risk of flood hazard runs through the center of the subject property. The owner of the subject property, MM Bryson Ranch, LLC, is expected to remedy the floodplain issue on the subject property and will attain a Letters of Map Revision (LOMR), which will need to be sent to FEMA for approval of changes in order to make the subject property fully developable as proposed. **Thus, this appraisal report has the Hypothetical Condition that the subject will be constructed as proposed based off the utilization of a Letters of Map Revision (LOMR) to ensure the construction process is completed in accordance with FEMA's suggestions and as a result, the completed construction will not be impacted by being located in a flood zone.**

*Bryson Ranch Public Improvement District*

This appraisal report is intended to conform with the 2024-2025 Uniform Standards of Professional Appraisal Practice (USPAP) and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our final value conclusion as of the Expected Completion Date are as follows:

FINAL MARKET VALUE CONCLUSION BRYSON RANCH PID			
	<i>Cost</i>	<i>Sales</i>	<i>Income (Subdivision)</i>
<i>Fee Simple Interest, Complete September 1, 2026</i>			
<i>Improvement Area #1 (Zone A)</i>	N/A	N/A	\$54,092,000
<i>650 Improved Lots</i>			(83,200/Lot Rounded)
<i>Fee Simple Interest, Complete September 1, 2026</i>			
<i>Improvement Area #1 (Zone B)</i>	N/A	N/A	\$37,725,000
<i>407 Improved Lots</i>			(93,000/Lot Rounded)
<i>Fee Simple Interest, Complete September 1, 2026</i>			
<i>Remainder Area (Zone A)</i>	\$41,110,000	N/A	N/A
<i>1,092 Residential Paper Lots</i>	(\$36,700/Lot Rounded)		
<i>Fee Simple Interest, Complete September 1, 2026</i>			
<i>Remainder Area (Zone B)</i>	\$34,950,000	N/A	N/A
<i>1,024 Residential Paper Lots</i>	(\$34,100/Lot Rounded)		

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty



James L. Maibach, C.P.M.  
TX-1323658  
State Certified General Real Estate Appraiser



Leslie Tolliver  
TX-1381494  
State Certified General Real Estate Appraiser  
Associate Member, Appraisal Institute



Brooke Clock  
TX-1350743  
State Licensed Residential Appraiser



Brandon Lawson  
TX-1343865  
Appraiser Trainee  
Associate Member, Appraisal Institute



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## EXECUTIVE SUMMARY

<b>Property Name</b>	<b>Bryson Ranch PID; Improvement Area #1 and Remainder Area</b>
Property Type	Master-Planned Community
Location	North side of Mobberly Road, West side of Hames Road, East side of Lights Ranch Road, South side of Shearer Road
City, County, State, Zip	Pilot Point, Denton County, TX 76258
Legal Descriptions (Denton CAD)	Multiple Legal Descriptions
Owner of Record	MM Bryson Ranch LLC & MM Bryson Ranch LP
Census Tract	0201.29
Tax ID's – Denton Central Appraisal District	Multiple Tax ID's
Total Land Area	924.845-AC - Total Land Area (Per Engineer)
Total Lots	459 40-FF Width Lots in Improvement Area #1 (Zone A) 191 50-FF Width Lots in Improvement Area #1 (Zone A) 89 40-FF Width Lots in Improvement Area #1 (Zone B) 306 50-FF Width Lots in Improvement Area #1 (Zone B) 12 60-FF Width Lots in Improvement Area #1 (Zone B) 1,092 Paper Lots of various sizes on ~324.109 Acres in Remainder Area (Zone A) 1,024 Paper Lots of various sizes on ~251.830 Acres in Remainder Area (Zone B)
Topography	Gently Sloping
FEMA Flood Zones	Unshaded Zone X (outside the floodplain) and Zone A (within 100-year floodplain)
FEMA Panel	48121C0280G and 48121C0260G
FEMA Map Date	4/18/2011
Utilities	
Water	Mustang Special Utility District
Sewer	Mustang Special Utility District
Electric	Co-Serv
Natural Gas	Atmos
Zoning	Planned Development (PD)
Future Land Use	Single-Family Residential Subdivision
Highest & Best Use	Single-Family Residential Subdivision
Final Value Conclusion	<b>\$54,092,000 (\$83,200/Lot Rounded) Effective Date of September 1, 2026, for 650 Improved Residential Lots in Improvement Area #1 (Zone A) on ~183.824 Acres</b> <b>\$37,725,000 (\$93,000/Lot Rounded) Effective Date of September 1, 2026, for 407 Improved Residential Lots in Improvement Area #1 (Zone B) on ~165.082 Acres</b> <b>\$40,110,000 (\$36,700/Lot Rounded) Effective Date of September 1, 2026, for 1,092 Improved Residential Paper Lots on ~324.109 Acres in Remainder Area (Zone A)</b> <b>\$34,950,000 (\$34,100/Lot Rounded) Effective Date of September 1, 2026, for 1,024 Improved Residential Paper Lots on ~251.830 Acres in Remainder Area (Zone B)</b>
Exposure Period	6-12 Months
Marketing Period	6-12 Months
Date of Inspection	November 1, 2024
Dates of Valuation	September 1, 2026 for Improvement Area #1 Zone A and Zone B September 1, 2026 for Remainder Area Zone A and Zone B
Report Date	March 18, 2025

**CERTIFICATION**

We certify that, to the best of our knowledge and belief that:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- (3) We have no present or prospective interest in the property that is the subject of this analysis, and we have no personal interest with respect to the parties involved.
- (4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Our compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
- (6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- (7) James L. Maibach and Brandon Lawson have inspected the subject property. Leslie Tolliver and Brooke Clock have not physically viewed the subject property. The values herein were developed and reported by James L. Maibach, Leslie Tolliver, Brooke Clock, and Brandon Lawson.
- (8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.
- (9) None of the signatories have previously performed services as an appraiser or in any other capacity, other than that specifically stated, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.
- (10) James L. Maibach and Brooke Clock are not members of the Appraisal Institute. Leslie Tolliver and Brandon Lawson are Associate Members of the Appraisal Institute. As of the date of this report, Leslie Tolliver and Brandon Lawson have completed the Standards and Ethics Education Requirements for Associate Members of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



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James L. Maibach, C.P.M.  
TX-1323658  
State Certified General Real Estate Appraiser



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Leslie Tolliver  
TX-1381494  
State Certified General Real Estate Appraiser  
Associate Member, Appraisal Institute



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Brooke Clock  
TX-1350743  
State Licensed Residential Appraiser



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Brandon Lawson  
TX-1343865  
Appraiser Trainee  
Associate Member, Appraisal Institute

## SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an assignment.” Under the Scope of Work Rule, the appraiser must:

- Identify the problem to be solved;
- Determine and perform the scope of work necessary to develop credible assignment results; and
- Disclose the scope of work in the report.

### The problems to be solved are:

- Determine the *Prospective Market Value* with a Substantial Completion Date of September 1, 2026 for the Fee Simple interest of 650 improved single-family residential lots in Improvement Area #1 (Zone A) of Bryson Ranch PID as proposed.
  - 459 lots with 40-FF
  - 191 lots with 50-FF
- Determine the *Prospective Market Value* with a Substantial Completion Date of September 1, 2026 for the Fee Simple interest of 407 improved single-family residential lots in Improvement Area #1 (Zone B) of Bryson Ranch PID as proposed.
  - 89 lots with 40-FF
  - 306 lots with 50-FF
  - 12 lots with 60-F
- Determine the Prospective Market Value “Upon Completion” for the Fee Simple interest of 1,092 residential paper lots\* with 324.109-acres within the Remainder Area (Zone A) with an expected Substantial Completion Date of September 1, 2026.
- Determine the Prospective Market Value “Upon Completion” for the Fee Simple interest of 1,024 residential paper lots\* with 251.830-acres within the Remainder Area (Zone B) with an expected Substantial Completion Date of September 1, 2026.

*\*Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

The definition of market value<sup>1</sup> utilized herein is as follows:

**Market Value** is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;

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<sup>1</sup> The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

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.<sup>2</sup>

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after consideration and appropriate application and analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property.

### **Property Identification**

The property has been identified using the following sources:

- Public records – Denton Central Appraisal District (DCAD)
- Legal descriptions
- Deed Records – Denton County
- Bryson Ranch PID Development Plan by KFM Engineering & Design, Professional Engineers

### **Type and Extent of Data Researched**

The following information was reviewed in preparing this report:

- Public record data
- Flood plain maps
- Topographic maps
- Demographics – CoStar, ESRI, and US Census Bureau
- Market Conditions Data – S&P Case Schiller, CoreLogic, NTREIS, JLL, CBRE, Integra, CoStar, etc.
- Information provided by the client
- Development Agreement between Centurion American Acquisitions, LLC and the City of Pilot Point
- Development Plan by KFM Engineering & Design, L.P., Professional Engineers
- Estimated development costs provided by KFM Engineering & Design, the Professional Engineers
- Executed Contract between the seller, MM Bryson Ranch, LLC, and Ashton Dallas Residential, LLC, the Buyer.
- Executed Contract between the seller, MM Bryson Ranch, LLC, and Beazer Homes Texas, LP, the Buyer.
- Executed Contract between the seller, MM Bryson Ranch, LLC, and DRHI, Inc., the Buyer.
- Executed Contract between the seller, MM Bryson Ranch, LLC, and First Texas Homes, Inc., the Buyer.
- Executed Contract between the seller, MM Bryson Ranch, LLC, and M/I Homes of DFW, LLC, the Buyer.
- Conversations with developers and homebuilders in DFW market

### **Valuation Methodology**

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. A summary of each portion of the subject property that requires valuation is shown below:

- 650 Improved Single-Family Residential Lots (40-FF and 50-FF) in Improvement Area #1 (Zone A)
- 407 Improved Single-Family Residential Lots (40-FF, 50-FF, and 60-FF) in Improvement Area #1 (Zone B)
- 324.109-Acres with 1,092 Paper Lots for future single-family residential use in the Remainder Area (Zone A)
- 251.830-Acres with 1,024 Paper Lots for future single-family residential use in the Remainder Area (Zone B)

### **Improved Detached Single-Family Residential Lots in Improvement Area #1 (650 Improved Residential Lots in IA #1 Zone A and 407 in IA #1 Zone B)**

#### ***Cost Approach***

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. The subject property is being developed in three phases and there are no major improvements in place, *the Cost Approach is not the most appropriate and thus was not utilized* for the 650 Improved Residential Lots in Improvement Area #1 Zone A and 407 Improved Residential Lots in Improvement Area #1 Zone B.

#### ***Income (Subdivision Development) Approach***

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 650 improved residential lots in IA #1 Zone A

and 407 improved residential lots in IA #1 Zone B, as of the date of Substantial Completion (Effective Date), *the Income (Subdivision Development) Approach is appropriate and was developed.*

### ***Sales Comparison Approach***

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Use of the approaches for the valuation of the improved lots in Improvement Area #1 Zone A and Improvement Area #1 Zone B of the Bryson Ranch PID is summarized as follows:

<b><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Not Appropriate in Improvement Area #1 (Zone A and B) Portion of the Subject Property Since the Subject Property will be Developed in Three Phases</i>	<i>Not Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 40-FF, 50-FF, and 60- FF Lots</i>	<i>Partially Utilized</i>

### **Remainder Area - 1,092 Residential Paper Lots\* on 324.109 Acres in RA Zone A and 1,024 Residential Paper Lots\* on 251.830 Acres in RA Zone B.**

*\*Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

### ***Cost Approach***

The Cost Approach is the most appropriate method of valuing paper residential lots. We concluded the paper lot value by conducting the following steps:

1. Estimate the value of the underlying land (Sales Comparison Approach used here)
2. Gather hard and soft costs associated to develop the raw ground to paper lot status which includes engineering, zoning costs, and any infrastructure to the site
3. Apply appropriate entrepreneurial incentive that a developer would expect to undertake the project
4. Subtract any depreciation from the project
5. Add in the value of the underlying land

### ***Income Approach***

Since paper lots are not yet improved to a state where they are available for sale to builders or other end users, the Income Approach is not applicable for the Remainder Area and was not developed.

**Sales Comparison Approach**

Sales of paper lots are relatively infrequent in the market. Our due diligence could not uncover sufficient reliable sales to develop the Sales Comparison Approach for the paper lots, so we did not develop this approach for the residential paper lots in the Remainder Area. Aspects of the Sales Comparison Approach were utilized to determine the market value of the vacant land prior to any development.

Use of the approaches for the valuation of the 1,092 residential paper lots on 324.109 acres in the Remainder Area Zone A and 1,024 residential paper lots on 251.830 acres in the Remainder Area Zone B of the Bryson Ranch PID is summarized as follows:

<b><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Appropriate Since the Paper Lots will be Improved from an Undeveloped State</i>	<i>Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Not Appropriate Since the Land is Not Utilized to Generate Income and Land is Not Yet Developed</i>	<i>Not Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Cost Approach to Determine the Value of the Land Prior to Development</i>	<i>Partially Utilized</i>

**COMPETENCY OF THE APPRAISER**

James L. Maibach, C.P.M. is a State Certified General Real Estate Appraiser according to the Texas Appraiser Licensing and Certification Board and has appraised numerous properties similar to the subject since 1993. The appraiser also manages, through his commercial real estate management company, approximately 2.25 million SF of which 70% is industrial warehouse, 20% is Class B and C office and 10% in retail product in Tarrant, Dallas, and Johnson counties. Mr. Maibach has been personally involved in over 135 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Leslie Tolliver is a State Certified General Real Estate Appraiser who has assisted in the analysis and appraisal of numerous properties similar to the subject. Brooke Clock is a Licensed Residential Appraiser and Brandon Lawson is an Appraiser Trainee and each have assisted in numerous properties similar to the subject property. Attention is paid to the qualifications of each individual, which are presented in the Addenda of this report.

Peyco Southwest Realty is a full-service professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, our firm has completed numerous valuation assignments involving similar properties. Mr. Maibach currently owns, represents, and manages multiple properties throughout the DFW Metroplex, mostly in Tarrant, Dallas, Johnson, and Ellis Counties. The subject is located in Pilot Point, Denton County, Texas.



## **INTENDED USE AND USERS**

The intended use of the appraisal is to estimate the prospective market value upon completion of the underwriting of a proposed Public Improvement District bond transaction. The client and intended users are the City of Pilot Point and FMSbonds, Inc. The appraisal is not intended for any other use or user. No party or parties other than the City of Pilot Point and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report; provided, however, it is acknowledged that this Appraisal will be used in a preliminary and final limited offering memorandum for the Public Improvement District bonds. The Client may, without Appraiser's prior authorization or notice to Appraiser, provide the Appraisal to other parties for their use in analysis-related activities, however, it does not make the recipient an intended user of this engagement.

## **DATE OF THE APPRAISAL REPORT**

The preparation of this Appraisal Report was completed on **March 18, 2025**. The initial draft of this appraisal report was completed on **November 13, 2024**.

## **EFFECTIVE DATE OF THE APPRAISAL**

The descriptions, analyses, and conclusions of this report for the designated Market Values of the subject property are applicable as of **September 1, 2026**, which is the expected date of Substantial Completion. James L. Maibach and Brandon Lawson inspected the subject property on **November 1, 2024**. Leslie Tolliver and Brooke Clock have not inspected the subject property.

## **ASSIGNMENT CONDITIONS**

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the "Assumptions and Limiting Conditions". There are no other material and specific hypothetical conditions or extraordinary assumptions other than those referenced in this report.

## **PROPERTY RIGHTS APPRAISED**

The property rights appraised in this assignment are the Fee Simple Estate in the subject property. A commitment for Title Insurance was not submitted to the appraisers and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

## **ASSETS APPRAISED**

The assets appraised in this appraisal assignment include land, any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value were included in the valuation process.

## **ENVIRONMENTAL CONDITIONS**

No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain the status of the property regarding asbestos and other hazardous materials.

## **HISTORY OF SUBJECT PROPERTY**

The subject property is currently owned by MM Bryson Ranch LLC. The subject property consists of twenty-three (23) separate parcels totaling 924.805-AC, which were deeded to MM Bryson Ranch LLC on June 21, 2024 from Bryson Ranch LP at a sales price of \$83,961,119 (~\$90,788/AC). The purchase price is within market rates at the time of purchase, and does not appear to be an arms-length transaction.

The subject property has no other transfers in the prior three years.

We are unaware of any other attempts to sell the subject property, as of the report date, except for the contracts for the improved lots between the developer and the homebuilders.

## **LEGAL DESCRIPTIONS**

The subject property includes twenty-three (23) tracts of land known as follows:

<b>TAXES (DENTON CAD - 2025)</b>		
<b>ID</b>	<b>Owner</b>	<b>Legal Description</b>
43223	MM Bryson Ranch LLC	A0949A MEP & PRR, TR 1, 103.5 ACRES, OLD DCAD TR 1
43226	MM Bryson Ranch LLC	A1388A A. WARREN, TR 1,3, 52.718 ACRES, OLD DCAD TR 1,2,2A,8
43240	MM Bryson Ranch LLC	A0095A A. BURTON, TR 5, 56.54 ACRES, OLD DCAD TR 1A
43243	MM Bryson Ranch LLC	A0095A A. BURTON, TR 1,2, 1.572 ACRES, OLD DCAD TR 3
43255	MM Bryson Ranch LLC	A0095A A. BURTON, TR 6, 4.0 ACRES, OLD DCAD TR 2
112270	MM Bryson Ranch LLC	A0021A AULDRIDGE, TR 6, 33.0 ACRES, OLD DCAD TR 2(3),2(4)
132846	MM Bryson Ranch LLC	A0095A A. BURTON, TR 3, 13.0 ACRES, OLD DCAD TR 1A(1)
155222	MM Bryson Ranch LLC	A0095A A. BURTON, TR 4, 16.0 ACRES, OLD DCAD TR 1A(2)
159235	MM Bryson Ranch LLC	A0944A MEP & PRR, TR 4, 61.7606 ACRES, OLD DCAD TR 2B
179611	MM Bryson Ranch LLC	A0095A A. BURTON, TR 6A,7, 59.5235 ACRES
43206	MM Bryson Ranch LLC	A1271A J. TENISON, TR 4, 100.0 ACRES, OLD DCAD TR 1
43211	MM Bryson Ranch LLC	A1271A J. TENISON, TR 3, 41.4718 ACRES, OLD DCAD TR 2
43212	MM Bryson Ranch LLC	A1271A J. TENISON, TR 1,2, 24.76 ACRES, OLD DCAD TR 2A,3
43380	MM Bryson Ranch LLC	A1504A MEP & PRR, TR 2, 88.117 ACRES, OLD DCAD TR 1
43382	MM Bryson Ranch LLC	A0021A AULDRIDGE, TR 1,1A, 79.0 ACRES, OLD DCAD TR 3
43385	MM Bryson Ranch LLC	A1504A MEP & PRR, TR 4, 63.4765 ACRES, OLD DCAD TR 4
43390	MM Bryson Ranch LLC	A1504A MEP & PRR, TR 6, 52.936 ACRES, OLD DCAD TR 5,8
78617	MM Bryson Ranch LLC	A1504A MEP & PRR, TR 7, 72.73 ACRES, OLD DCAD TR 6B,7
82085	MM Bryson Ranch LLC	A0316A W. CAMPBELL, TR 12, 11.238 ACRES, OLD DCAD TR 2
82878	MM Bryson Ranch LLC	A0021A AULDRIDGE, TR 2, 11.0 ACRES, OLD DCAD TR 2(2)
84435	MM Bryson Ranch LLC	A0021A AULDRIDGE, TR 3, 11.0 ACRES, OLD DCAD TR 2(1)
97949	MM Bryson Ranch LLC	A0021A AULDRIDGE, TR 4, 13.0 ACRES, OLD DCAD TR 5
97950	MM Bryson Ranch LLC	A0021A AULDRIDGE, TR 5, 13.0 ACRES, OLD DCAD TR 6

## **PENDING TRANSACTIONS TO BUILDERS**

The land within the development is owned and being developed by MM Bryson Ranch LLC, which is an affiliate of Centurion American Development Company. The subject property has five executed sales contracts. The first sales contract is between the Developer, MM Bryson Ranch, LLC, and Ashton Dallas Residential, LLC (Purchaser) dated March 20, 2024, and as amended to purchase a total of 324 fully developed single-family residential lots across three phases. Per the purchase contract, within phase 1, Ashton Dallas Residential, LLC is to purchase 22 of the 40-FF lots at \$72,000 each, 76 of the 50-FF lots at \$90,000 each, and 3 of the 60-FF lots at \$108,000 each. Within phase 2 Ashton Dallas Residential, LLC is to purchase 28 of the 40-FF lots at \$76,000

### *Bryson Ranch Public Improvement District*

each, 71 of the 50-FF lots at \$95,000 each, and 13 of the 60-FF lots at \$114,000 each. Within phase 3 Ashton Dallas Residential, LLC is to purchase 55 of the 40-FF lots at \$80,000 each, 46 of the 50-FF lots at \$100,000 each, and 10 of the 60-FF lots at \$120,000 each.

The second sales contract is between the Developer, MM Bryson Ranch, LLC, and Beazer Homes, Texas, LP (Purchaser) dated March 26, 2024, and as amended to purchase a total of 324 fully developed single-family residential lots across three phases. Per the purchase contract, within phase 1, Beazer Homes, Texas, LP is to purchase 22 of the 40-FF lots at \$72,000 each, 76 of the 50-FF lots at \$90,000 each, and 3 of the 60-FF lots at \$108,000 each. Within phase 2 Beazer Homes, Texas, LP is to purchase 28 of the 40-FF lots at \$76,000 each, 71 of the 50-FF lots at \$95,000 each, and 13 of the 60-FF lots at \$114,000 each. Within phase 3 Beazer Homes, Texas, LP is to purchase 55 of the 40-FF lots at \$80,000 each, 46 of the 50-FF lots at \$100,000 each, and 10 of the 60-FF lots at \$120,000 each.

The third sales contract is between the Developer, MM Bryson Ranch, LLC, and DRHI, Inc. (Purchaser) dated March 19, 2024, and as amended to purchase a total of 1,742 fully developed single-family residential lots across three phases. Per the purchase contract, DRHI, Inc. is to purchase 923 of the 40-FF lots at \$72,000 each, 698 of the 50-FF lots at \$90,000 each, and 121 of the 60-FF lots at \$108,000 each.

The fourth sales contract is between the Developer, MM Bryson Ranch, LLC, and First Texas Homes, Inc. (Purchaser) dated March 18, 2024, and as amended to purchase a total of 324 fully developed single-family residential lots across three phases. Per the purchase contract, within phase 1, First Texas Homes, Inc. is to purchase 22 of the 40-FF lots at \$72,500 each, 76 of the 50-FF lots at \$90,500 each, and 3 of the 60-FF lots at \$108,500 each. Within phase 2 First Texas Homes, Inc. is to purchase 28 of the 40-FF lots at \$76,500 each, 71 of the 50-FF lots at \$95,500 each, and 13 of the 60-FF lots at \$114,500 each. Within phase 3 First Texas Homes, Inc., is to purchase 55 of the 40-FF lots at \$80,500 each, 46 of the 50-FF lots at \$100,500 each, and 10 of the 60-FF lots at \$120,500 each.

The fifth sales contract is between the Developer, MM Bryson Ranch, LLC, and M/I Homes of DFW, LLC (Purchaser) dated March 18, 2024, and as amended to purchase a total of 324 fully developed single-family residential lots across three phases. Per the purchase contract, within phase 1, M/I Homes of DFW, LLC is to purchase 22 of the 40-FF lots at \$72,000 each, 76 of the 50-FF lots at \$90,000 each, and 3 of the 60-FF lots at \$108,000 each. Within phase 2 M/I Homes of DFW, LLC is to purchase 28 of the 40-FF lots at \$76,000 each, 71 of the 50-FF lots at \$95,000 each, and 13 of the 60-FF lots at \$114,000 each. Within phase 3 M/I Homes of DFW, LLC is to purchase 55 of the 40-FF lots at \$80,000 each, 46 of the 50-FF lots at \$100,000 each, and 10 of the 60-FF lots at \$120,000 each.

The chart below shows the breakdown of the subject's lots. The Substantial Completion Date for Improvement Area #1 (Zone A/B) is September 1, 2026, and the projected Substantial Completion Date for the Remainder Area (Zone A/B) is September 1, 2026:

*Bryson Ranch Public Improvement District*

Bryson Ranch PID					
Lot Type	IA #1 (Zone A)	IA #1 (Zone B)	Remainder Area Paper Lots (Zone A)	Remainder Area Paper Lots (Zone B)	Total
Townhome Lots	0	0	0	120	120
40-FF	459	89	464	332	1,344
50-FF	191	306	507	476	1,480
60-FF	0	12	121	96	229
<b>Total IA #1 (Zone A/B)</b>	<b>650</b>	<b>407</b>			
<b>Total Remainder Area Paper Lots (Zone A/B)</b>			<b>1092</b>	<b>1,024</b>	<b>2,116</b>
<b>Total Lots at Bryson Ranch PID</b>					<b>3,173</b>

*\*Note the focus of our appraisal report is to value the 650 improved lots in Improvement Area #1 Zone A, the 407 improved lots in Improvement Area #1 Zone B, the 1,092 paper lots on 324.109-acres in the Remainder Area Zone A, and 1,024 paper lots on 251.830 in the Remainder Area Zone B of the Bryson Ranch PID.*

According to the Takedown Schedule we were provided by the Developer, the quarterly takedown below are projected for the 650 improved residential lots within Improvement Area #1 Zone A of the Bryson Ranch PID.

Projected Quarterly Takedown Summary - Bryson Ranch PID IA #1 (Zone A)												
Lot Type	Sept-2026	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	Apr-2028	Jul-2028	Oct-2028	Jan-2029	TOTAL
40-FF	79	39	39	39	39	39	39	39	39	39	29	<b>459</b>
50-FF	33	17	17	17	17	17	17	17	17	17	5	<b>191</b>
<b>Total</b>	<b>112</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>34</b>	<b>650</b>

As seen in the previous table, sales are expected to begin in September 2026 for all lots sizes. The sellout date for each lot size is 1Q29.

According to the Takedown Schedule we were provided by the Developer, the quarterly takedown below are projected for the 407 improved residential lots within Improvement Area #1 Zone B of the Bryson Ranch PID.

Projected Quarterly Takedown Summary - Bryson Ranch PID IA #1 (Zone B)												
Lot Type	Sept-2026	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	Apr-2028	Jul-2028	Oct-2028	Jan-2029	TOTAL
40-FF	15	8	8	8	8	8	8	8	8	8	2	<b>89</b>
50-FF	53	26	26	26	26	26	26	26	26	26	19	<b>306</b>
60-FF	2	1	1	1	1	1	1	1	1	1	1	<b>12</b>
<b>Total</b>	<b>70</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>22</b>	<b>407</b>

As seen in the previous table, sales are expected to begin in September 2026 for all lots sizes. The sellout date for each lot size is 1Q29.

*Note: The appraisers were not provided with a takedown schedule, broken down by zone and lot type. Therefore, the appraiser used a percentage to calculate a takedown schedule. The 40-FF lots will take up approximately 52% of the lots in Improvement Area #1, the 50-FF will take up approximately 47% of the lots in Improvement Area #1, and the 60-FF will take up approximately 1% of the lots in Improvement Area #1, therefore, during the initial takedown, of the 182 lots are expected to be taken down, 94 of those lots would be 40-FF ( $182 \times 0.52 = 94$ ), 86 of those lots would be 50-FF ( $182 \times 0.47$ ), and 2 of those lots would be 60-FF ( $182 \times 0.01$ ).*

*To further breakdown by zone, Zone A comprises approximately 84% of 40-FF lot types and 38% of 50-FF types while Zone B comprises approximately 16% of 40-FF lot types, 62% of 50-FF types, and 100% of 60-FF lot types. therefore, during the initial takedown, Zone A will take down 79 40-FF lots ( $94 \times 0.84$ ) and 33 50-FF lots ( $86 \times$*

*Bryson Ranch Public Improvement District*

*0.38) while Zone B will takedown 15 40-FF lots (94 x 0.16), 53 50-FF lots (86 x 0.62), and 2 60-FF lots (2 x 1.00). The same process was utilized for the takedowns thereafter.*

There is not a projected takedown or absorption schedule for the Remainder Area as this area has not been devised and development within the Remainder Area has not yet commenced.

**Real Estate Taxes**  
*Denton Central Appraisal District*

Real estate tax assessments are administered by the Denton Central Appraisal District (DCAD) and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate.

Real estate taxes and assessments for the most recent tax year are shown in the following table which include taxes due in 2024 to the City of Pilot Point, Denton County, and Pilot Point ISD. The current combined tax rate for those entities is **1.859500 per \$100 assessed** as shown in the table below:

Property Taxes - 2025	
Entity	Rate
Denton County	0.189500
Pilot Point ISD	1.026300
City of Pilot Point	0.643700
<b>Total</b>	<b>1.859500</b>

The Bryson Ranch PID is twenty three contiguous tracts of land consisting of twenty three (23) tax parcels. The projected (2025) tax burden for the subject property – which is currently undeveloped land – was \$2,303.85, which is heavily reduced due to the Agricultural exemptions. A table of the assessed values and property taxes for the year (2024) of the subject property is shown below:

TAXES (DENTON CAD - 2025)							
ID	Owner	Size (AC)	Improvement Market Value	Land Market Value	Agricultural Market Value	Assessed Value	Estimated Taxes
43223	MM Bryson Ranch LLC	103.500	\$ -	\$ 3,465,540	\$ 3,461,607	\$ 3,933	\$ 73.13
43226	MM Bryson Ranch LLC	52.718	\$ -	\$ 2,159,633	\$ 2,157,788	\$ 1,845	\$ 34.31
43240	MM Bryson Ranch LLC	56.540	\$ -	\$ 1,894,870	\$ 1,892,891	\$ 1,979	\$ 36.80
43243	MM Bryson Ranch LLC	1.572	\$ -	\$ 64,399	\$ 64,344	\$ 55	\$ 1.02
43255	MM Bryson Ranch LLC	4.000	\$ -	\$ 134,055	\$ 133,915	\$ 140	\$ 2.60
112270	MM Bryson Ranch LLC	33.000	\$ -	\$ 1,105,955	\$ 1,104,800	\$ 1,155	\$ 21.48
132846	MM Bryson Ranch LLC	13.000	\$ -	\$ 435,679	\$ 435,224	\$ 455	\$ 8.46
155222	MM Bryson Ranch LLC	16.000	\$ -	\$ 536,221	\$ 535,661	\$ 560	\$ 10.41
159235	MM Bryson Ranch LLC	61.761	\$ -	\$ 2,069,832	\$ 2,067,670	\$ 2,162	\$ 40.20
179611	MM Bryson Ranch LLC	59.524	\$ 25,012	\$ 1,994,859	\$ 1,992,776	\$ 27,095	\$ 503.83
43206	MM Bryson Ranch LLC	100.000	\$ 5,119	\$ 3,351,380	\$ 3,347,880	\$ 8,619	\$ 160.27
43211	MM Bryson Ranch LLC	41.472	\$ -	\$ 1,389,978	\$ 1,388,526	\$ 1,452	\$ 27.00
43212	MM Bryson Ranch LLC	24.760	\$ -	\$ 829,801	\$ 828,934	\$ 867	\$ 16.12
43380	MM Bryson Ranch LLC	88.117	\$ 3,673	\$ 2,953,135	\$ 2,950,051	\$ 6,757	\$ 125.65
43382	MM Bryson Ranch LLC	79.000	\$ -	\$ 2,647,590	\$ 2,644,825	\$ 2,765	\$ 51.42
43385	MM Bryson Ranch LLC	63.477	\$ 37,690	\$ 2,127,338	\$ 2,125,116	\$ 39,912	\$ 742.16
43390	MM Bryson Ranch LLC	52.936	\$ -	\$ 1,774,087	\$ 1,772,234	\$ 1,853	\$ 34.46
78617	MM Bryson Ranch LLC	72.730	\$ 17,673	\$ 2,437,458	\$ 2,434,912	\$ 20,219	\$ 375.97
82085	MM Bryson Ranch LLC	11.238	\$ -	\$ 376,628	\$ 376,235	\$ 393	\$ 7.31
82878	MM Bryson Ranch LLC	11.000	\$ -	\$ 368,652	\$ 368,267	\$ 385	\$ 7.16
84435	MM Bryson Ranch LLC	11.000	\$ -	\$ 368,542	\$ 368,157	\$ 385	\$ 7.16
97949	MM Bryson Ranch LLC	13.000	\$ -	\$ 435,679	\$ 435,224	\$ 455	\$ 8.46
97950	MM Bryson Ranch LLC	13.000	\$ -	\$ 435,679	\$ 435,224	\$ 455	\$ 8.46
<b>Total Combined:</b>		<b>983.34</b>	<b>\$89,167</b>	<b>\$33,356,990</b>	<b>\$33,322,261</b>	<b>\$123,896</b>	<b>\$2,303.85</b>

*Bryson Ranch Public Improvement District*

The market value that Denton Central Appraisal District has determined \$33,446,157 **which is \$34,013/AC or \$0.78/SF** – which leads to a tax burden of **\$621,931.29**. The subject property is likely appraised for Denton CAD at below the true market value for ±983.34 acres of developable land. When the property is redeveloped into a residential use, there may be rollback taxes due to the municipal entities. We have not considered the effect of rollback taxes herein and that is beyond the scope of work of this report.

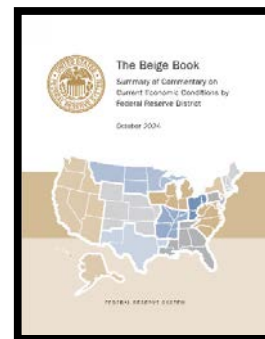
When Substantial Construction is complete on the improved lots, the appraised value is expected to increase significantly; however, based on our company's experience as licensed property tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by the appraisal district at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% of the retail value because the tax district does not have reliable information on updated costs and because developers are eligible for an inventory reduction on their lots.

## MARKET OVERVIEW

### ECONOMIC INDICATORS: BEIGE BOOK

#### **FEDERAL RESERVE BANK (October 23, 2024)**

Due to the subject's location in North Texas, coupled with integrated business economies, it is relevant to consider the national and regional economic indicators presented by the Federal Reserve Bank of Dallas in the Beige Book. Excerpts from the most recent Beige Book are presented below:



#### **Overall Economic Activity**

*On balance, economic activity has little changed in nearly all Districts since early September, though two Districts reported modest growth. Most Districts reported declining manufacturing activity. Activity in the banking sector was generally steady to go up slightly, and loan demand was mixed, with some Districts noting an improvement in the outlook due to the decline in interest rates. Reports on consumer spending were mixed, with some Districts noting shifts in the composition of purchases, mostly toward less expensive alternatives. Housing market activity has generally held up: inventory continued to expand in much of the nation, and home values largely held steady or rose slightly. Still, uncertainty about the path of mortgage rates kept some buyers on the sidelines, and the lack of affordable housing remained a persistent problem in many communities. Commercial real estate markets were generally flat, although data center and infrastructure projects boosted activity in a few Districts. The short-lived dockworkers strike caused only minor temporary disruptions. Hurricane damage impacted crops and prompted pauses in business activity and tourism in the Southeast. Agricultural activity was flat to down modestly, with some crop prices remaining unprofitably low. Energy activity was also unchanged or down modestly, and lower energy prices reportedly compressed producers' margins. Despite elevated uncertainty, contacts were somewhat more optimistic about the longer-term outlook.*

#### **Labor Markets**

*On balance, employment increased slightly during this reporting period, with more than half of the Districts reporting slight or modest growth and the remaining Districts reporting little or no change. Many Districts reported low worker turnover, and layoffs reportedly remained limited. Demand for workers eased somewhat, with hiring focused primarily on replacement rather than growth. Worker availability improved, as many contacts reported it had become easier to find the workers they need. However, contacts noted that it remained difficult to find workers with certain skills or in some industries, such as technology, manufacturing, and construction. Wages generally continued to rise at a modest to moderate pace. With the improvement in worker availability, contacts in multiple Districts pointed to a slowdown in the pace of wage increases. Still, larger than usual pay increases were reported for some workers, such as those in the skilled trades or in remote areas.*

#### **Prices**

*Inflation continued to moderate with selling prices reportedly increasing at a slight or modest pace in most Districts. Still, the prices of some food products, such as eggs and dairy, were reported to have increased more sharply. Home prices edged up in many Districts, while rents were reported to be steady or down slightly. Many Districts noted increasing price sensitivity among consumers. Input prices generally rose moderately. Contacts across several industries noted more acute pressures from rising insurance and healthcare costs. Multiple Districts reported that input prices generally rose faster than selling prices, compressing firms' profit margins.*



**ELEVENTH DISTRICT**

**FEDERAL RESERVE BANK OF DALLAS – October 23, 2024**

**Summary of Economic Activity**

*The Eleventh District economy expanded modestly over the reporting period. Activity grew moderately in non-financial services but was flat to down in manufacturing, retail, finance, and energy. Demand for nonprofit services increased. Home sales were flat, and agricultural conditions weakened. Employment rose modestly, and wage growth remained moderate. Selling price growth continued to be below average in most sectors except for manufacturing, where it was more typical. Outlooks were mixed, buoyed partly by the recent rate cut but weighed down by concerns regarding slowing demand and rising geopolitical and domestic policy uncertainty.*

**Labor Markets**

*Employment increased modestly over the past six weeks. Staffing firms cited a shift from temporary to direct hiring activity and added that firms were being more selective in their hiring decisions. Some firms said hiring was on pause, while professional and business services firms noted difficulty filling certain skilled positions. Most firms noted there was no change in the share of employees working remotely over the last year, while 11% cited having increased shares to boost employee morale and help with recruitment and worker retention. Among the 13% of employers who decreased the share of remote workers, improving teamwork and company culture were the main reasons.*

*Wage growth generally remained moderate. Some staffing services firms reported downward pressure on rates and one firm said in some instances the rates were so low that they were barely profitable. Texas businesses expect wage growth in the next 12 months to be 3.7%, on average, up from 3.5% in June but down from 4.4% in the previous 12 months.*

**Prices**

*Prices increased at a modest pace over the reporting period. Input costs were flat to up in most sectors, including energy, construction, and manufacturing. Selling price growth was moderate in manufacturing but remained below average in most other sectors. Homebuilders and auto dealers noted margin compression. Contacts' expectations of input cost growth have adjusted downward while selling price expectations were stable. Over the next 12 months, contacts expect input costs to rise 3.2% down from 3.7% in June, and plan to increase their prices by 2.7 per cent, which is little changed from June.*

**Manufacturing**

*Texas manufacturing activity fell modestly in September, after stabilizing in August. Weakness persisted in durable goods, particularly in primary metals and machinery manufacturing. Among nondurables, food manufacturers saw a notable increase in new orders, while Gulf Coast refinery utilization rates dipped due to narrowing margins and seasonality. Manufacturing firms generally reported little to no impact of the port workers' strike on their business, though some said if the strike had persisted it would have affected polymer production at several plastic manufacturing facilities. Manufacturing outlooks remained weak, with sluggish demand and heightened election uncertainty cited as key headwinds.*

**Retail Sales**

*Retail sales fell during the past six weeks. Auto dealers reported slow traffic and declining sales. However, not all sectors experienced a slowing. Health and personal care retailers cited modest increases, and food and beverage stores generally reported flat activity. Retail inventories held steady. Outlooks remained negative.*

### **Nonfinancial Services**

*Service sector activity accelerated over the reporting period, with revenue growth strengthening to a normal pace following sluggish activity over the last year. Revenues in the leisure and hospitality sector rebounded strongly from the declines seen this summer. Revenue growth was moderate in transportation services. Airlines said air passenger demand remained stable, and business travel was returning in the form of fewer longer-duration trips rather than short, frequent ones. Growth in information services and professional and business services continued at a steady rate. In contrast, revenues in health care and education exhibited weakness. Outlooks shifted from slightly pessimistic to neutral but were still being dampened by labor costs and economic and domestic policy uncertainty.*

### **Construction and Real Estate**

*Housing demand was stable during the reporting period. Contacts cited steady traffic and sales but noted lack of urgency among buyers and that clients were looking for deals. There were reports of weaker activity in the entry-level market. Discounting and rate buy downs remained widespread, and land and lot prices stayed elevated. The squeeze on builders' margins tempered outlooks.*

*Commercial real estate activity was steady. Apartment leasing continued to be solid, but concessions remained widespread, putting downward pressure on rents. Office leasing activity improved though it remained slow and was primarily concentrated in class A space. Retail and industrial demand grew, and rents were flat to up. Outlooks improved slightly, though contacts said the rate cuts have not yet materially impacted on activity or pricing.*

### **Financial Services**

*Loan volumes declined in October, despite loan prices having declined for the first time since 2021. Overall, credit tightening continued, and loan nonperformance rose but at a slower pace for both than in the previous reporting period. There was a notable uptick in concern with the performance of office commercial real estate loans. Bankers reported working with borrowers to keep CRE loans in good standing prior to maturity, when they may be refinanced. Despite this increased concern, bankers' outlooks turned sharply optimistic. Contacts expect a significant improvement in loan demand and business activity six months from now, although they still anticipate continued deterioration in loan performance.*

### **Community Perspectives**

*Nonprofit service providers noted the continued solid demand for social services. Availability of safe and affordable housing remained a top concern, and there were reports of increased demand among lower-income clients for funding for home repairs or weatherization, particularly in the after math of recent severe weather events. Contacts cited rising assistance requests from seniors which they attributed to inflation. One nonprofit reported rising vacancies in their senior-only housing facilities, as seniors were reentering the workforce out of economic necessity, disqualifying them for these low-cost units. Some nonprofit leaders expressed reduced concern about inflation and interest rates, with one indicating that increased confidence has led them to move forward with capital investment. However, a few others said that economic and election uncertainty has led to hesitancy to give among some donors.*

**Texas A&M University**  
**Texas Real Estate Research Center**  
***Outlook for the Texas Economy (Excerpts)***

Joshua Roberson, Junqing Wu, and Rhutu Kallur (Updated October 16, 2024)



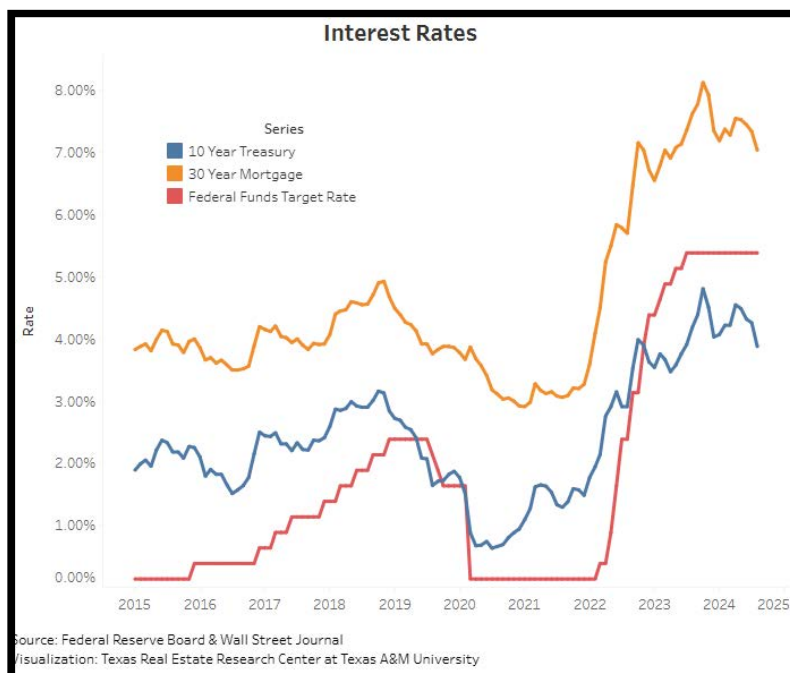
**Summary**

Texas total nonfarm employment grew in August following two months of decline. The unemployment rate remained at 4.1% for the second consecutive month. The rate of inflation continues to make progress with the Consumer Price Index (CPI) dropping to 2.5% year-over-year (YOY) in August from 2.9% YOY in July. Meanwhile, home sales fell in August.

**CPI Records Smallest YOY Increase in a Year**

Over the past 12 months, the CPI increased 2.5% before seasonal adjustments, the smallest YOY increase since March 2021. After seasonal adjustments, CPI rose 0.2% month over month (MOM) in August, the same as July.

The food index increased 0.1% MOM in August after rising 0.2% in July. The index for food away from home rose 0.3% over the month, while the index for food at home was unchanged. The energy index fell 0.8% over the month after being unchanged the preceding month.

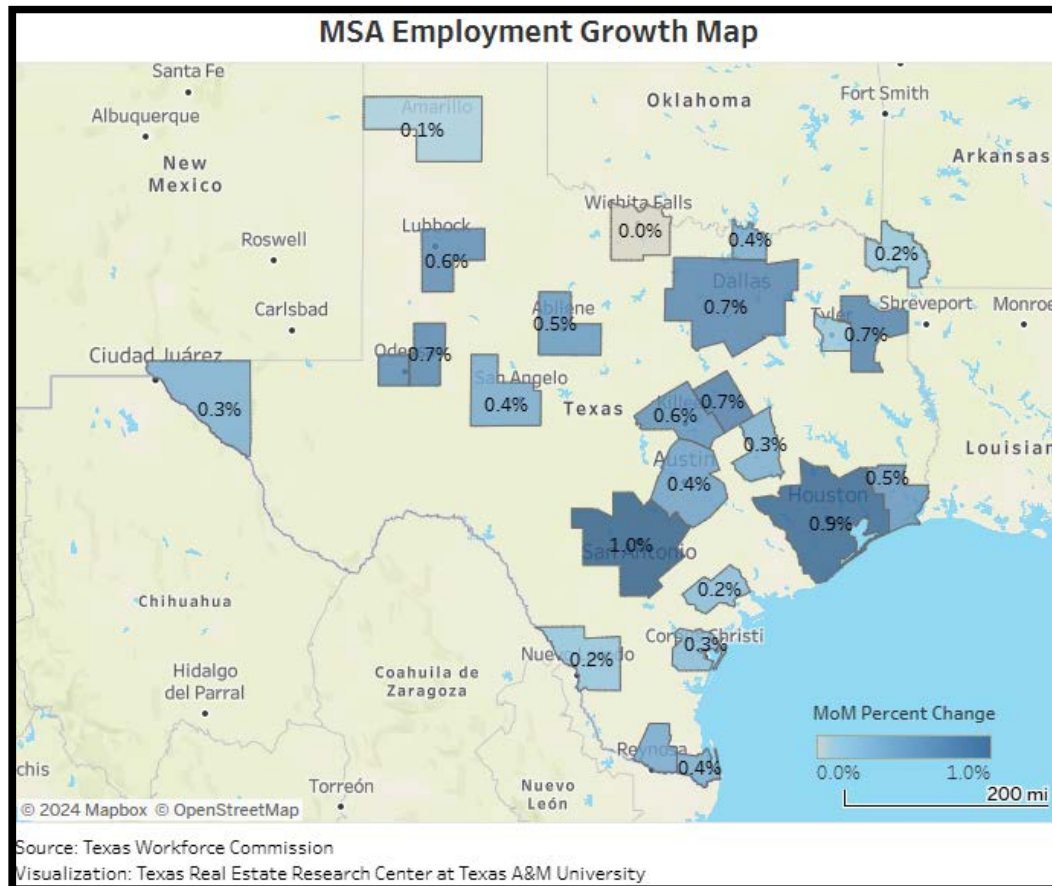


## Texas Payroll Rebounded

*In August, Texas nonfarm employment grew by 78,000 workers, representing a 0.6% MOM increase. June and July were down months, losing 9,100 and 19,700 jobs, respectively. This month's gains were more than enough to offset the prior two months. Among the state's Big Four metropolitan areas, San Antonio led the way with the highest MOM growth rate (1%), adding 11,900 positions. Houston and Dallas followed, posting gains of 0.9% (32,300 jobs) and 0.7% (28,900 jobs), respectively. Austin had a more modest increase (0.4%), adding 6,000 jobs.*

*In August, the trade, transportation, and utilities sector added 9,600 workers, reflecting a 0.3% increase. The professional and business services sector also expanded, with a gain of 12,700 workers, marking a 0.6% rise. Additionally, the education and health services sector grew by 7,900 jobs, representing a 0.4% increase.*

*Worker sentiment in Texas remained steady in August. The labor force participation rate held at 64.4%, unchanged from July. The unemployment rate also remained stable at 4.1%, the highest level since April 2024. Additionally, continued unemployment claims averaged approximately 142,400 per week.*



### **Texas Home Sales Decline**

Texas total home sales declined by 6.2% in August, with 24,948 transactions, marking a continuation of the downward trend in June following a temporary uptick in July. Among the Big Four metro areas, only Austin saw growth, with a 2.7% increase to 2,266 transactions. Dallas experienced the steepest decline, with sales dropping by 10.4% to 6,857 units, highlighting a significant cooling in that market. Houston and San Antonio also saw declines, albeit less pronounced, with Houston down 4.4% to 6,627 units and San Antonio down 4% to 2,621 units. The broad-based nature of these declines across major cities reflects a larger state-wide trend of slowing home sales as the housing market adjusts.

Table 1. Home Sales Volume			
	July	August	MoM Change
Austin-Round Rock-San Marcos	2,206	2,266	2.7%
San Antonio-New Braunfels	2,731	2,621	-4.0%
Houston-Pasadena-The Woodlands	6,933	6,627	-4.4%
Texas	26,592	24,948	-6.2%
Dallas-Fort Worth-Arlington	7,653	6,857	-10.4%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University  
Note: Data are seasonally adjusted

### **Service Sector and Retail Accelerated**

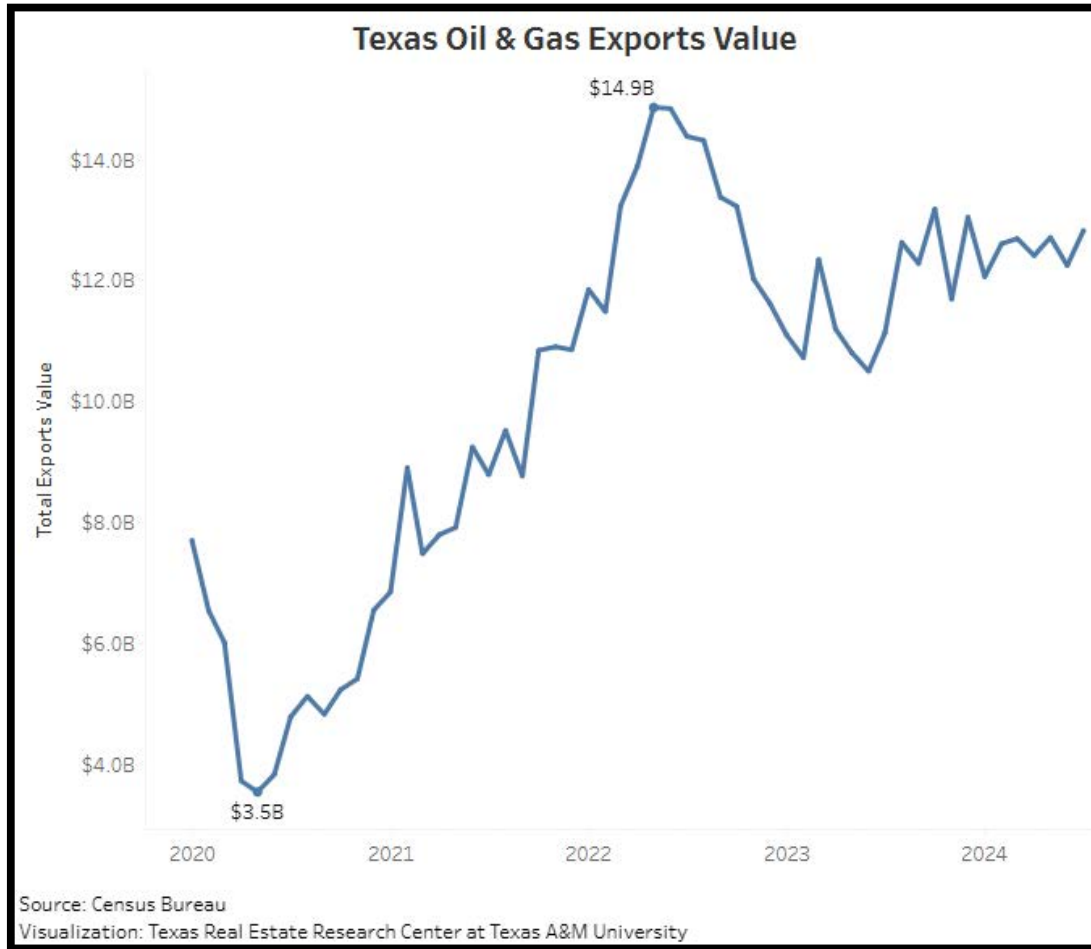
In August, Texas' service sector activity continued to expand at a similar pace as in July, with the revenue index holding relatively steady at 8.7. The employment index recorded a slight increase to 0.6, suggesting minimal changes in employment levels. Meanwhile, input prices rose, as shown by an increase in the input prices index to 28.4, pointing to mounting cost pressures. In contrast, the part-time employment index declined further to -4.9, signaling a reduction in part-time positions. The index for hours worked remained unchanged at -0.7, indicating stability in overall working hours.

Perceptions of broader business conditions worsened slightly in August. The general business activity index dropped to -7.7 from -0.1, while the company outlook index declined to -3.1 from 1.0. Additionally, the outlook uncertainty index rose to 13.9 from 8.4, reflecting growing uncertainty. Selling prices and wage pressures remained stable, with the selling price index essentially unchanged at 4.5 and the wages and benefits index holding steady at 14.2. However, input price pressures increased, as the input price index rose to 28.4 from 21.8.

Retail sales activity declined at a slower rate in August than the previous month. The sales index, a key indicator of state retail performance, improved to -6.2 from -18.1, signaling the decline in retail sales was less pronounced. Retail inventories grew during the month, with the index rising to 15.8. Labor market indicators in the retail sector pointed to contractions in both employment and work weeks. The employment index remained largely unchanged at -5.9 while the part-time employment index dropped further to -18.6. The hours worked index remained in negative territory but improved to -8.6.

### ***Texas Export Growth Slow Without Oil Boost***

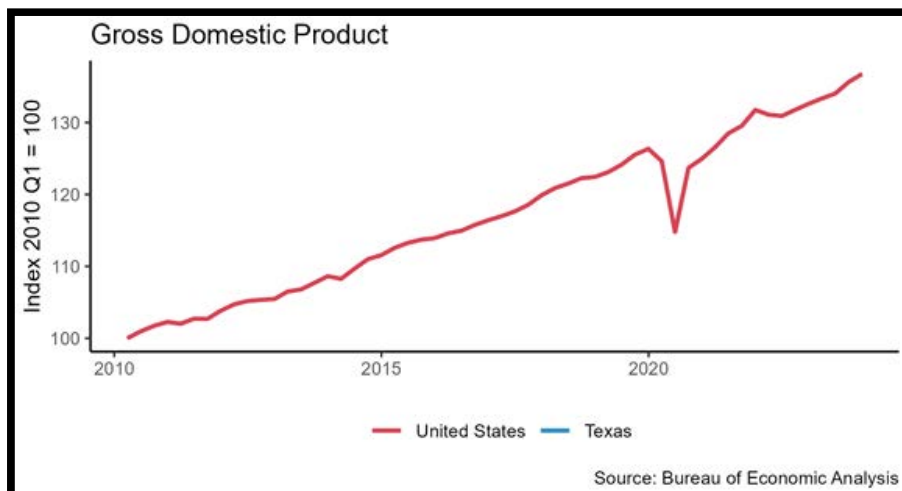
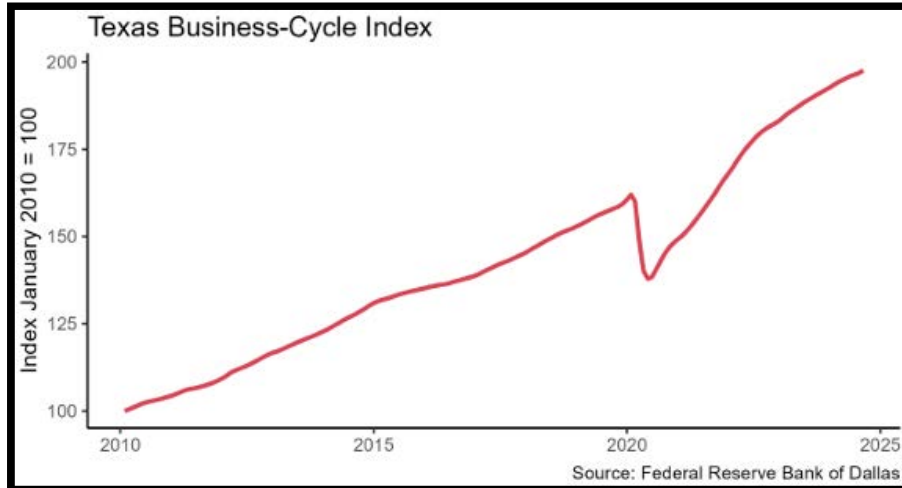
*Texas' total commodity exports experienced a 3% MOM increase in July, alongside a 5.5% YOY rise. The demand for Texas oil and natural gas exports, which continue to be the state's leading exports, grew by 4.7%. In contrast, petroleum and coal product exports saw a 2.2% decline during the same period.*

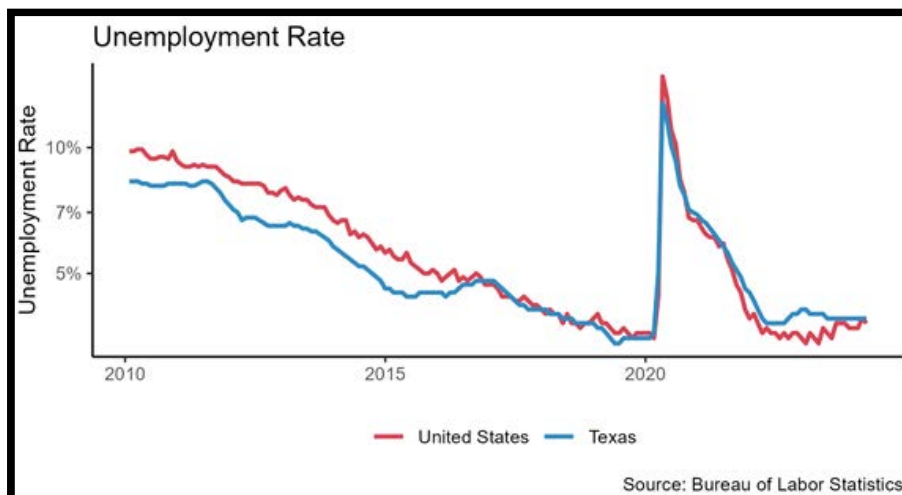
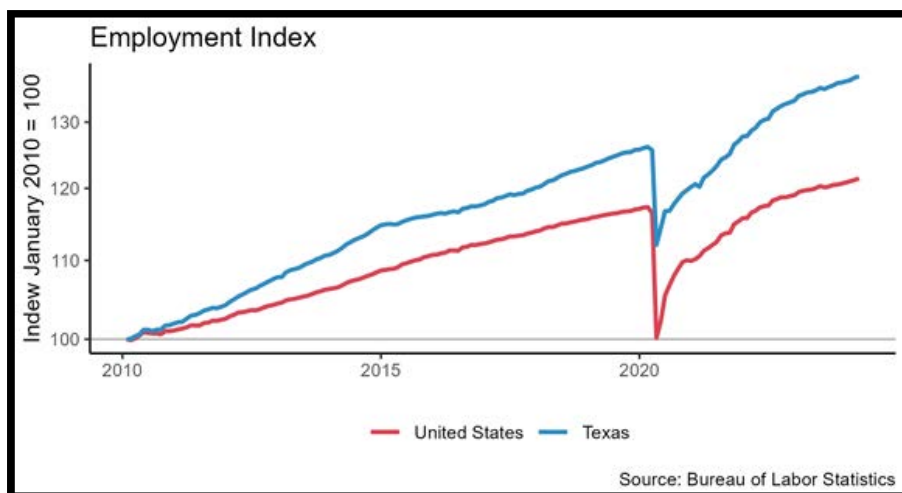


### ***Select Economic Indicators***

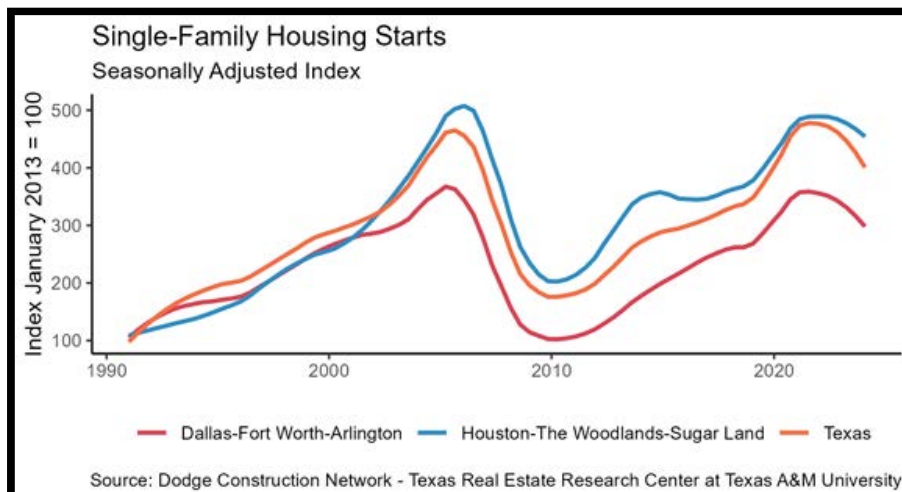
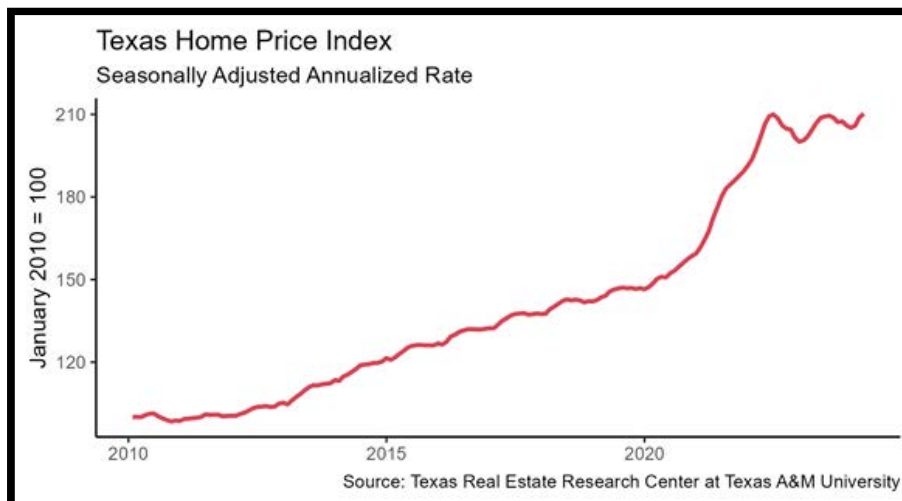
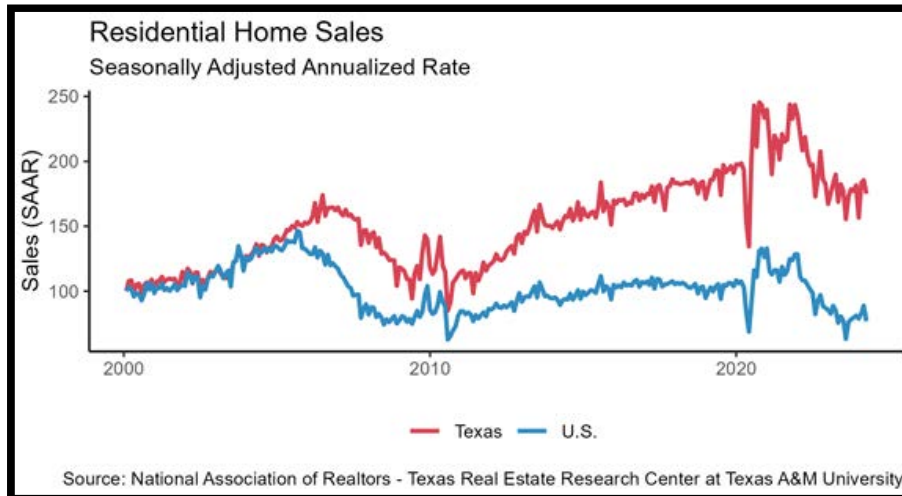
- *The Texas Leading Economic Index surged to 125.9 (1987=100) in August, marking a significant 3.2-point jump compared to the previous month. This notable increase highlights strong forward momentum in the state's economy.*
- *Nominal average hourly earnings saw a modest MOM increase of 0.2%, reaching \$33.02, and a YOY rise of 4.5%.*
- *Earnings fluctuated across the four major metro areas, with DFW decreasing by \$0.18, Austin decreasing by \$0.62, San Antonio increasing by \$0.24, and Houston decreasing by \$0.75.*
- *Texas consumer confidence rose by 6% MOM in August, reaching 117.5 and continuing its upward trend.*
- *The ten-year U.S. Treasury bond fell 38 basis points, standing at 3.87%.*
- *The Federal Home Loan Mortgage Corporation's 30-year fixed rate fell by 35 basis points to 6.5%.*
- *The West Texas Intermediate (WTI) crude oil spot price declined by 6.3% MOM to \$76.68. The Henry Hub natural gas spot price decreased by 4.8% MOM from \$2.08 to \$1.98 per million British thermal units (BTU).*

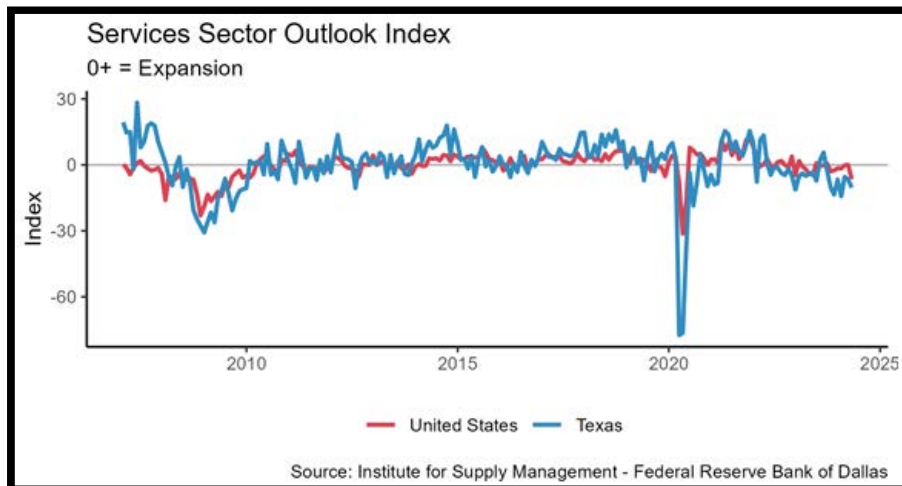












**TEXAS HOUSING INSIGHT (EXCERPTS)**  
**Texas A&M University – Texas Real Estate Research Center**  
Joshua Roberson, Junqing Wu, and Rhutu Kallur (October 9, 2024)



**Summary**

August saw a fall in home sales and a continued rise in building permits. New listings increased almost 14%, driven largely by the Houston metro recovering after Hurricane Beryl. The storm did not have the same degree of impact on sales. Home prices fell slightly to \$335,494.

**Sales Dip, New Listings Bounce Back**

After bouncing back in July, statewide seasonally adjusted home sales dropped 6.2% month-over-month (MOM), resulting in 24,948 homes sold (Table 1). Dallas had the largest decrease among the Big Four at 10.4% (6,858), followed by Houston at 4.4% (6,628) and San Antonio at 4% (2,622). Austin was the only one among the Big Four to have an increase in August (2.7%), resulting in 2,267 homes sold.

Table 1. Home Sales Volume			
	July	August	MoM Change
Austin-Round Rock-San Marcos	2,206	2,266	2.7%
San Antonio-New Braunfels	2,731	2,621	-4.0%
Houston-Pasadena-The Woodlands	6,933	6,627	-4.4%
Texas	26,592	24,948	-6.2%
Dallas-Fort Worth-Arlington	7,653	6,857	-10.4%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University  
Note: Data are seasonally adjusted

The number of new listings increased by over 5,500, marking a 13.8% rise from July, in large part due to Hurricane Beryl. New listings plummeted the week of Hurricane Beryl with the following weeks making up for the decline. This increase spilled over into August, when new listings normally are in decline following the peak months of June and July. Houston saw a substantial increase of 44.9% (14,098), followed by Austin at 27% (3,543) and Dallas at 12.5% (11,349). San Antonio had the smallest addition among the Big Four, with a 5.8% increase (4,060).

The state’s average days on market (DOM) increased by one day to 61 days. Dallas had the largest increase—from 52 to 55 days, a 7% increase. Similarly, Austin increased from 68 to 70 days. Houston and San Antonio both rose by one day and are currently at 52 and 74 days on market, respectively.

Texas’ number of active listings increased from 116,294 to 120,129 (3.3%). Active listings across the Big Four rose in August with Dallas, San Antonio, and Houston increasing by 4.3% (26,835), 1.5% (14,093), and 3.5% (28,456), respectively, while Austin rose by 0.1% (11,519).

Statewide pending listings have begun increasing with 1,368 additional pending listings in August. The pending listings across the Big Four have been mixed with Houston (7,294) and Austin (2,616) increasing by 18.6% and 15%, respectively. Meanwhile, San Antonio (2,235) and Dallas (6,170) declined by 20% and 14.7%, respectively.

**Interest Rates on the Decline**

Treasury and mortgage rates both declined in August but at a much faster rate than the month before. The average ten-year U.S. Treasury Bond yield fell 38 basis points to 3.87%. The Federal Home Loan Mortgage Corporation’s 30-year fixed rate fell by 35 basis points to 6.5%.

**Single-Family Permits Grow at a Slower Pace**

Statewide, building permits increased at a lower rate in August, up 1.59% MOM after a 29% increase in July. Houston grew by 7.3% and Dallas by 2.2%. Austin and San Antonio, on the other hand, fell by 8.1% and 7.3%, respectively.

Single-family construction starts grew after monthly declines since March 2024. Seasonally adjusted statewide single-family starts increased by 8% MOM to 13,564 units. Houston and Austin rose by 20% and 17%, respectively, while San Antonio increased by comparatively less (2.5 percent). Meanwhile, Dallas decreased by 0.6%.

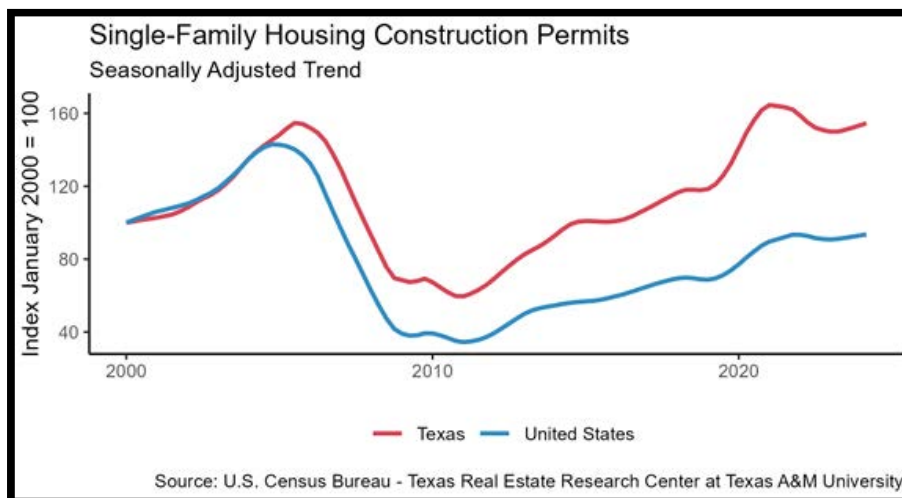
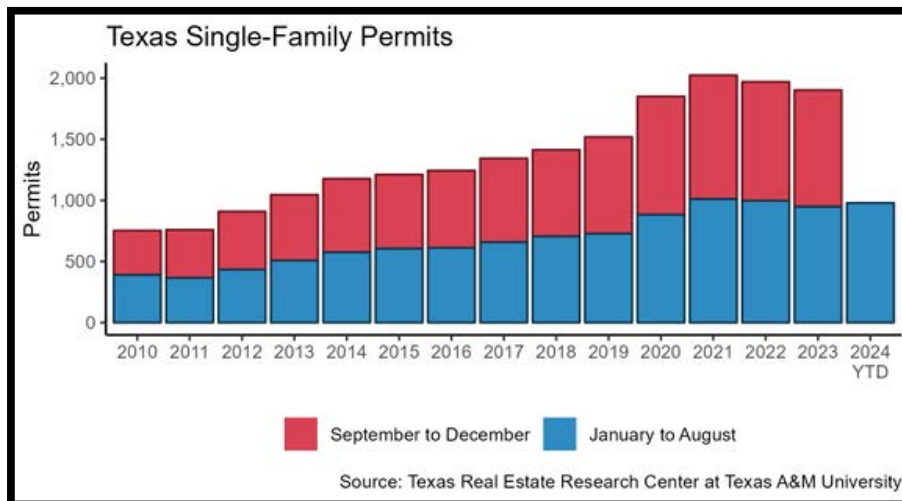
The state’s total value of single-family starts climbed from \$20.28 billion in August 2023 to \$26.13 billion in August 2024. Houston accounted for 35.7% of the state’s total starts value followed by Dallas with 27.1%.

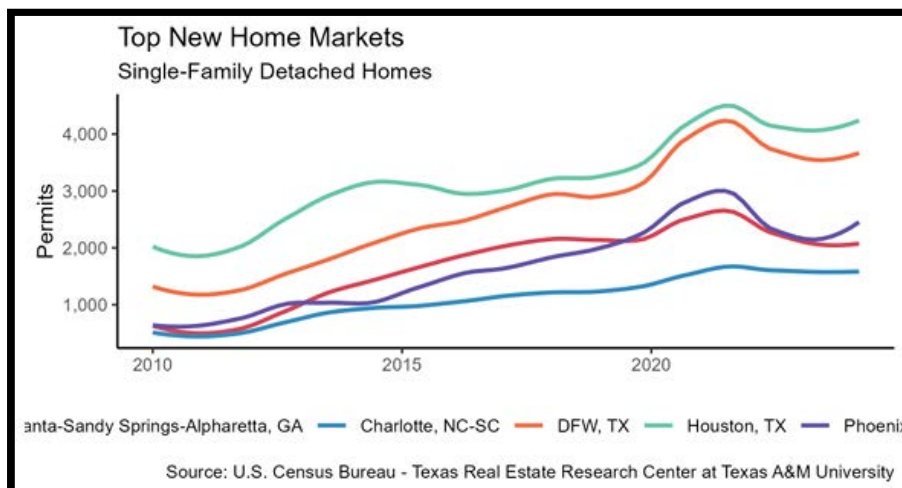
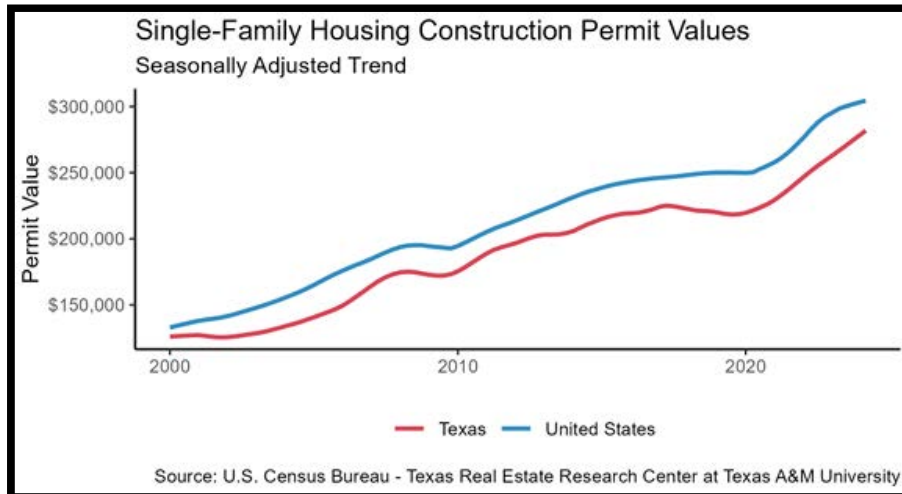
**Home Price Dip Slightly**

Texas’ median home price fell 0.2% in August from \$336,109 to \$335,494 (Table 2). Houston fell by 2.7% to \$331,510 while Dallas rose by 2.2% to \$396,654. Austin fell the most among the Big Four, by 2.8% to \$435,915. San Antonio fell by 1.3% to \$306,698.

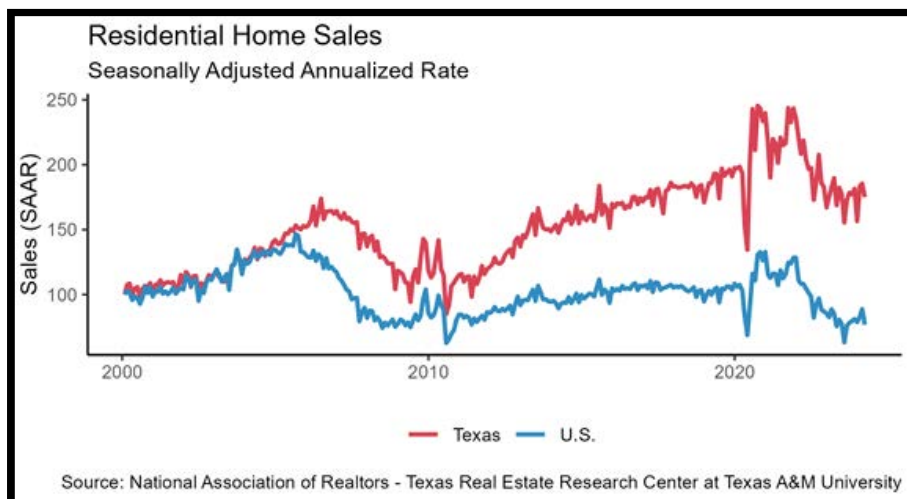
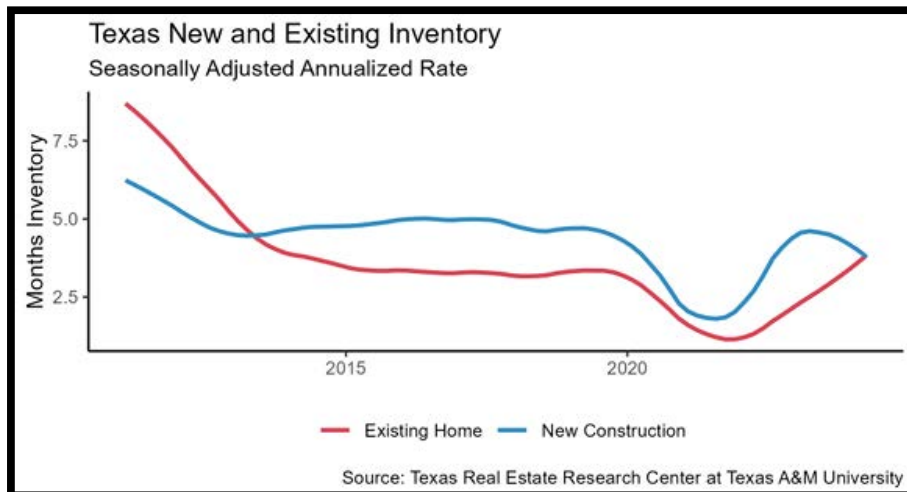
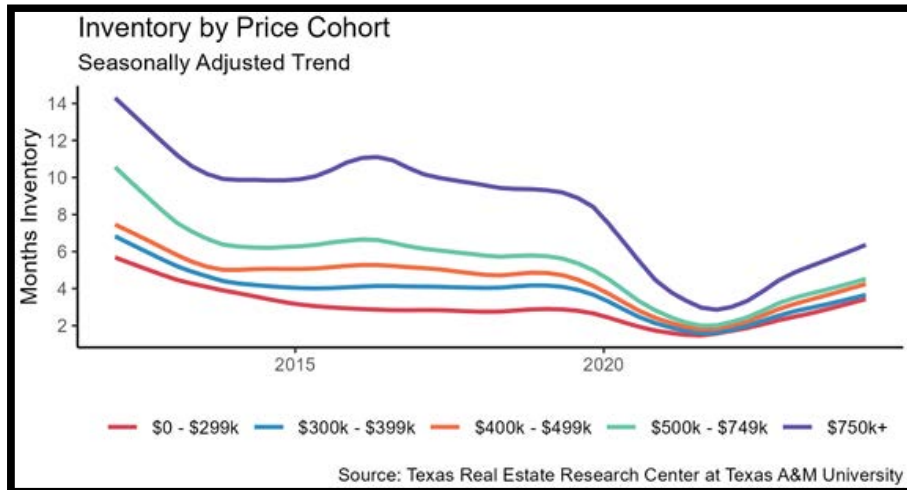
Table 2. Median Housing Prices			
	July	August	MoM Change
Dallas-Fort Worth-Arlington	\$387,858	\$396,654	2.3%
Texas	\$336,109	\$335,494	-0.2%
San Antonio-New Braunfels	\$310,846	\$306,698	-1.3%
Houston-Pasadena-The Woodlands	\$340,880	\$331,510	-2.7%
Austin-Round Rock-San Marcos	\$448,528	\$435,915	-2.8%
Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University			
Note: Data are seasonally adjusted			

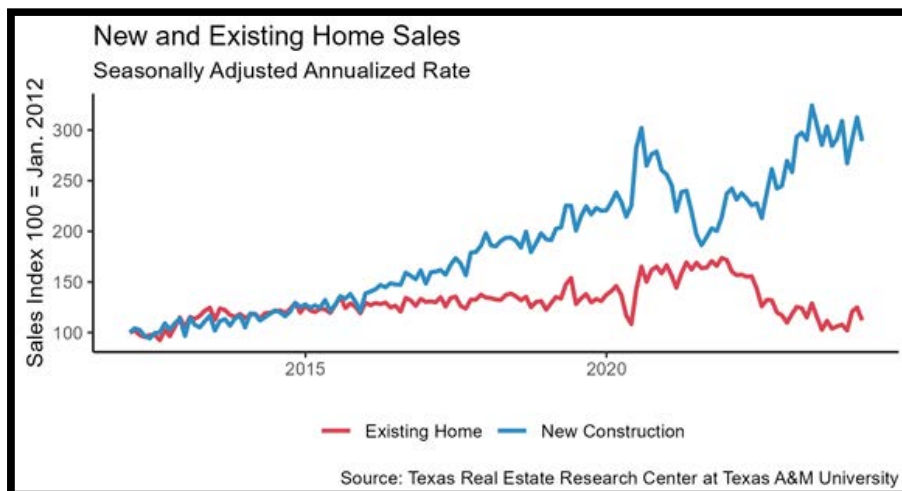
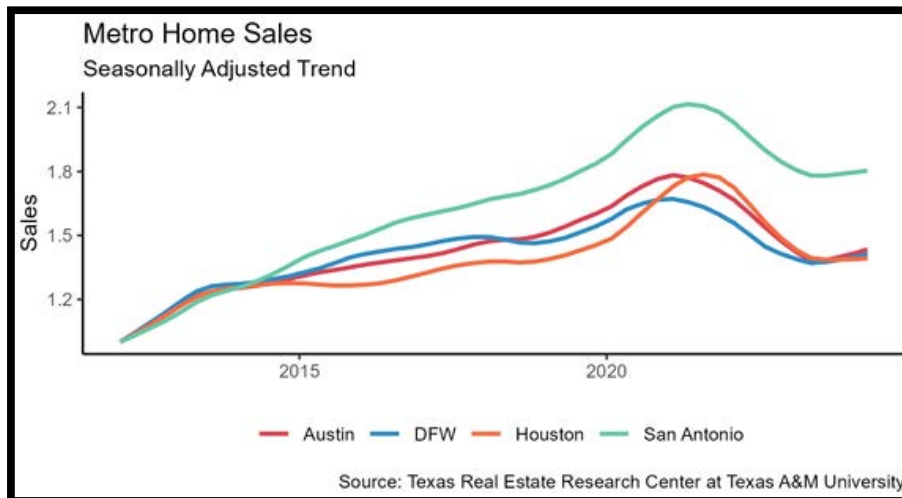
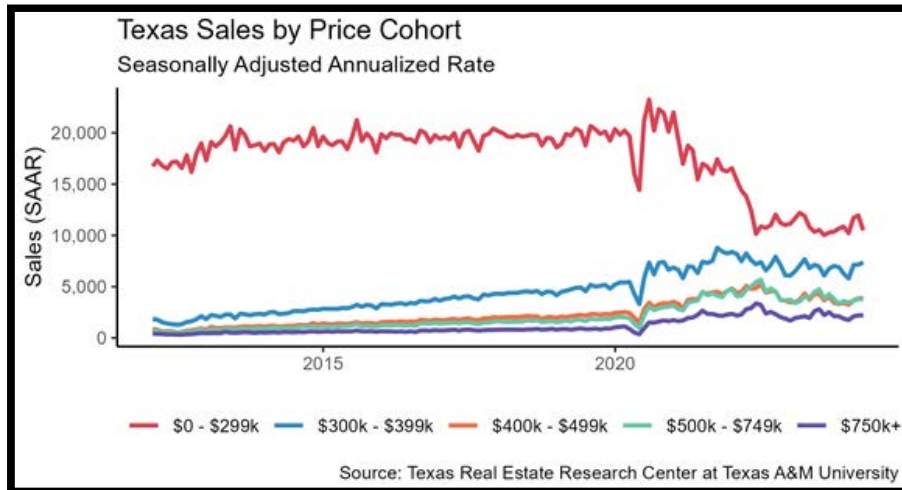
The Texas Repeat Sales Home Price Index (Jan 2005=100), which is a more accurate reflection of home price changes, fell 0.5% MOM in August but increased 1.1% year over year (YOY). Austin's annual appreciation remains below the state's average and fell by 3.9% YOY in August.



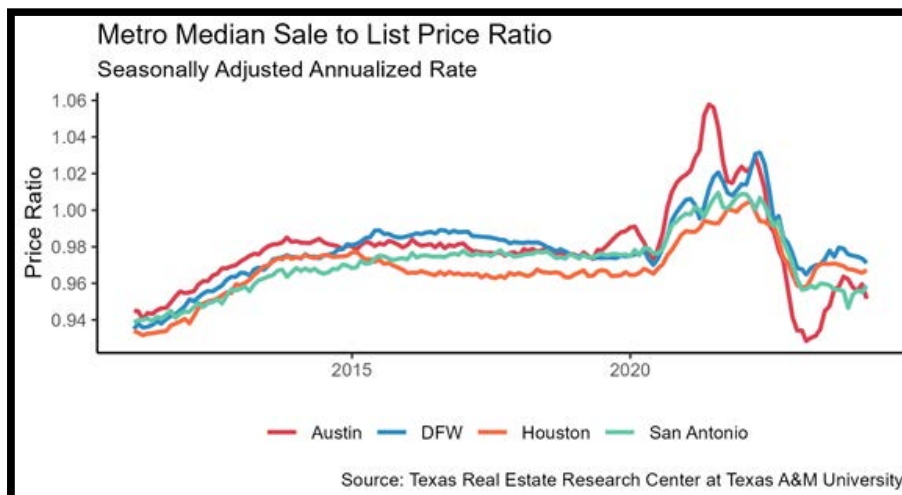
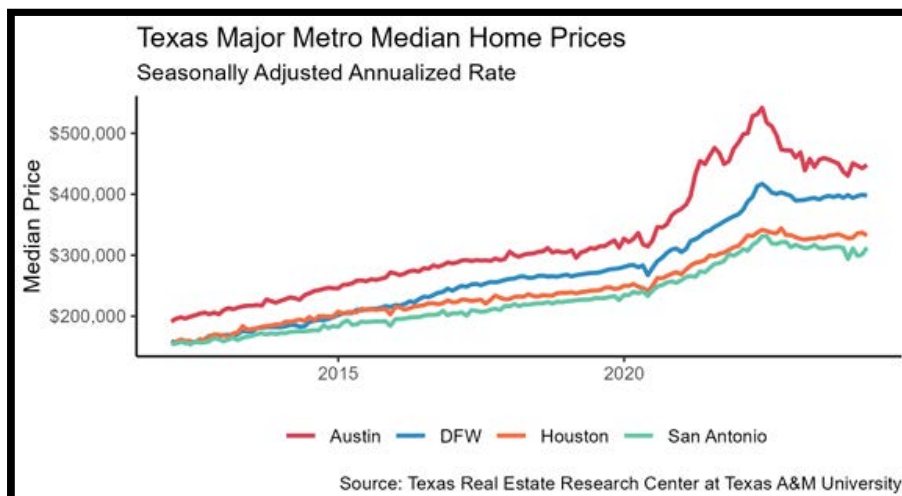
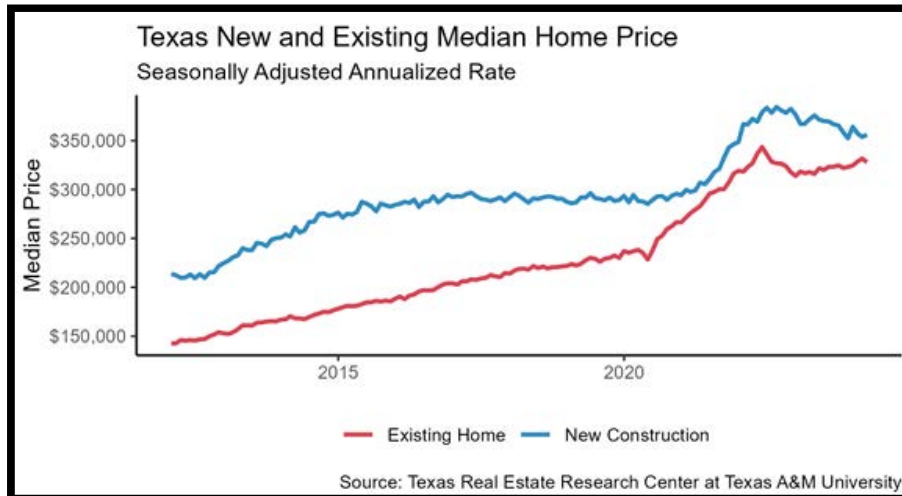


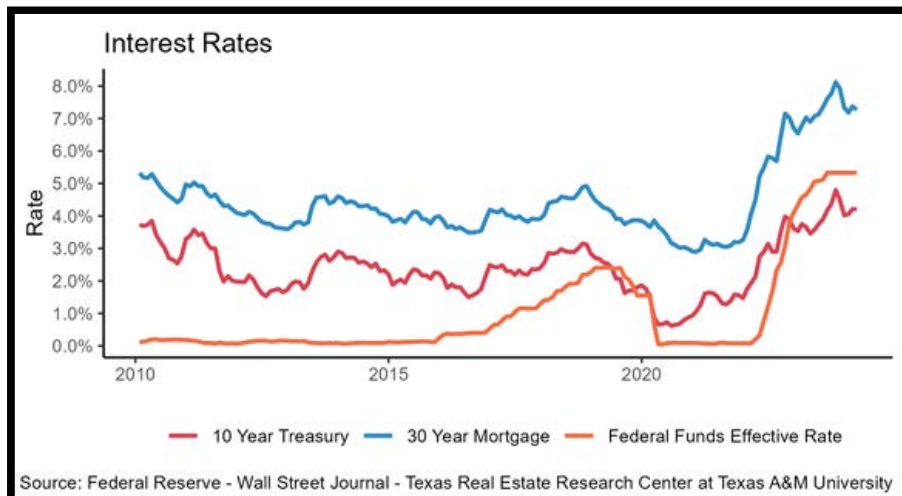










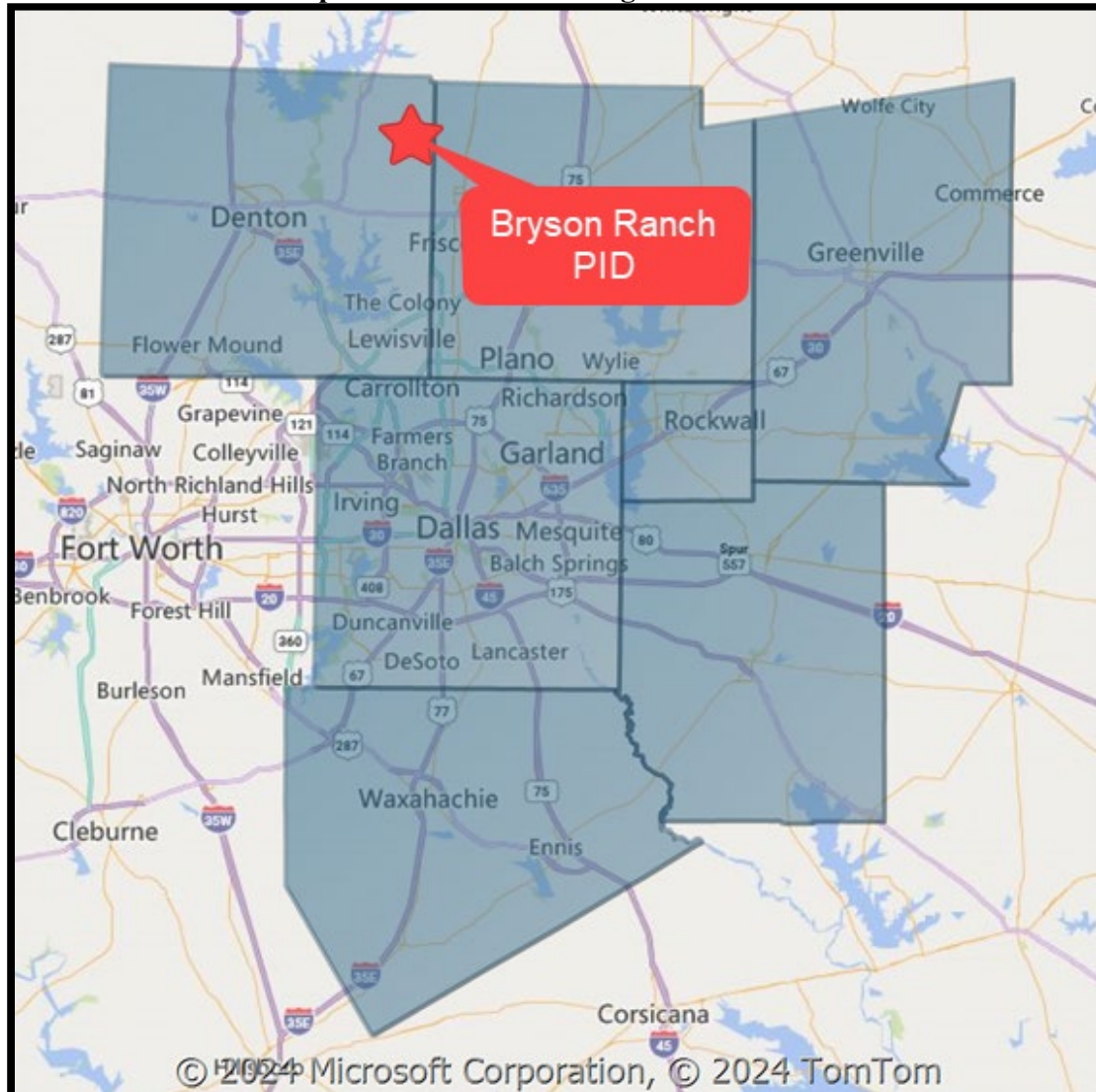


**DALLAS-PLANO-IRVING METRO DIVISION QUARTERLY HOUSING REPORT (EXCERPTS)**  
**Texas A&M University – Texas Real Estate Research Center**  
 (Third Quarter, 2024)

## *Executive Summary*

- Metro area sales volume increased 1.1% to 16,102 transactions. Median price decreased 1.2% year-over-year to \$420,000.
- 2024 Q3 months inventory for all residential properties rose 47% year-over-year to 4.1 months.
- Metro area residential property listings increased 45.6%-year over-year to 20,390 active listings.

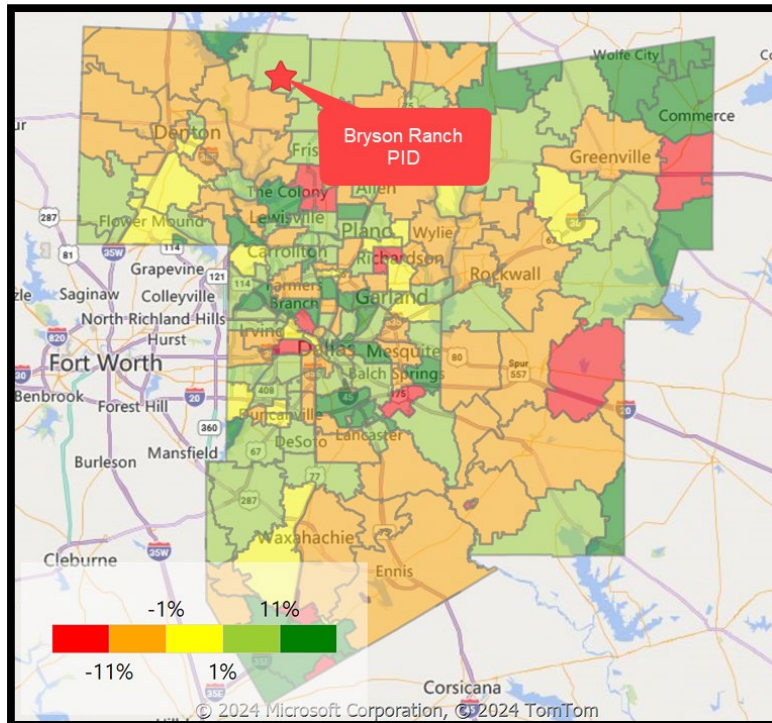
## Map of Dallas-Plano-Irving Metro Division



## Bryson Ranch Public Improvement District

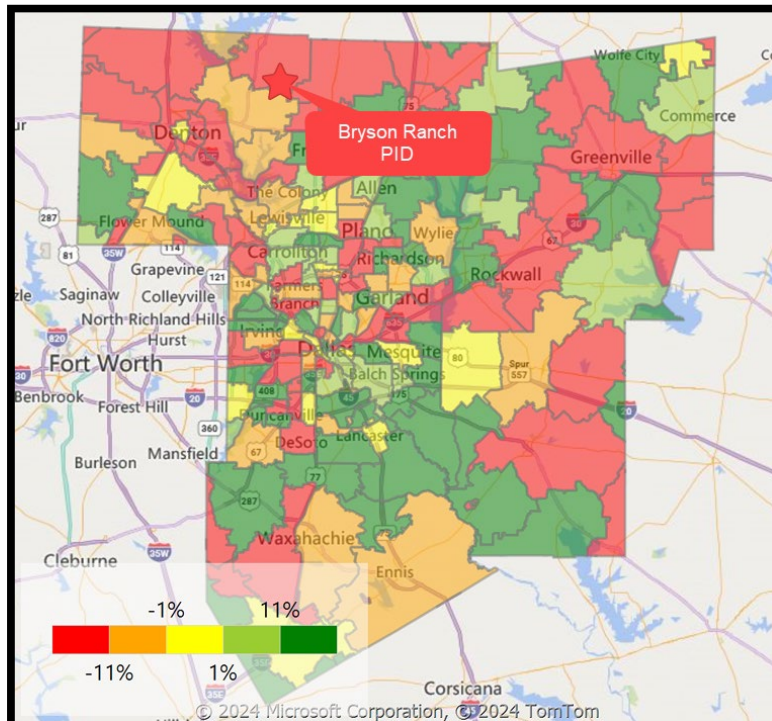
### Median Price Change (YoY)

According to TREC, the median sale price change year-over-year (YoY) near Bryson Ranch PID increased 1% < 11%.



### Sales Volume Change (YoY)

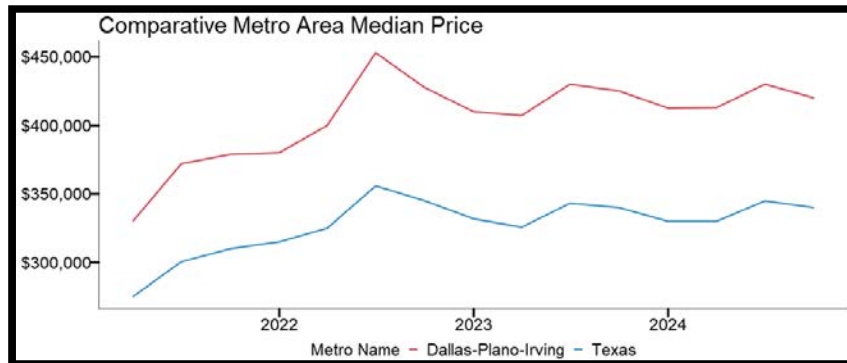
According to TREC, sales volume change year-over-year (YoY) in the subject's area near Bryson Ranch PID decreased >11%.



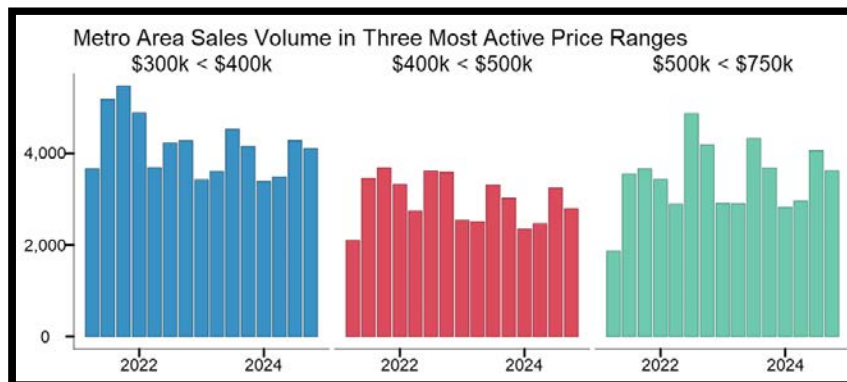


## Bryson Ranch Public Improvement District

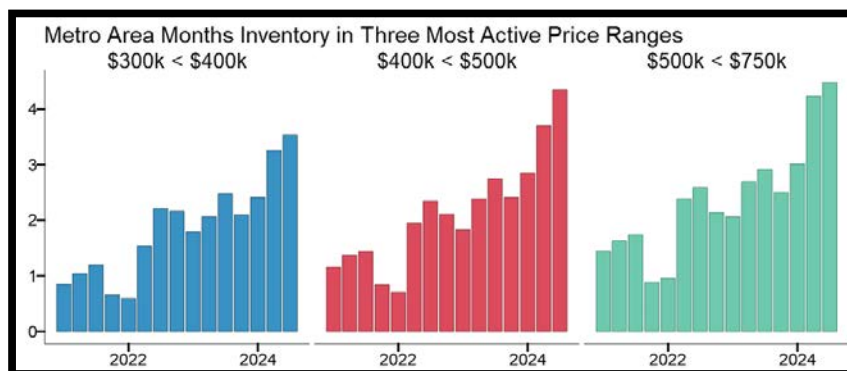
Median price in the Dallas-Plano Irving metro decreased by approximately 1.2% year-over-year, from \$426,000 to \$420,000. Metro area price exceeded the statewide median price of \$340,000 by \$80,000 as shown in the following chart:



2024 Q3 total sales volume increased by approximately 1.1% year-over-year, from 15,932 to 16,102. Sales of homes between \$300k and \$400k dipped from 4,153 to 4,111, while homes between \$500k and \$750k dipped from 3,680 to 3,629, and homes between \$400k and \$500k dipped from 3,020 to 2,792 as shown in the following graph:



Metro area months inventory increased year-over-year from 2.78 to 4.08 months. Homes between \$300k and \$400k rose year-over-year, from 2.47 to 3.54 months, while homes between \$500k and \$750k rose year-over-year, from 2.91 to 4.47 months and homes between \$400k and \$500k rose year-over-year, from 2.75 to 4.34 months as shown in the following graph:



## Bryson Ranch Public Improvement District

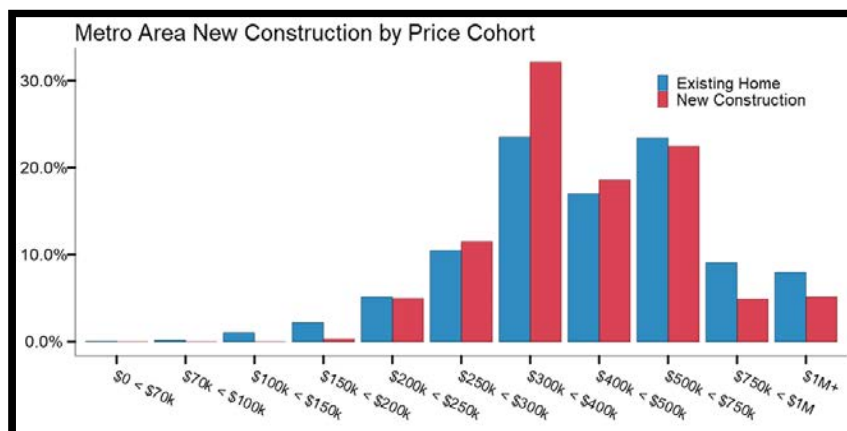
Average days to sell throughout the metro area increased from 73 to 81 days, an increase of 11% year-over year. Average days to sell for homes between \$300k and \$400k increased from 70 to 79 days, a 12.9% increase year-over-year as shown in the following graph:



Homes in the \$400s and above fell to 51.1% of single-family new construction sales through the MLS. The second most active price range was for homes in the \$300s, which grew from 31.2% to 32.1% year-over-year as shown in the following graph:



In the latest quarter, the average price was \$506,243 for new homes sold through the MLS, a decrease over last year's figure of \$533,674. The average price for existing homes was \$556,080, an increase over last year's figure of \$545,116 as shown in the following graph:



*Bryson Ranch Public Improvement District*

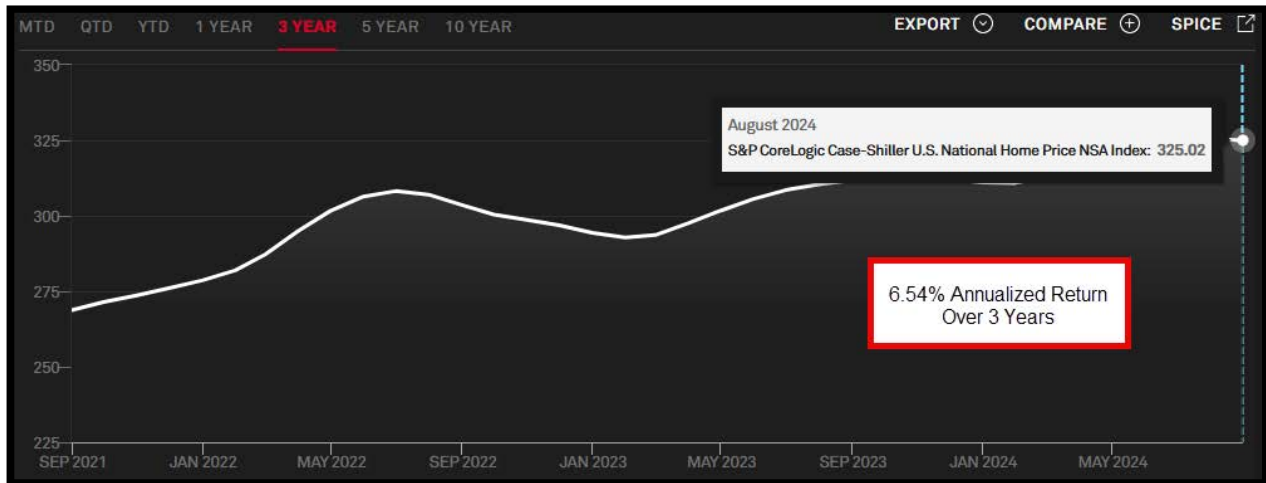
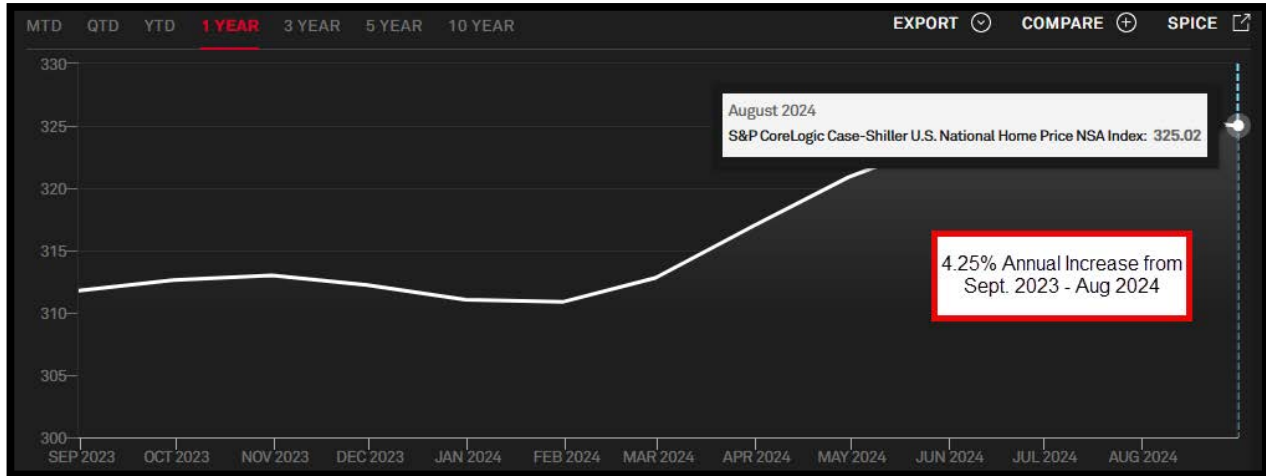
*The following chart shows the housing metrics for Denton County:*

Denton 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	0%	0%	***	***	***	***	0	0.0	***	***
\$70k < \$100k	1	100%	0%	***	***	***	***	0	0.0	***	***
\$100k < \$150k	1	0%	0%	***	***	***	***	0	0.0	***	***
\$150k < \$200k	10	-41%	0%	\$181,250	-2%	\$161.52	13%	10	2.6	1,120	1982
\$200k < \$250k	43	-4%	1%	\$225,500	-5%	\$189.11	-5%	37	2.8	1,205	1984
\$250k < \$300k	190	30%	5%	\$280,999	-1%	\$204.65	-1%	145	2.4	1,409	2005
\$300k < \$400k	979	-10%	27%	\$355,000	0%	\$197.64	-1%	905	2.9	1,772	2013
\$400k < \$500k	760	-14%	21%	\$445,000	1%	\$205.77	2%	932	3.7	2,143	2015
\$500k < \$750k	984	-6%	27%	\$595,000	1%	\$213.19	3%	1,153	3.8	2,828	2016
\$750k < \$1M	357	2%	10%	\$840,000	1%	\$242.72	3%	467	4.6	3,530	2015
\$1M+	283	16%	8%	\$1,253,778	-3%	\$299.54	1%	493	6.4	4,258	2015
*** Not displayed when fewer than five sales											

## S&P CORELOGIC CASE-SHILLER INDEX

*August 2024*

Data reported from the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from end of August 2024 showed that home prices nationally were up 4.25% YoY while the Dallas Metropolitan area also increased by 1.58%. Prices have increased in mostly the western and northern states; with the southern region has remaining lower compared to the national average.



Metropolitan Area	August 2024 Level	August/July Change (%)	July/June Change (%)	1-Year Change (%)
Dallas	300.30	-0.47%	-0.10%	1.58%
Composite-10	352.04	-0.36%	0.01%	5.98%
Composite-20	334.74	-0.32%	0.04%	5.20%
U.S. National	325.03	-0.13%	0.01%	4.25%

Sources: S&P Dow Jones Indices and CoreLogic  
Data through August 2024



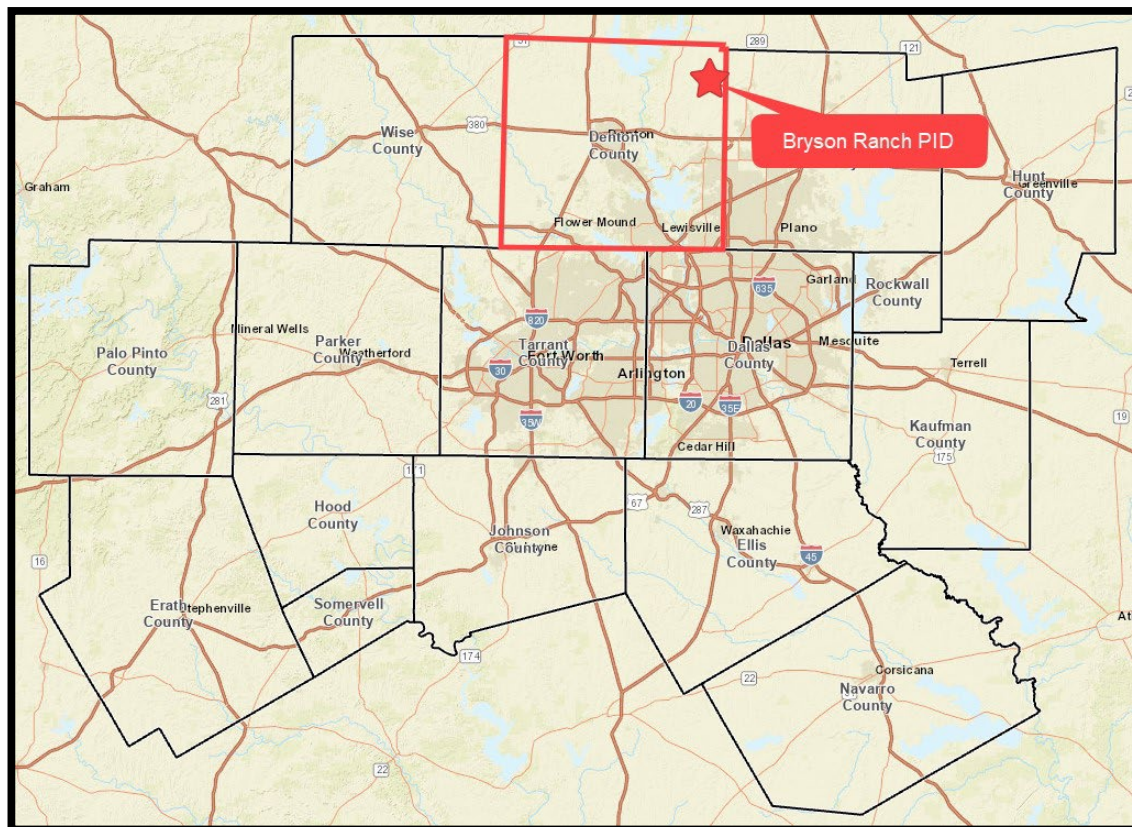
## REGIONAL ANALYSIS

The subject is located in Denton County within the Dallas-Plano-Irving Metropolitan Statistical Area (MSA), often combined with the Fort Worth-Arlington-Grapevine MSA, and more commonly referred to as the Metroplex (DFW), which encompasses parts of 16 counties and contains 23 cities with populations over 50,000 in North Central Texas. As reported by the North Central Texas Council of Governments (NCTCOG), the estimated January 1, 2024, population for the NCTCOG region is 8,481,512. Last year the region added just under 200,000 people, nearly 40,000 more residents than were added in 2022. Dallas (30,201) added more population than any other city, followed by Fort Worth with just under 27,000 and surpassing 1 million residents. Celina (10,826), Frisco (6,696), and Princeton (6,374) round out the top 5 growth cities. For the second straight year, Collin County added more than 53,000 new residents while Dallas County added almost 42,000 and Tarrant County added over 35,000 new people. Since 2020, 650,000 new residents now call north Texas home. Contributing about one-third of Texas' GDP, the economy is the most diverse in the state. DFW is home to many business and professional services from major financial institutions to international law firms. It is also home to one of the top ranked container ports in the US and an extensive infrastructure network that serves multiple hotbeds for e-commerce fulfillment.

The region is anchored by two major passenger airports: Dallas-Fort Worth International Airport (DFW), which is the second busiest airport in the world in terms of aircraft movements and the largest hub for American Airlines, and Dallas Love Field Airport (DAL), which is a city-owned airport and the largest hub for Southwest Airlines – the largest carrier in the nation in terms of passengers carried.

## MAP OF DALLAS-FORT WORTH METROPLEX

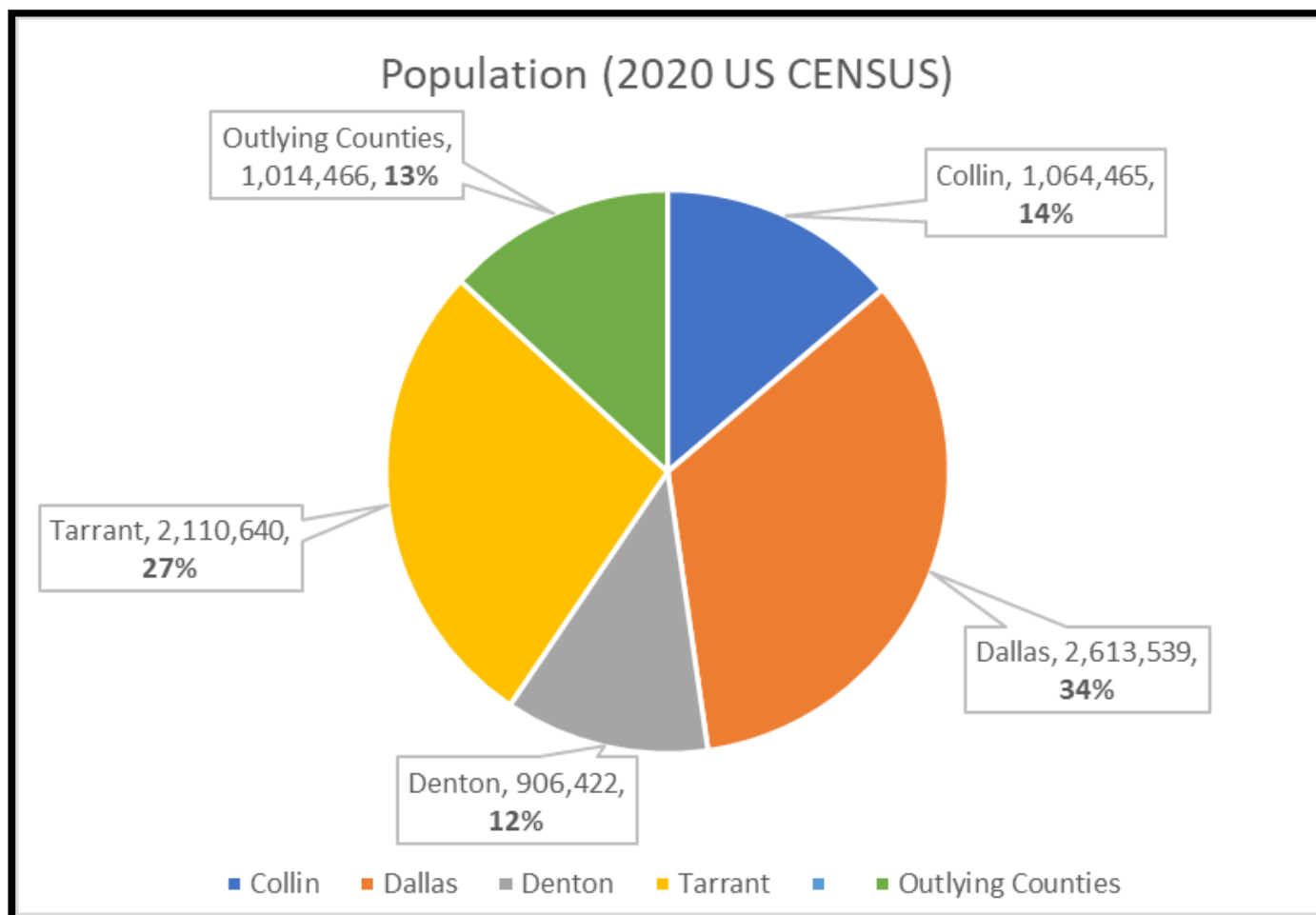
*Red Lines Showing Denton County Boundary*



When compared to the national economy, the DFW Metroplex is expected to experience expansion arising from growth in a variety of sectors including construction, transportation, manufacturing, finance, healthcare, business services, science and technology, education, and real estate. The expansion is fueled by the region's strategic location in the center of the country and is located at the nexus of major roadways such as Interstates 35, 30, 20, and 45. It is predicted by most analysts that economic activity in the area will exceed the state and national growth averages across most indicators. The region is set for long-term development due in part to its transportation infrastructure, low cost-of-living, business friendly regulatory environment, mild weather, young population, and large work force.

A chart of the four counties in the Metroplex, with the highest populations is shown below. Dallas County is the most populated county in the region with 2,613,539 residents, followed closely by Tarrant County with 2,110,640, Collin County with 1,064,465, and Denton County with 906,422. Other outlying counties such as Ellis, Johnson, Parker, Kaufman, Rockwall, Wise etc. add up to another 1,014,476 residents. The subject property is in the northeast area of Denton County.

**PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX**



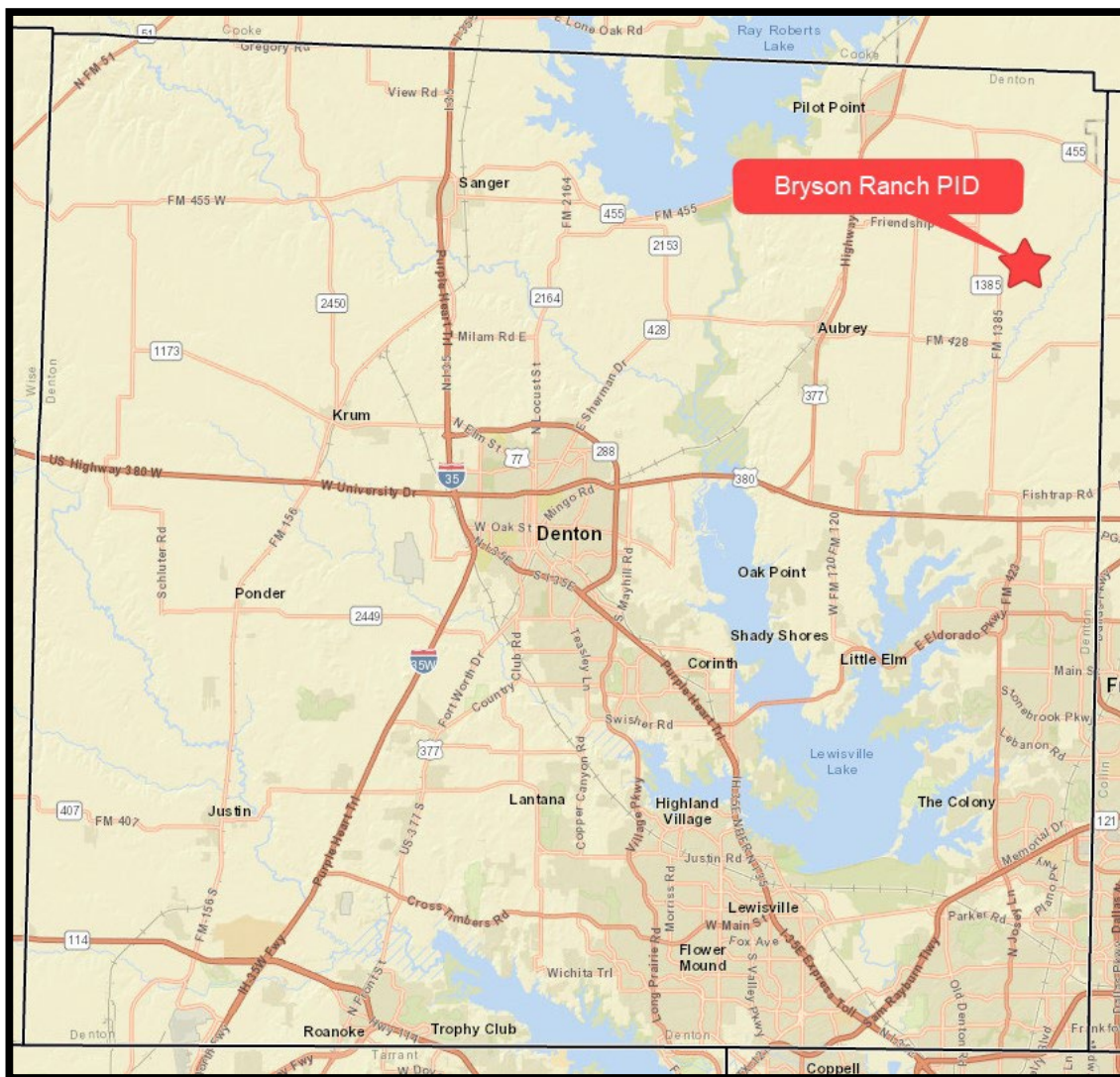
## **DENTON COUNTY OVERVIEW**

Denton County, located in north-central Texas, is a rapidly growing part of the Dallas-Fort Worth metroplex. The county seat, Denton, is known for its lively arts scene, historic downtown, and educational institutions like the University of North Texas and Texas Woman's University. As of the 2020 census, Denton County had a population of 906,422, making it the seventh-most populous county in Texas. The county's growth has been fueled by its strategic location, diverse economy, and high quality of life.

Geographically, Denton County covers approximately 953 square miles, featuring a mix of urban and rural landscapes. The county is home to significant bodies of water, including Lewisville Lake and Lake Ray Roberts, which provide recreational opportunities. The terrain includes parts of the Grand Prairie and the Texas Blackland Prairies. The county's economy is bolstered by sectors such as education, healthcare, retail, and technology, with a growing emphasis on sustainable development. Additionally, Denton County's cultural diversity is reflected in its numerous festivals, community events, and a strong sense of community among its residents.

## **MAP OF DENTON COUNTY**

*Subject Located in northeast Denton County*





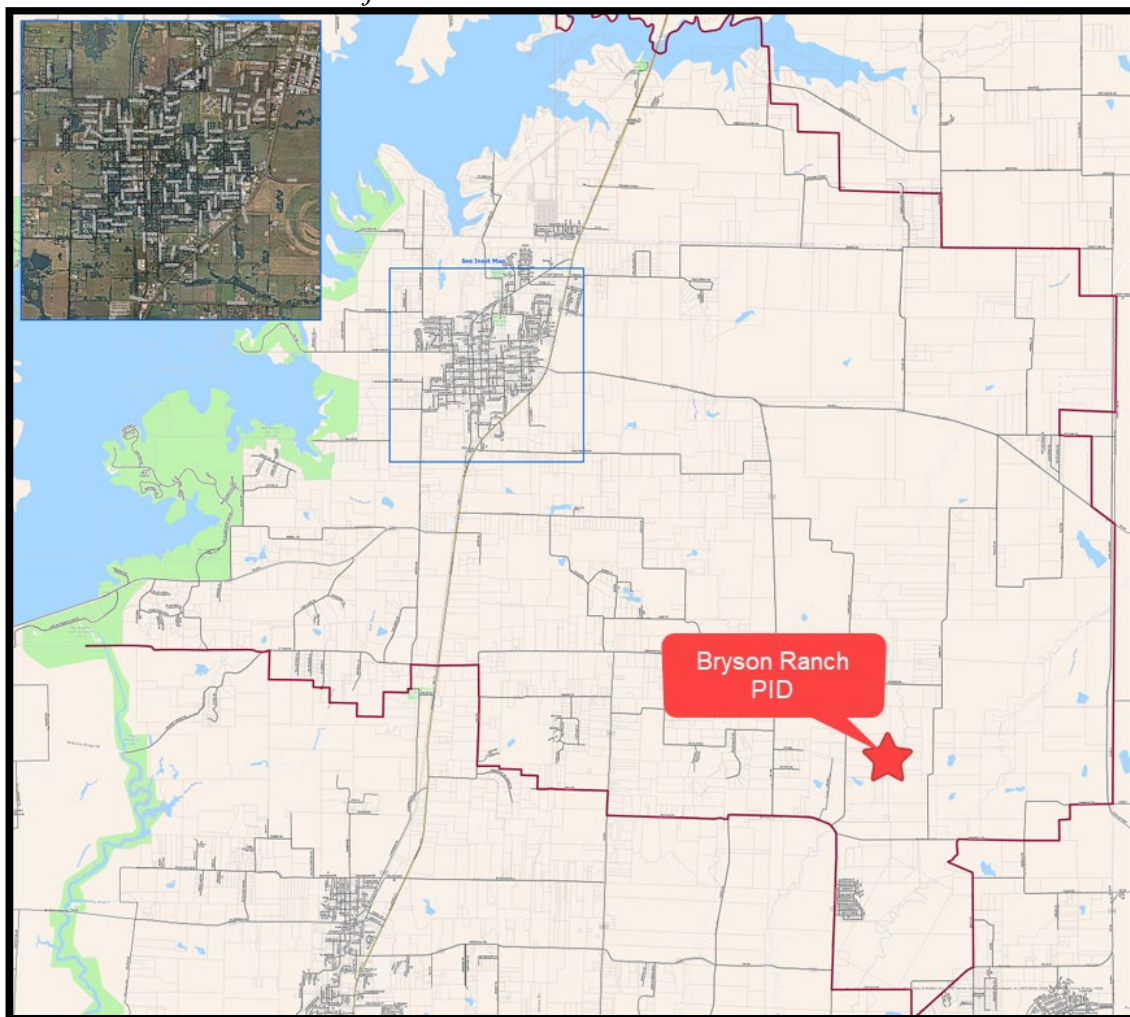
## **PILOT POINT OVERVIEW**

Pilot Point, Texas, is located in Denton County, about 50 miles north of Dallas. Known for its rich history, Pilot Point was established in 1845 and has grown into a community that values its heritage while embracing modern development. The city is home to the Pilot Point Commercial Historic District, which features well-preserved buildings from the late 19th and early 20th centuries. This area is a focal point for local events and festivals. Additionally, the downtown area boasts a variety of local businesses, including antique shops, cafes, and boutiques.

Pilot Point offers a variety of outdoor activities, with its proximity to Lake Ray Roberts. The lake provides opportunities for fishing, boating, and camping, making it a popular destination for both residents and visitors. The Ray Roberts Lake State Park, which encompasses parts of the lake, offers hiking and equestrian trails, picnic areas, and wildlife viewing opportunities. The city's location along U.S. Highway 377 and Farm Road 455 also makes it a convenient spot for travelers exploring the North Texas region. With a population of around 4,381 as of the 2020 census, Pilot Point maintains a close-knit community atmosphere while continuing to grow and develop. The local schools, parks, and community centers play a significant role in fostering a sense of community and providing residents with a high quality of life.

### **MAP OF THE CITY OF PILOT POINT**

*Subject Located in Southeast Pilot Point*

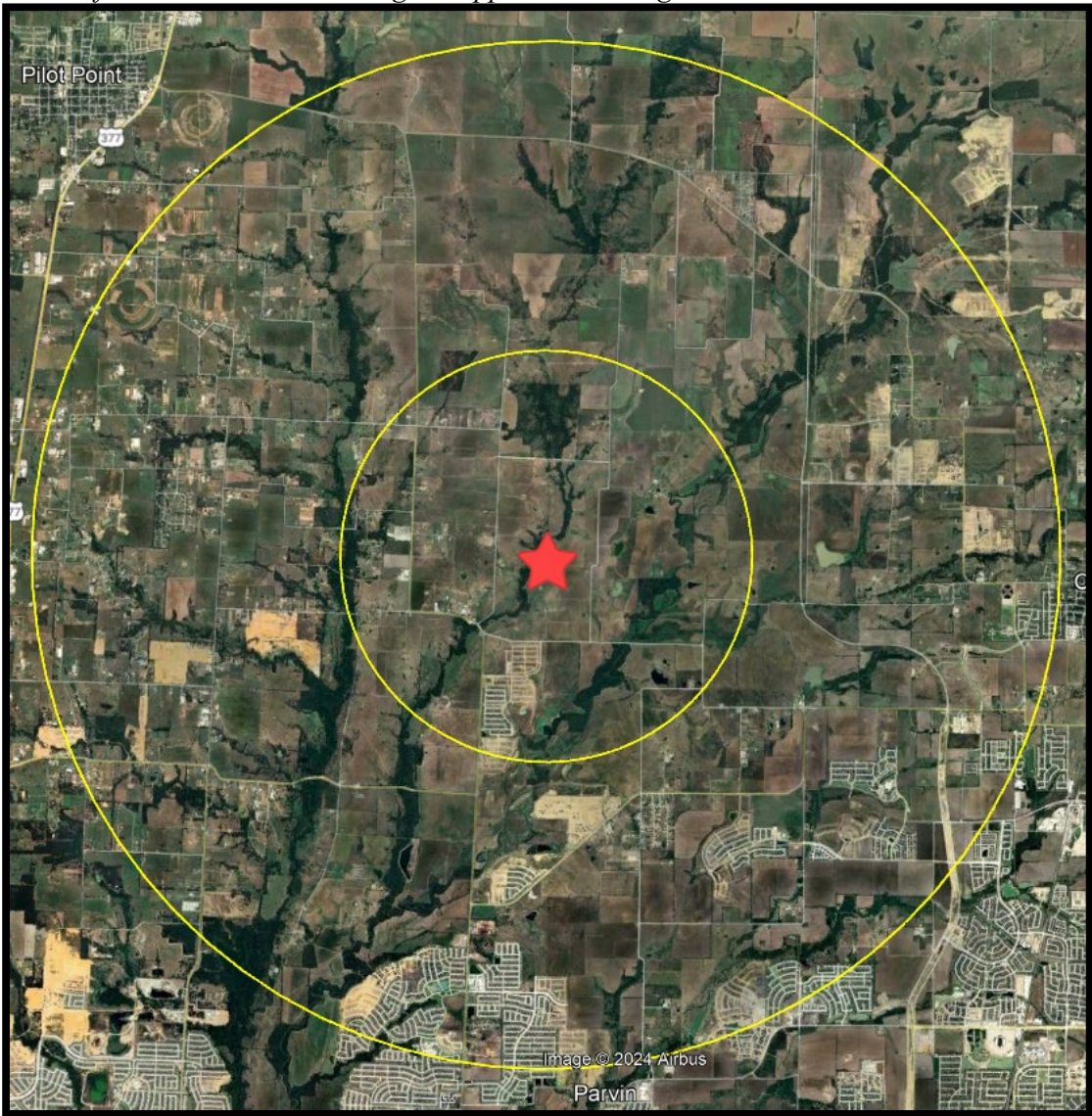


NEIGHBORHOOD ANALYSIS

A neighborhood may be defined as a section of a community or an entire community. It refers to relatively unified areas with definite boundaries which exhibit a fairly high degree of homogeneous uses – basically a group of complimentary land uses that exhibit a greater degree of commonality than the larger area. The boundaries of a neighborhood define the geographical area which exerts influence on the value of the subject property. The Bryson Ranch PID is located within Pilot Point, Texas and is within Pilot Point ISD.

NEIGHBORHOOD MAP

Geographic radii of 2 and 5 miles indicating the approximate neighborhood boundaries around the Subject



	2 Miles	5 Miles
North	Hames Road	Berend Road
East	Dallas Parkway	North Florida Drive
South	Farm-to-Market 428	Parvin Road
West	Joe Allen Road	State Highway 377




### **NEIGHBORHOOD DEMOGRAPHICS**

The subject is located in census tract 0201.29 with the FFIEC Geocode Census Report displayed on the following page. The report for census tract 0201.29 indicates that 4,232 people reside in the tract and family median income levels are in the middle tier with estimated median family incomes of \$111,624. Within census tract 0201.29, approximately 74% of housing units are owner-occupied with 12% being renter-occupied and 14% being vacant. These housing and demographic statistics indicate middle class residents who tend to live in 15–25-year-old single-family homes.

**Census Tract 0201.29 Map**



## Tract 0201.29 Census Report



2024 FFIEC Geocode Census Report

Address: Selected Tract  
MSA: 19124 - DALLAS-PLANO-IRVING, TX  
State: 48 -  
County: 121 - DENTON COUNTY  
Tract Code: 0201.29

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2024 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$110,300
2024 Estimated Tract Median Family Income	\$111,624
2020 Tract Median Family Income	\$89,375
Tract Median Family Income %	101.20
Tract Population	4232
Owner-Occupied Units	676
1- to 4- Family Units	915

Census Income Information

Tract Income Level	Middle
2020 MSA/MD/statewide non-MSA/MD Median Family Income	\$88,315
2024 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$110,300
% below Poverty Line	11.16
Tract Median Family Income %	101.20
2020 Tract Median Family Income	\$89,375
2024 Estimated Tract Median Family Income	\$111,624
2020 Tract Median Household Income	\$89,219

Census Population Information

Tract Population	4232
Number of Families	520
Number of Households	787

Census Housing Information

Total Housing Units	915
1- to 4- Family Units	915
Median House Age (Years)	20
Owner-Occupied Units	676
Renter Occupied Units	111
Owner Occupied 1- to 4- Family Units	676
Inside Principal City?	NO
Vacant Units	128

### DEMOGRAPHIC SUMMARY

Analytics from CoStar of the area are provided below. Within a 10-mile radius of the subject there are 212,150 people, which represents a 6.7% annual increase in population since 2020 and highlights growth that has occurred in this portion of the DFW Metroplex. The population growth is expected to slow slightly in the coming years and grow another 4.6% in the next five years. Median household incomes in the 10-mile radius are just over \$129,000.

Population			
	2 mile	5 mile	10 mile
2020 Population	556	8,147	167,467
2024 Population	629	10,754	212,150
2029 Population Projection	753	13,327	260,832
Annual Growth 2020-2024	3.3%	8.0%	6.7%
Annual Growth 2024-2029	3.9%	4.8%	4.6%
Median Age	37.9	37	36.7
Bachelor's Degree or Higher	37%	40%	50%
U.S. Armed Forces	0	12	328

Income			
	2 mile	5 mile	10 mile
Avg Household Income	\$110,844	\$122,947	\$153,761
Median Household Income	\$114,062	\$111,104	\$129,202
< \$25,000	30	371	2,878
\$25,000 - 50,000	15	511	4,893
\$50,000 - 75,000	41	488	6,621
\$75,000 - 100,000	12	282	7,490
\$100,000 - 125,000	8	206	9,943
\$125,000 - 150,000	32	515	8,032
\$150,000 - 200,000	58	665	11,315
\$200,000+	9	449	15,178



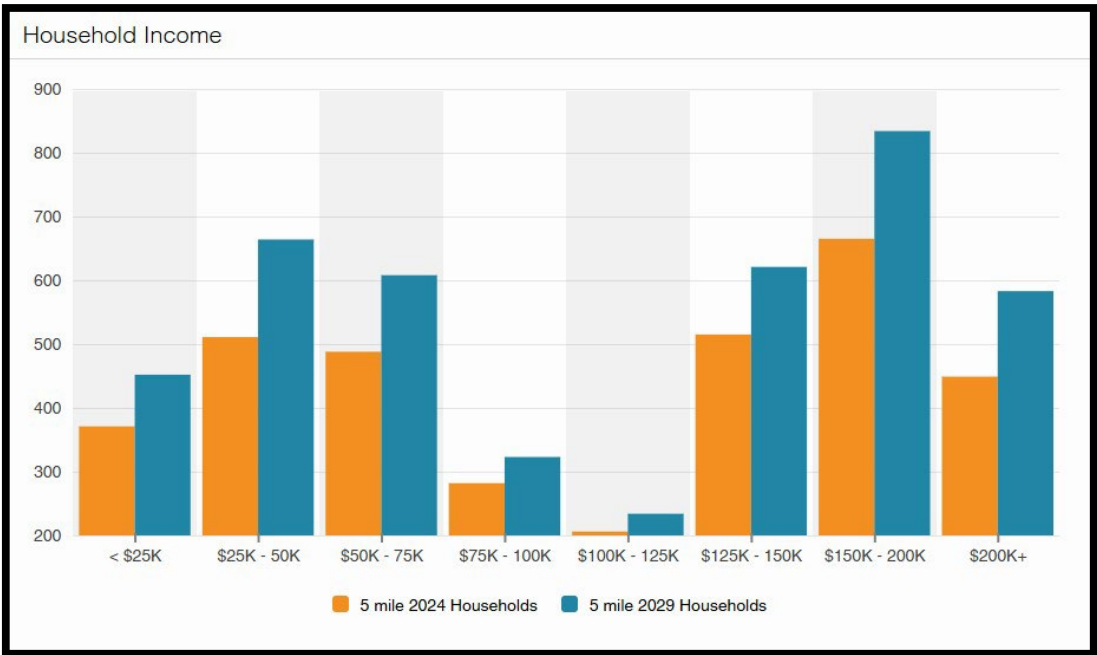
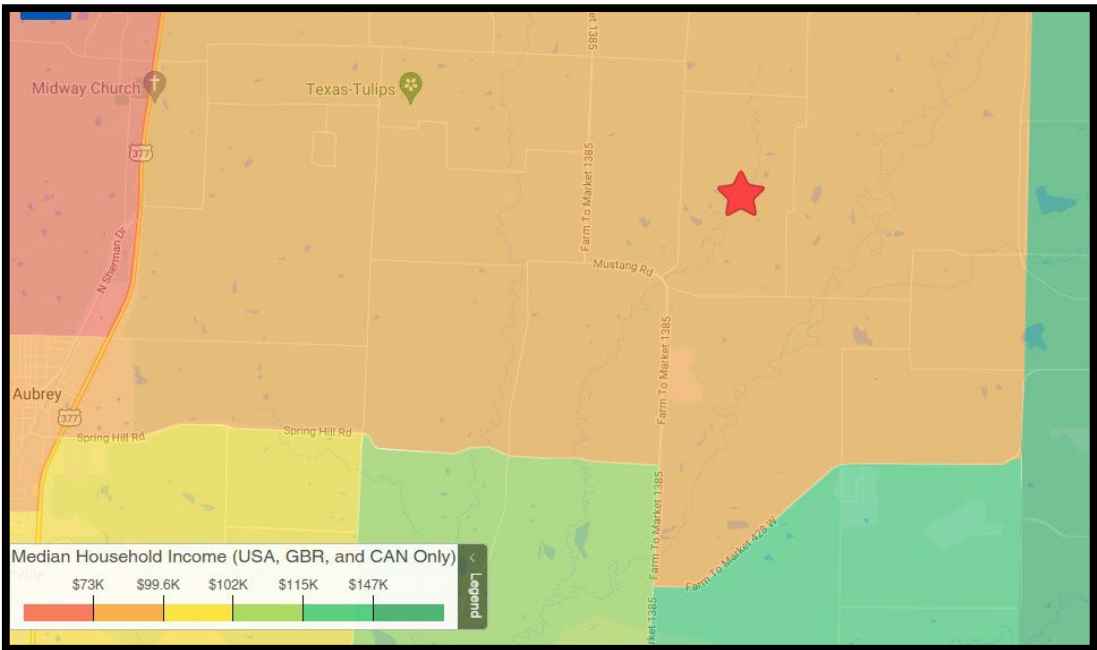
### EMPLOYMENT DATA

A table of the 2, 5, and 10-mile employment radius are shown below. The numbers highlight the area's diverse economy with more employees in the area surrounding the subject of service-producing industries and goods-producing industries.

Daytime Employment						
Radius	2 mile		5 mile		10 mile	
	Employees	Businesses	Employees	Businesses	Employees	Businesses
<b>Service-Producing Industries</b>	<b>17</b>	<b>5</b>	<b>483</b>	<b>115</b>	<b>26,265</b>	<b>3,971</b>
Trade Transportation & Utilit...	6	2	144	25	4,147	570
Information	0	0	0	0	340	49
Financial Activities	0	0	46	14	2,496	508
Professional & Business Se...	3	1	115	27	2,466	538
Education & Health Services	0	0	81	22	8,695	1,310
Leisure & Hospitality	6	1	38	7	4,989	417
Other Services	2	1	59	20	2,171	532
Public Administration	0	0	0	0	961	47
<b>Goods-Producing Industries</b>	<b>3</b>	<b>1</b>	<b>248</b>	<b>59</b>	<b>2,959</b>	<b>585</b>
Natural Resources & Mining	3	1	64	14	209	52
Construction	0	0	150	42	1,792	423
Manufacturing	0	0	34	3	958	110
<b>Total</b>	<b>20</b>	<b>6</b>	<b>731</b>	<b>174</b>	<b>29,224</b>	<b>4,556</b>

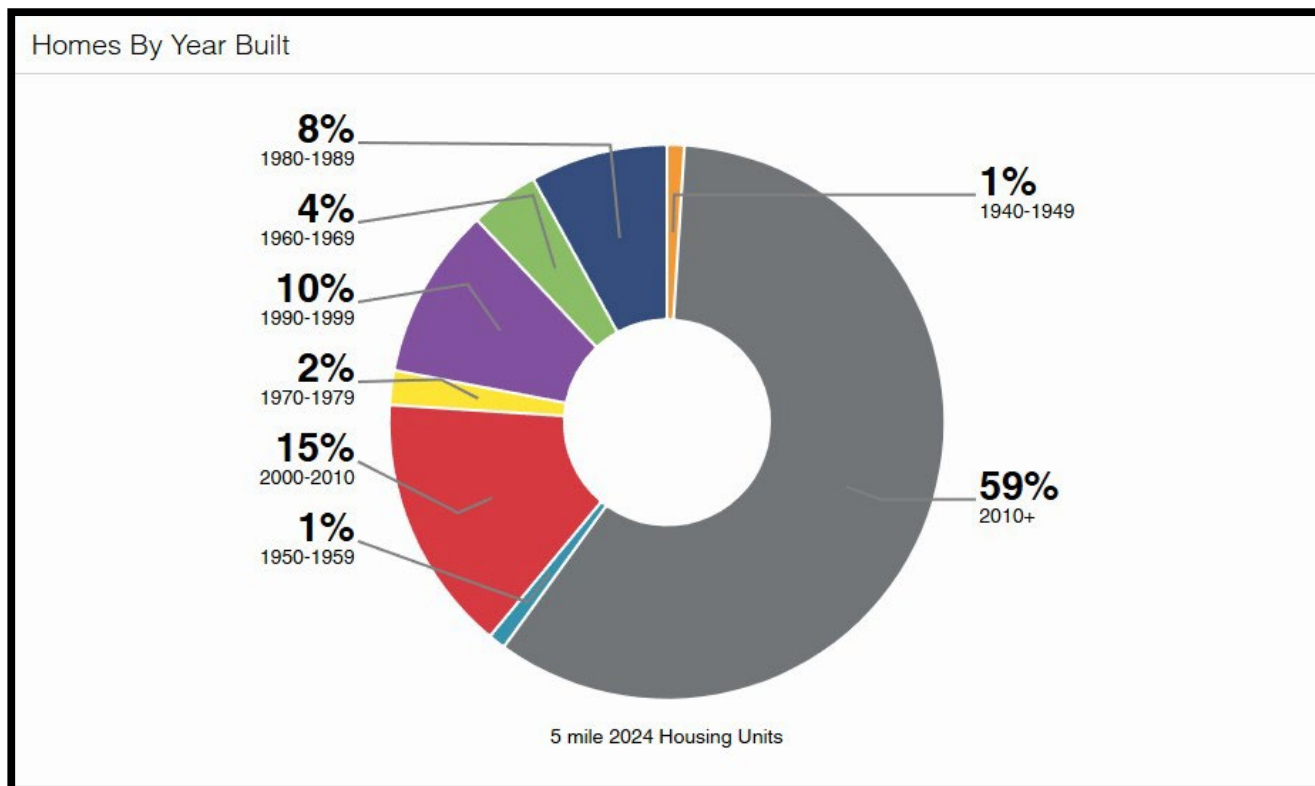
CoStar Analytics – Map of Median Household Income

As indicated by the map below, median incomes in the vicinity of the subject property are around \$99.6k-\$102k. Median incomes in DFW tend to be higher in suburban areas outside the population centers in Dallas, Fort Worth, and Denton. This is especially true in areas north of Dallas where affluent communities have concentrated for the past few decades.



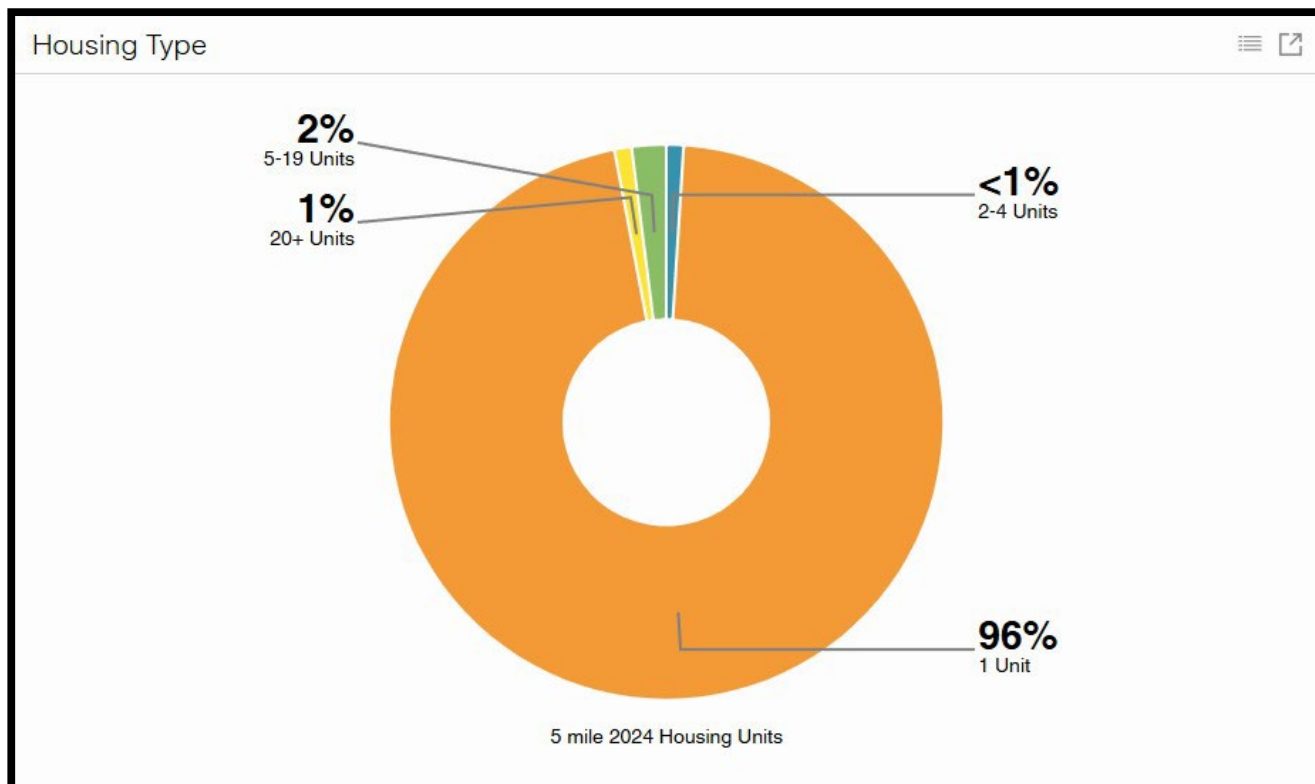
### CoStar Analytics – Housing Statistics

Most housing in the area (74%) are homes that were built after 2000. This is subject to change with the projected growth stage of the surrounding area, which has experienced numerous residential subdivision developments in recent years.



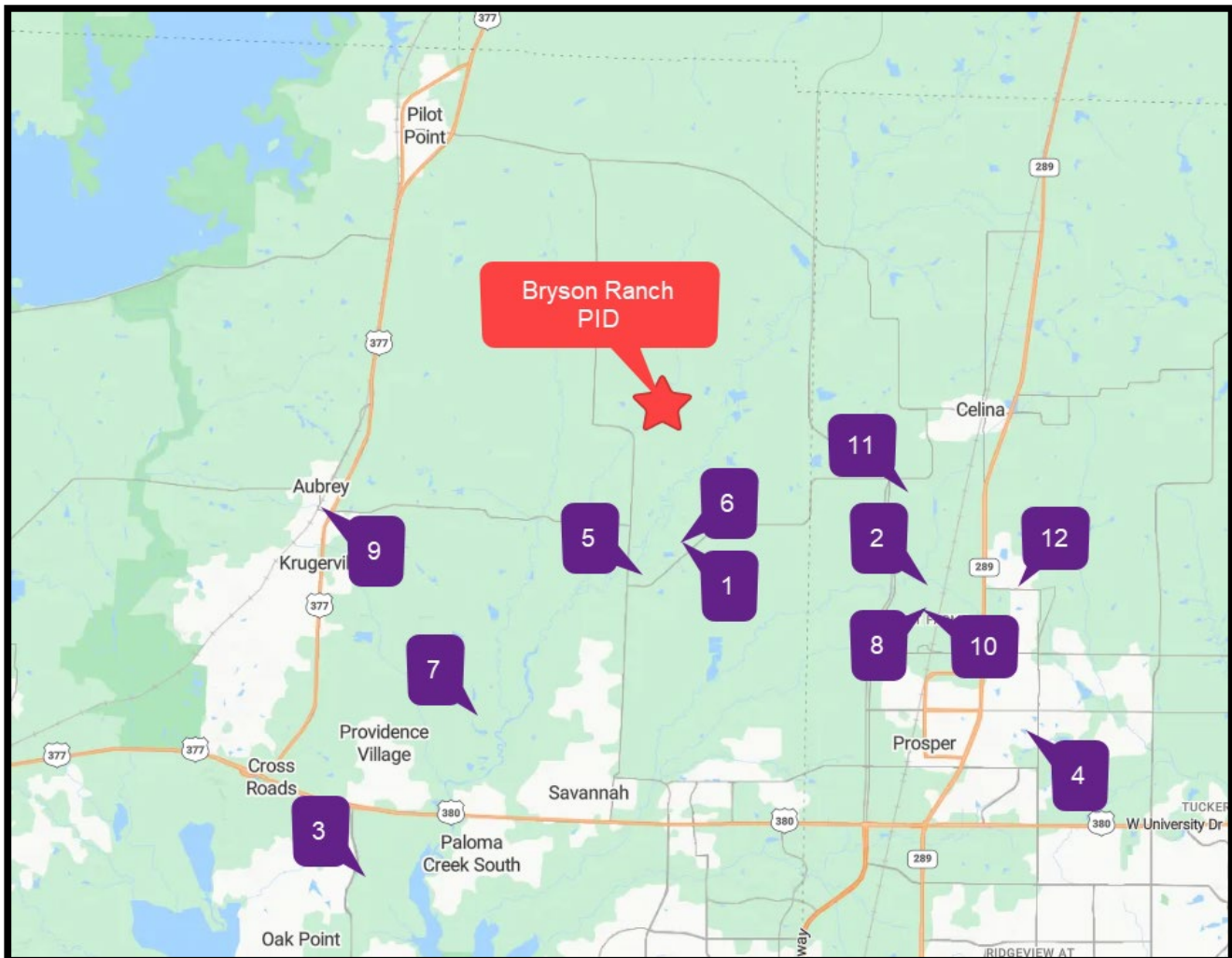
### CoStar Analytics – Housing Statistics

In addition, the vast majority (96%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with detached single-family housing that is consistent with the surrounding area.



### Map of Notable Nearby Developing Residential Subdivisions

A map of notable built-out, developing, and planning single-family residential subdivision is shown below which highlights the similar and conforming uses around the subject property.



MAP KEY			
1	Creekview Meadows/West	7	Woodstone (Providence Village)
2	Light Farms/Brenham	8	Light Farms/Sweetwater
3	Prairie Oaks South	9	DeMoye-Magnolia Addition
4	Chalk Hill	10	Light Farms/Hazel
5	Edgewood Creek	11	Greenway (Celina)
6	Creekview Meadows/East	12	Bluewood

## **ABSORPTION ANALYSIS**

### **RESIDENTIAL ANALYSIS**

The subject property is Bryson Ranch PID which consists of approximately 924.805 acres in the City of Pilot Point being developed into detached single-family lots. The property is being developed by MM Bryson Ranch LLC, which is an affiliate of Centurion American Development Company.

When analyzing the financially feasible and maximally productive use of the site, uses that are both physically possible and legally permissible must be considered. An important factor affecting the development of the subject is the surrounding land usage. For the subject property, the primary potential use is a mix of single-family residential development, commercial development, and multi-family development as that conforms to recent land development in the surrounding area around Denton County and Collin County. The neighborhood is best described as the area north of Mobberly Road, west of Hames Road, east of Lights Ranch Road and south of Shearer Road. The neighborhood is predominantly undeveloped agricultural land to the north, east, and west and a housing development is in the process of being constructed to the south. US Highway 377, which runs 6 miles west of the subject property runs north/south, and several commercial uses are located on this arterial traffic carrier.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved and the City of Pilot Point has experienced this consistent population growth. Low interest rates persisted nationally in 2020 and 2021, and the markets rose significantly, but 2022, 2023, and 2024 are years of the higher interest rates as the Fed seeks to combat inflation. Still, with large numbers of immigration from outside DFW from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate in growing communities like Pilot Point is expected to remain strong. Those end-user homebuyers in Bryson Ranch PID are expected to be in the middle- to upper-income earners as the average home price for finished single-family homes in the community is expected to be \$384,000 for the 40-FF lots, \$480,000 for the 50-FF lots, and \$576,00 for the 60-FF lots.

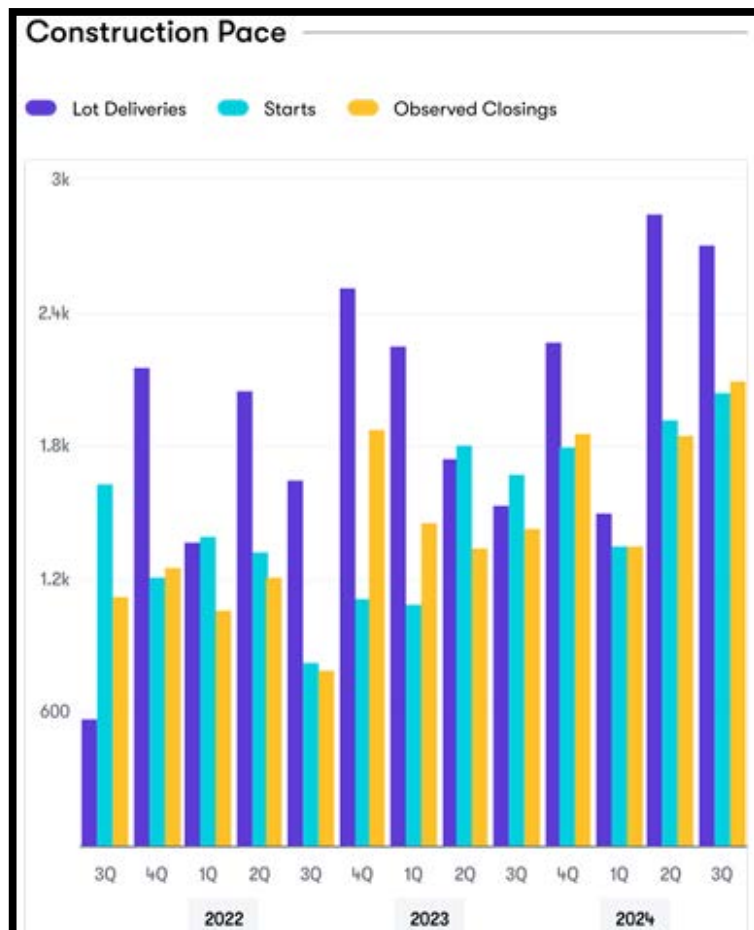
Demand for vacant developed lots (VDLs) for home builders is currently very high; however, material and labor shortages were well-publicized in 2021 and are expected to continue with some easing in late-2022, 2023, and 2024 according to the Texas Real Estate Research Center. Developable residential land in DFW with good access to Fort Worth and Dallas is in high demand with developments moving ever further away from the Dallas CBD and highly developed areas north of Dallas where vacant land is scarce after decades of growth. The subject property –Bryson Ranch PID– is removed from the large Central Business Districts in the Metroplex but relatively near areas of Denton County where many young families have migrated when searching for safe neighborhoods, good schools, relatively affordable new homes, and desirable residential amenities.

Based on the preceding, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends and current available data. Since the first residential lots are not scheduled to be complete until September 2026, we will analyze the historical trends and attempt to forecast the absorption rates based off data, analytics, and our conversations with developers in the market.

We determined a 10-mile radius around the subject property is suitable for our absorption analysis as the competitive supply of lots is within this area. Further, we examined residential communities with lot widths between 35' - 65'.

## Bryson Ranch Public Improvement District

The following chart reflects starts, deliveries, and closings in the market area from 3Q2021. Sales increased from 3Q2021-4Q2021, then decreased in 1Q2022 before once again increasing from 2Q2022-4Q2022, then decreased from 1Q2023-3Q2023, before once again rising in 4Q2023 and declining in 1Q2024 which was then followed by an increase through 3Q2024. The rate of annual starts has stayed between 1,300 and 2,000 in the past year as homebuilders anticipated increased demand due to rising interest rates. The area has also been trending up in the rate of closings as reflected in the numbers reported by Zonda.

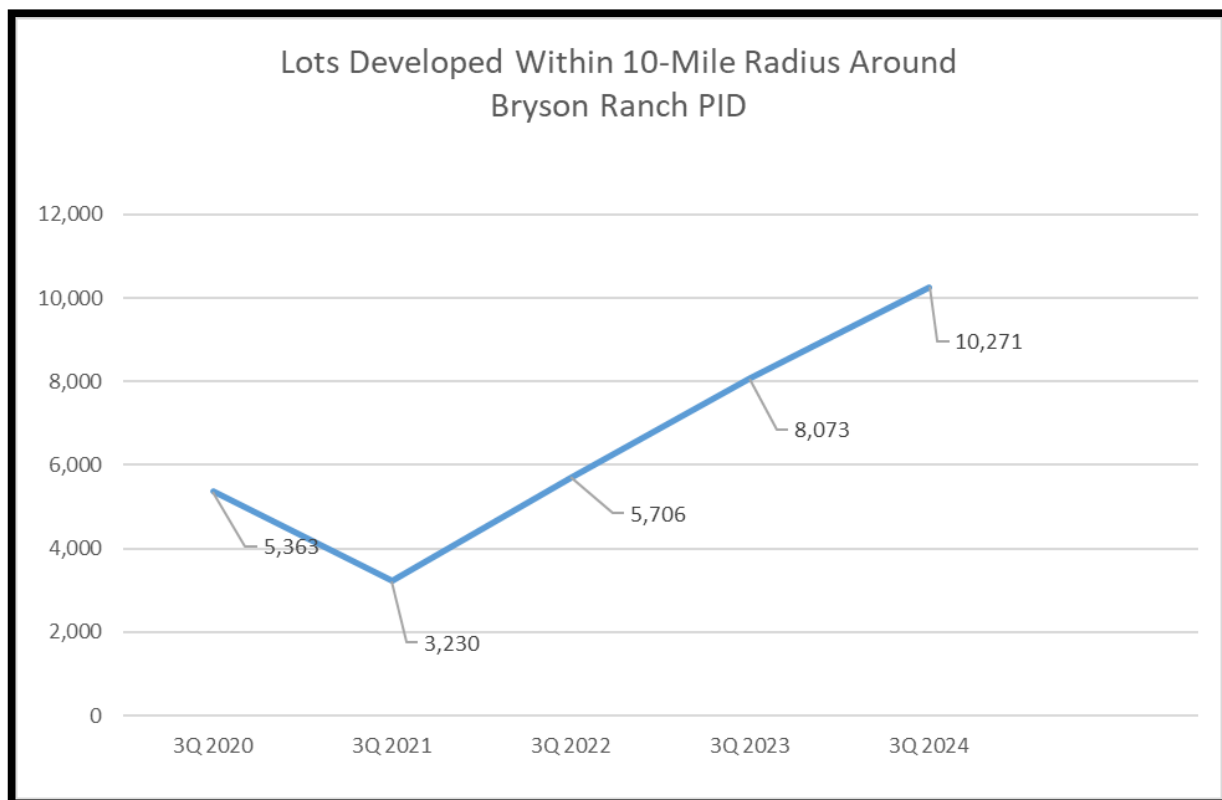


### DEFINED SUBMARKET AREA

As shown in the previous chart, the absorption of lots (determined from home construction starts) within the selected area decreased from 3Q2021 to 1Q2023, then rose from 2Q2023-3Q2024. According to Zonda, the selected area absorbed the following number of 35’-65’ lots year-over-year from 3Q2020 to 3Q2024:

- 3Q2020 – 4,950 lots absorbed
- 3Q2021 – 5,363 lots absorbed
- 3Q2022 – 3,230 lots absorbed
- 3Q2023 – 5,706 lots absorbed
- 3Q2024 – 8,073 lots absorbed

From 2020-2024, the *annual average* of lots absorbed was . Utilizing the more recent 24-month absorption of lots (3Q2022 to 3Q2024), the annual average of lots absorbed increased to 6,529 lots in the area.

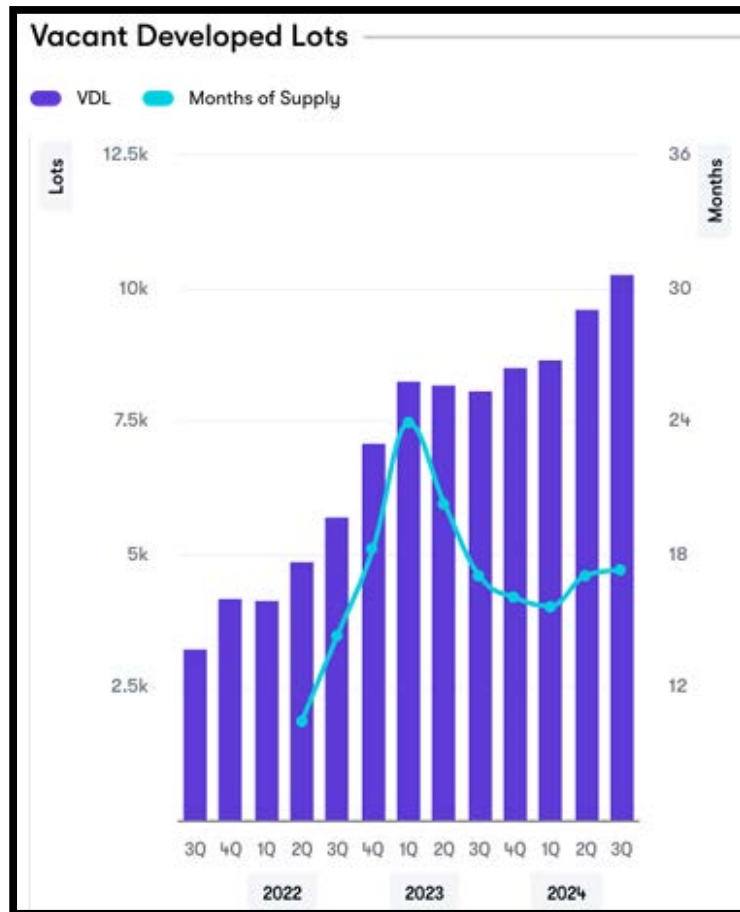


### COMPETITIVE SUPPLY (LOT INVENTORY)

According to Zonda, the existing supply of available lots is presently far below balanced levels in our selected submarket as the number of VDLs in the area has trended higher since 3Q2021 from a low of near ~3,000 to a high of ~10,000 with a ~18-month supply. **The present VDL count is just over 10,000 with an ~18-month supply.** It should be noted that this is a large radius – 10 miles – for such a developed single-family residential area but we determined prospective buyers would search subdivisions throughout Denton County and Collin County with a preference to be near the U.S. Highway 377 and State Highway 289 which serves as a major thoroughfare and has numerous newer master-planned communities and desirable commercial options.



Thus, the total lot supply is considered to be considerably **below** the ideal supply levels for a significantly developing market. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, *with increasing demand and declining lot supply, it appears that additional lot product in the submarket is feasible and needed at the current time.* This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.



*Note: A threat to the pace of lot development is multiple interest rate increases the Federal Reserve enacted as a reaction to rising inflation. These interest rate increases were conducted to combat inflation and cool the hot markets; however, the effect for residential housing may be to price first-time buyers out of the single-family residential market. Supply chain issues stemming back to the COVID-19 Pandemic have also increased development costs which may limit starts on the vacant developed lots thus leading to lower VDL and future home supply, thus increasing home prices. In general, we believe the diverse local economy, strong in-migration, and relative stability of the North Texas real estate market will serve to smooth out more global economic trends.*

Having considered the supply of lots in the market, it is now prudent to examine the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption of the subject's proposed lots.

### ABSORPTION ANALYSIS – 40', 50' AND 60' LOTS

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject's lots. All data is per Zonda as of 3Q2024.

#### 40' Lots

For the 40' lots, we included data for lots within a 10-mile radius and included 40' lots in our analysis. Data on 40' lots is relatively low, so we selected three comparable absorption schedules at nearby communities which are shown below:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Creekview Meadows/West	40'	364	24	12	182.0	2.0
Light Farms/Brenham	40'	31	30	12	12.4	2.5
Prairie Oaks South	40'	31	73	12	5.1	6.1
<b>AVERAGE</b>		<b>142.0</b>	<b>42.3</b>	<b>12.0</b>	<b>66.5</b>	<b>3.5</b>

Our analysis indicates Starts/Month is between 2.0 and 6.1 with an average of 3.5 starts/month with a median of 2.5 starts/month. We similarly weighted and considered **the subject property's 40' lots would likely absorb 4 lots/month, or approximately 12 lots per quarter.**

#### 50' Lots

For the 50' lots, we included data for lots within a 10-mile radius and included 50' and 55' lots in our analysis. Data on 50' lots is relatively plentiful, so we selected five comparable absorption schedules at nearby communities which are shown below:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Chalk Hill	50'	280	12	12	280.0	1.0
Edgewood Creek	50'	46	136	12	4.1	11.3
Creekview Meadows/East	50'	366	63	12	69.7	5.3
Woodstone (Providence Village)	50'-55'	78	94	12	10.0	7.8
Light Farms/Sweetwater	50'	0	77	12	0.0	6.4
<b>AVERAGE</b>		<b>154.0</b>	<b>76.4</b>	<b>12.0</b>	<b>72.7</b>	<b>6.4</b>

Our analysis indicates Starts/Month is between 1.0 and 11.3 with an average of 6.4 starts/month with a median of 6.4 starts/month. We similarly weighted and considered **the subject property's 50' lots would likely absorb 6 lots/month, or approximately 18 lots per quarter.**

#### 60' Lots

For the 60' lots, we included data for lots within a 10-mile radius and included 60' lots in our analysis. Data on 60' lots is relatively low, so we selected three comparable absorption schedules at nearby communities which are shown on the following page:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
DeMoye-Magnolia Addition	60'	2	1	12	24.0	0.1
Light Farms/Hazel	60'	0	9	12	0.0	0.8
Greenway (Celina)	60'	13	57	12	2.7	4.8
<i>AVERAGE</i>		<i>5.0</i>	<i>22.3</i>	<i>12.0</i>	<i>8.9</i>	<i>1.9</i>

Our analysis indicates Starts/Month is between 0.1 and 4.8 with an average of 1.9 starts/month with a median of 0.8 starts/month. We similarly weighted and considered **the subject property's 60' lots would likely absorb 2 lots/month, or approximately 6 lots per quarter.**

#### Absorption Summary Projection: 40' and 50' Lots (Zone A)

Based on the preceding, we estimate that lots in the subject property's development will sell 12 lots/quarter for 40' lots and 18 lots/quarter for 50' lots with absorption beginning September 1, 2026. An Absorption Summary Projection for all lot types is shown in the table below for the 650 lots in Bryson Ranch PID Improvement Area #1 Zone A.

Projected Quarterly Absorption Summary - Bryson Ranch Improvement Area #1 (Zone A)										
Lot Type	Sept-2026	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	Apr-2028	Jul-2028	Oct-2028
40-FF	4	12	12	12	12	12	12	12	12	12
50-FF	6	18	18	18	18	18	18	18	18	18
<b>Total</b>	<b>10</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>



Projected Quarterly Absorption Summary - Bryson Ranch Improvement Area #1 (Zone A)										
Lot Type	Jan-2029	Apr-2029	Jul-2029	Oct-2029	Jan-2030	Apr-2030	Jul-2030	Oct-2030	Jan-2031	Apr-2031
40-FF	12	12	12	12	12	12	12	12	12	12
50-FF	18	5	-	-	-	-	-	-	-	-
<b>Total</b>	<b>30</b>	<b>17</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>



Projected Quarterly Absorption Summary - Bryson Ranch Improvement Area #1 (Zone A)										
Lot Type	Jul-2031	Oct-2031	Jan-2032	Apr-2032	Jul-2032	Oct-2032	Jan-2033	Apr-2033	Jul-2033	Oct-2033
40-FF	12	12	12	12	12	12	12	12	12	12
50-FF	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>



Projected Quarterly Absorption Summary - Bryson Ranch Improvement Area #1 (Zone A)										
Lot Type	Jan-2034	Apr-2034	Jul-2034	Oct-2034	Jan-2035	Apr-2035	Jul-2035	Oct-2035	Jan-2036	TOTAL
40-FF	12	12	12	12	12	12	12	12	11	459
50-FF	-	-	-	-	-	-	-	-	-	191
<b>Total</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>650</b>

The total absorption period for the 40' lots is expected to be 115 months (459 lots ÷ 4 lots/month), and lots are expected to sell out in March 2036. The total absorption period for the 50' lots is expected to be 32 months (191 lots ÷ 6 lots/month), and lots are expected to sell out in April 2029.

**Absorption Summary Projection: 40', 50', and 60' Lots (Zone B)**

Based on the preceding, we estimate that lots in the subject property's development will sell 12 lots/quarter for 40' lots, 18 lots/quarter for 50' lots, and 2 lots/quarter for 60' lots with absorption beginning September 1, 2026. An Absorption Summary Projection for all lot types is shown in the table below for the 407 lots in Bryson Ranch PID Improvement Area #1 Zone B.

Projected Quarterly Absorption Summary - Bryson Ranch Improvement Area #1 (Zone B)										
Lot Type	Sept-2026	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	Apr-2028	Jul-2028	TOTAL
40-FF	4	12	12	12	12	12	12	12	1	89
50-FF	6	18	18	18	18	18	18	18	18	306
60-FF	2	6	4	-	-	-	-	-	-	12
<b>Total</b>	<b>12</b>	<b>36</b>	<b>34</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>19</b>	<b>407</b>



Projected Quarterly Absorption Summary - Bryson Ranch Improvement Area #1 (Zone B)										
Lot Type	Oct-2028	Jan-2029	Apr-2029	Jul-2029	Oct-2029	Jan-2030	Apr-2030	Jul-2030	Oct-2030	TOTAL
40-FF	-	-	-	-	-	-	-	-	-	89
50-FF	18	18	18	18	18	18	18	18	12	306
60-FF	-	-	-	-	-	-	-	-	-	12
<b>Total</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>12</b>	<b>407</b>

The total absorption period for the 40' lots is expected to be 22 months (89 lots ÷ 4 lots/month), and lots are expected to sell out in July 2028. The total absorption period for the 50' lots is expected to be 51 months (306 lots ÷ 6 lots/month), and lots are expected to sell out in November 2030. The total absorption period for the 60' lots is expected to be 6 months (12 lots ÷ 2 lots/month), and lots are expected to sell out in February 2026.

## SUBJECT PROPERTY ANALYSIS

The entire development of Bryson Ranch PID represents a total of approximately 924.805 acres (40,284,506-SF) is currently being developed into four distinct areas as follows:

- Improvement Area #1 (Zone A) within Bryson Ranch PID will consist of 459 40-FF lots and 191 50-FF lots, with a total of 650 improved residential lots on approximately 183.824 acres.
- Improvement Area #1 (Zone B) within Bryson Ranch PID will consist of 89 40-FF lots, 306 50-FF lots, and 12 60-FF lots, with a total of 407 improved residential lots on approximately 165.082 acres.
- The Remainder Area (Zone A) Paper Lots will include 464 40-FF lots, 507 50-FF lots, and 121 60-FF lots with a total of 1,092 residential paper lots on approximately 324.109 acres.
- The Remainder Area (Zone B) Paper Lots will include 120 townhome lots, 332 40-FF lots, 476 50-FF lots, and 96 60-FF lots with a total of 1,024 residential paper lots on approximately 251.830 acres.

The following chart shows the four distinct areas of Bryson Ranch PID.

Bryson Ranch PID				
Lot Type	IA #1 (Zone A)	IA #1 (Zone B)	Remainder Area Paper Lots (Zone A)	Remainder Area Paper Lots (Zone B)
Townhome Lots	0	0	0	120
40-FF	459	89	464	332
50-FF	191	306	507	476
60-FF	0	12	121	96
Total IA #1 (Zone A/B)	650	407		
Total Remainder Area Paper Lots (Zone A/B)			1092	1,024
Total Lots at Bryson Ranch PID				

Bryson Ranch PID is owned by MM Bryson Ranch LLC. Bryson Ranch PID is located in the northeast portion of Denton County within Pilot Point in the DFW Metroplex. The area surrounding the subject property is a mix of residential uses and agricultural land.

Access to the subject property is considered average as it is located along Mobberly Road, and approximately 6 miles east of U.S. Highway 377 and 10 miles west of State Highway 289. Generally, the main retail and commercial options near the subject site are found along U.S. Highway 377 or State Highway 289 which has been rapidly developing with a number of master-planned communities in the past decade.

The subject property will have a mandatory homeowner's association (HOA) over residential portions of the subject property in order to maintain open spaces, common areas, detention areas, and other related improvements or appurtenances that are not dedicated or maintained by the City of Pilot Point.

Based on research and discussion with the development team, the price point of homes in the subject's community will be \$384,000 for the 40-FF lots, \$480,000 for the 50-FF lots, and \$576,000 for the 60-FF lots, which should be a desirable price point for young families and first- and second-time homebuyers looking for a quiet community near the City of Pilot Point with the amenities of a planned residential community.

## Bryson Ranch Public Improvement District

We were provided with the following table of budgeted costs for the 3,173 residential lots, in Bryson Ranch PID:

<b>Bryson Ranch PID Summary</b>								
Cost Estimates								
<b>Direct Improvements - Public</b>								
	<b>Zone 1A</b>	<b>Zone 3A</b>	<b>Zone 1B</b>	<b>Zone 2B</b>	<b>Zone 3B</b>	<b>Townhomes</b>		<b>Total Direct Costs</b>
1 Grading/Site Preparation (Earthwork/E)	\$ 653,030	\$ 626,625	\$ 524,210	\$ 466,225	\$ 513,320	\$ 102,035		\$ 3,541,035
2 Wet Utilities	\$ 7,098,980	\$ 6,455,850	\$ 5,517,079	\$ 5,976,889	\$ 6,193,187	\$ 1,024,502		\$ 40,289,707
3 Street Improvements	\$ 4,488,140	\$ 4,331,110	\$ 3,636,630	\$ 3,223,545	\$ 3,546,165	\$ 700,190		\$ 24,585,175
4 Sale of ROW	\$ 2,874,000	\$ 2,640,000	\$ 2,263,200	\$ 2,304,000	\$ 2,196,000	\$ 336,000		\$ 15,769,200
5 District Formation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
6 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
7 Subtotal	\$ 15,114,150	\$ 14,053,585	\$ 11,941,119	\$ 11,970,659	\$ 12,448,672	\$ 2,162,727		\$ 84,185,117
8 Const. mmgt, other fees, and bonds	\$ 1,954,461	\$ 1,937,853	\$ 1,463,663	\$ 1,641,084	\$ 1,737,254	\$ 315,750		\$ 11,304,261
9 Contingency	\$ -	\$ 1,141,359	\$ -	\$ 966,666	\$ 1,025,267	\$ 182,673		\$ 4,649,785
10 Total Direct Improvements	\$ 17,068,611	\$ 17,132,796	\$ 13,404,782	\$ 14,578,408	\$ 15,211,192	\$ 2,661,150		\$ 100,139,163
<b>Major Improvements - Public</b>								
	<b>Global Master</b>	<b>Zone A Master</b>	<b>Zone B Master</b>	<b>Future Global Master</b>	<b>Future 2-3 Master</b>	<b>Future Zone A Master</b>	<b>Future Zone B Master</b>	<b>Total MI Costs</b>
1 Grading/Site Preparation (Earthwork/E)	\$ 298,093	\$ 135,665	\$ 392,408	\$ -	\$ 36,357	\$ 250,960	\$ 176,083	\$ 1,289,565
2 Wet Utilities	\$ 2,396,747	\$ 309,510	\$ 722,858	\$ 1,534,351	\$ 7,328,738	\$ 324,825	\$ 510,008	\$ 17,719,761
3 Street Improvements	\$ 2,422,238	\$ 1,053,863	\$ 1,975,575	\$ -	\$ 3,120,999	\$ 2,016,975	\$ 1,744,405	\$ 12,334,054
4 Sale of ROW	\$ 1,002,000	\$ 423,600	\$ 649,200	\$ 310,800	\$ 168,000	\$ 1,138,800	\$ 499,200	\$ 4,191,600
5 District Formation Costs	\$ 2,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200,000
6 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7 Subtotal	\$ 8,319,077	\$ 1,922,638	\$ 3,740,040	\$ 1,845,151	\$ 10,654,093	\$ 3,731,560	\$ 2,929,696	\$ 37,734,979
8 Const. mmgt, other fees, and bonds	\$ 4,103,383	\$ 1,342,792	\$ 1,180,287	\$ 253,168	\$ 1,730,205	\$ 427,805	\$ 401,032	\$ 10,127,581
9 Contingency	\$ -	\$ -	\$ -	\$ 153,435	\$ 1,048,609	\$ 259,276	\$ 243,050	\$ 1,704,370
10 Total Direct Improvements	\$ 12,422,460	\$ 3,265,429	\$ 4,920,327	\$ 2,251,754	\$ 13,432,907	\$ 4,418,641	\$ 3,573,777	\$ 49,566,930
<b>Private Improvements</b>								
	<b>Zone 1A (including MF/Commercial)</b>	<b>Zone 3A</b>	<b>Zone 1B</b>	<b>Zone 2B</b>	<b>Zone 3B</b>	<b>Townhomes</b>		<b>Total Private Costs</b>
1 Grading/Site Preparation (Earthwork/E)	\$ 3,853,750	\$ 3,277,200	\$ 2,462,100	\$ 2,764,800	\$ 2,665,975	\$ 641,725		\$ 18,998,175
2 Wet Utilities	\$ 485,650	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 485,650
3 Dry Utilities	\$ 133,000	\$ 140,000	\$ 161,000	\$ 115,500	\$ 112,000	\$ 31,500		\$ 847,000
4 Amenities/Landscaping	\$ 4,479,200	\$ 1,619,350	\$ 2,162,750	\$ 864,450	\$ 2,789,750	\$ 468,000		\$ 14,591,500
5 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
6 Subtotal	\$ 8,951,600	\$ 5,036,550	\$ 4,785,850	\$ 3,744,750	\$ 5,567,725	\$ 1,141,225		\$ 34,922,775
7 Const. mmgt, other fees, and bonds	\$ 1,287,678	\$ 831,031	\$ 692,561	\$ 617,884	\$ 918,675	\$ 188,302		\$ 5,475,818
8 Contingency	\$ 1,728,089	\$ 503,655	\$ 717,878	\$ 374,475	\$ 556,773	\$ 114,123		\$ 4,564,499
9 Total Direct Improvements	\$ 11,967,367	\$ 6,371,236	\$ 6,196,288	\$ 4,737,109	\$ 7,043,172	\$ 1,443,650		\$ 44,963,092
<b>Grand Total</b>								
25'	0	0	0	0	0	120		
40'	459	406	89	112	220	0		
50'	191	147	306	290	186	0		
60'	0	0	12	53	43	0		
<b>Grand Total Lot Zones</b>	<b>650</b>	<b>553</b>	<b>407</b>	<b>455</b>	<b>449</b>	<b>120</b>		

The above-mentioned Budgeted Costs are provided by KFM Engineering & Design, the Professional Engineers. The figures shown in the previous table may be revised in Annual Service Plan Updates and may be reallocated between line items upon approval by the City of Pilot Point so long as the total Authorized Improvements amount, and the benefit allocation does not change.

*The preceding general descriptions of the subject's characteristics are based on review of available maps and data sources, as well as our physical on-site observations. Please refer to copies of the maps, photographs, and renderings for a visual perspective of the subject's physical characteristics.*

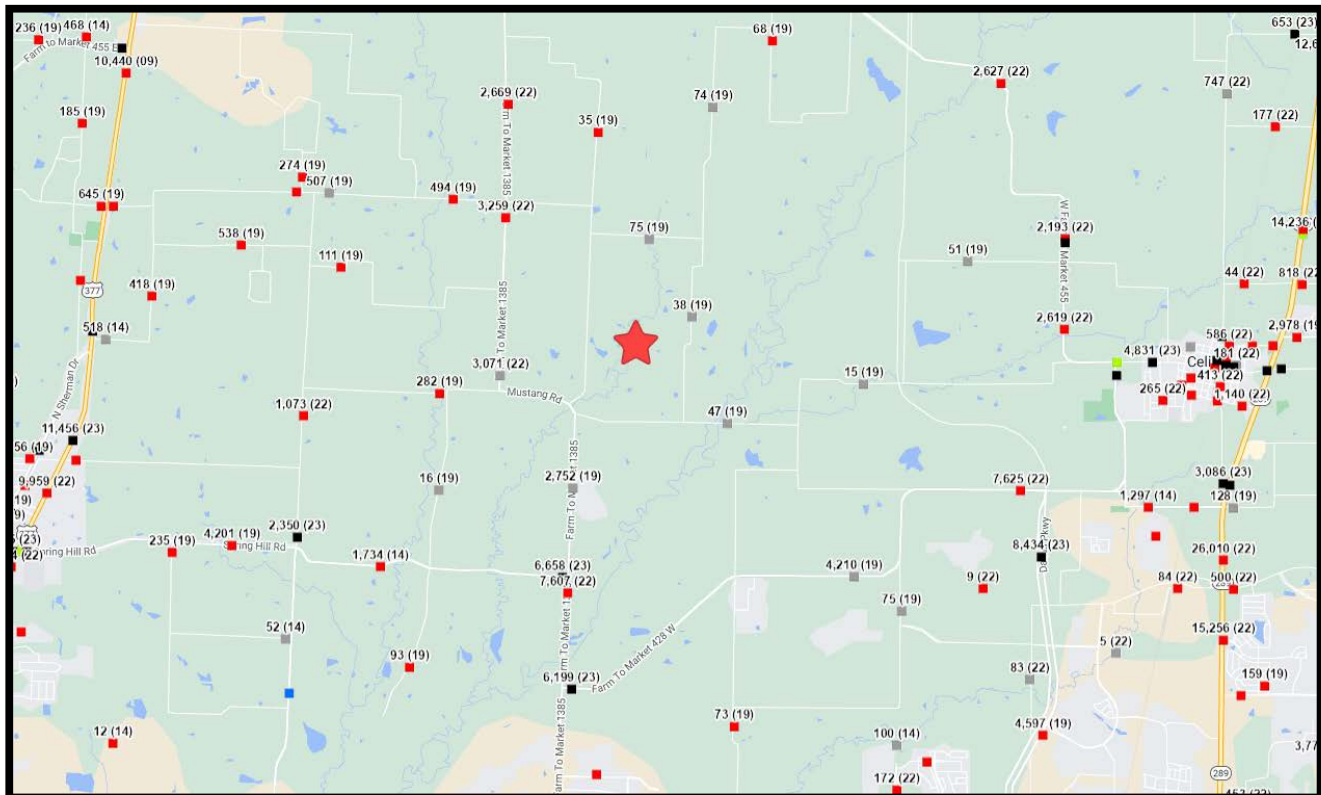


## ACCESSIBILITY, FRONTAGE, AND STREETS

The subject property is primarily accessed by Mobberly Road, which is located on the south property line of the subject. The subject will also be accessible via Hames Road on the east line of the subject, Shearer Road located on the north line of the subject, and Lights Ranch Road located on the west line of the subject.

A map below from TXDOT shows traffic counts near the subject property. Mobberly Road, which is on the south line of the subject, reports 47 average daily vehicles, Farm to Market 1385, which runs 0.7 miles west of the subject reports over 3,000 average daily vehicles, and US Highway 377 which runs 6 miles west of the subject property reports just under 11,500 daily vehicles.

TXDOT Traffic Web Viewer



Traffic			
Collection Street	Cross Street	Traffic Volume	Count Year
FM 1385	Mustang Rd S	1,602	2022
Mobberly Rd	Hames Rd W	69	2022
Mustang Rd	Coffey Rd E	198	2022
Farm-to-Market Road 428	FM 1385 E	3,557	2020
FM 428	FM 1385 E	2,863	2022
FM 428	FM 1385 N	2,539	2022
FM 1385	Friendship Rd N	1,672	2022
Joe Allen Rd	Pecan Valley Dr NE	376	2018
Fairfield Rd	Mobberly Rd N	165	2018
Mobberly Rd	Fairfield Rd W	30	2022

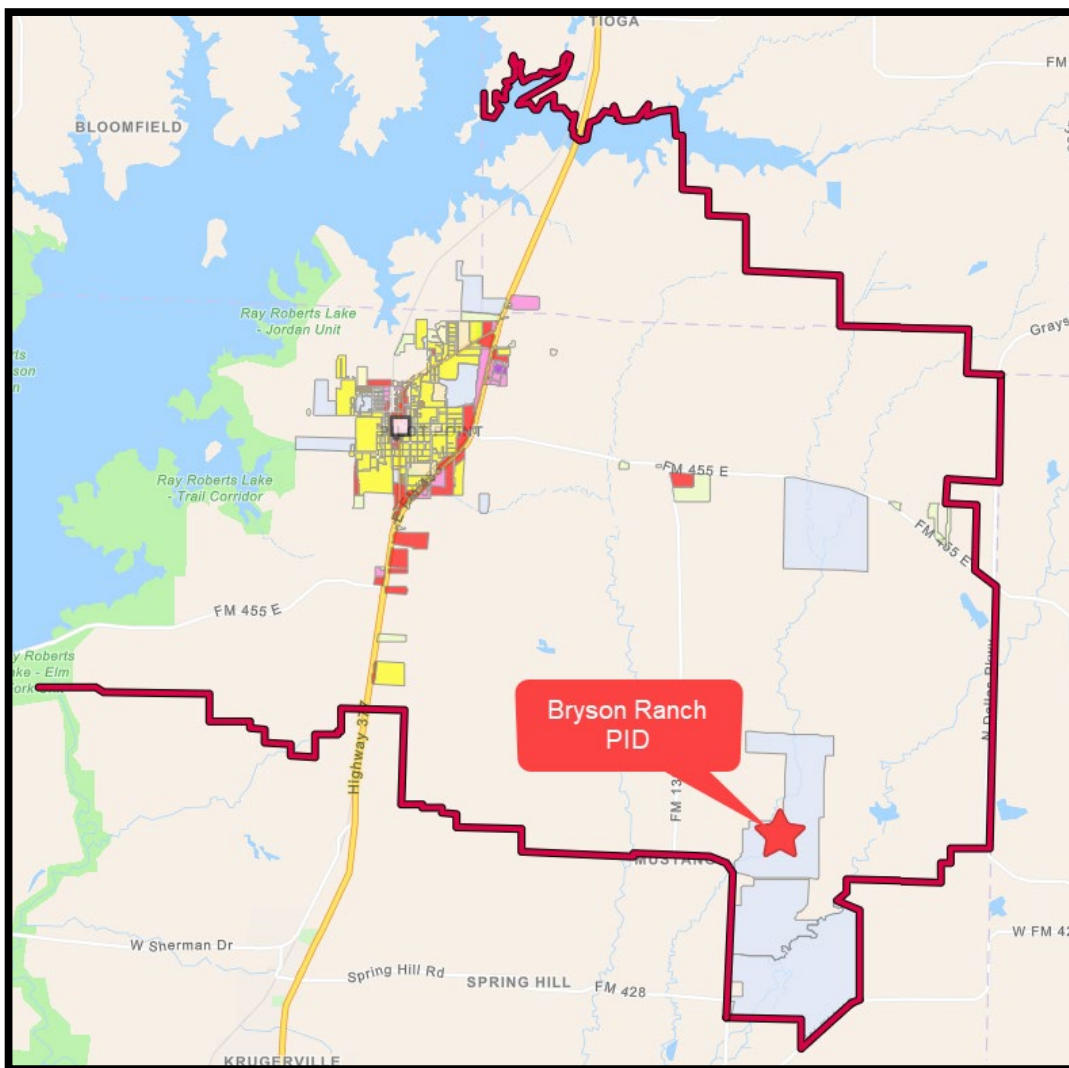
## **ZONING AND RESTRICTIONS**

Development of the subject property is governed by a Development Agreement between the Developer and the City of Pilot Point. The Development Agreement for the subject property we are evaluating allows for single-family residential uses on the subject property and sets forth requirements and standards for residential development for the subject property, and allows for commercial and multi-family uses on the adjacent property to the Bryson Ranch PID that is subject to the Development Agreement.

The subject property is zoned Planned Development District (PD) by the City of Pilot Point. The Planned Development zoning in the City of Pilot Point is intended to provide for combining and mixing of uses to permit flexibility in the use and design of land and buildings.

The subject must adhere to the City of Pilot Point's ordinance for PD zoning and the Development Agreement between the Developer and the City of Pilot Point. The proposed lot construction appears to be a conforming land use. The City of Pilot Point Zoning Map is shown below.

**CITY OF PILOT POINT ZONING MAP**





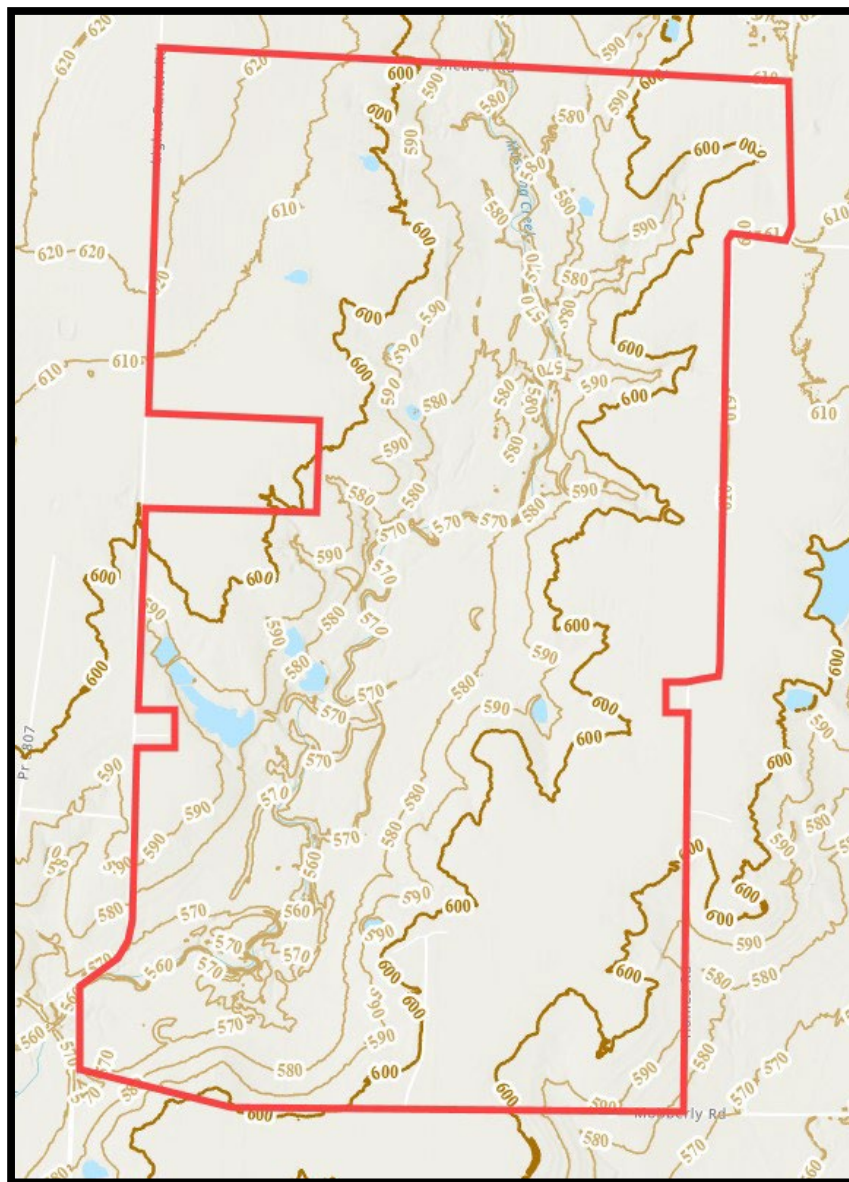
### **TOPOGRAPHY**

The topography of the subject property is described as gently sloping from northeast to southwest. The property is mostly cleared throughout due to its agricultural use while the area surrounding Mustang Creek in the center of the property is wooded as of the date of inspection. As of the substantial completion date, September 1, 2026, these topographic maps showing the contours will be slightly out-of-date as the site will be in the process of being improved for single-family lots with streets, storm sewer, and utilities in place.

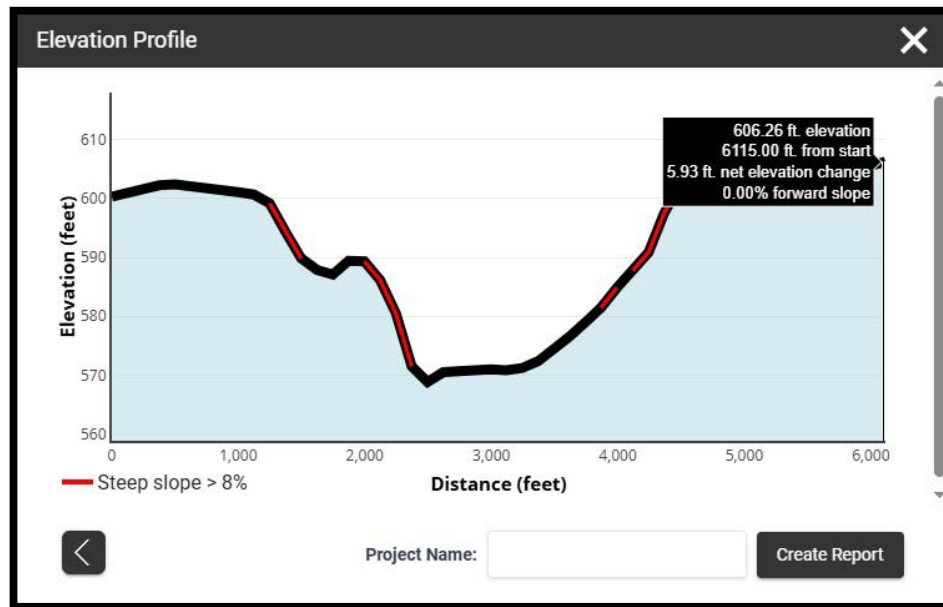
Topographic information is provided by the North Central Texas Council of Governments and Texas A&M Forest Service. The map indicates 10' contour lines marked at 10' increments, showing that the site elevations are generally sloping from the northeast to southwest through the 560'-620' mean sea level elevation.

### **TOPOGRAPHIC MAP**

*Contours At 10'; Bold at 100'*

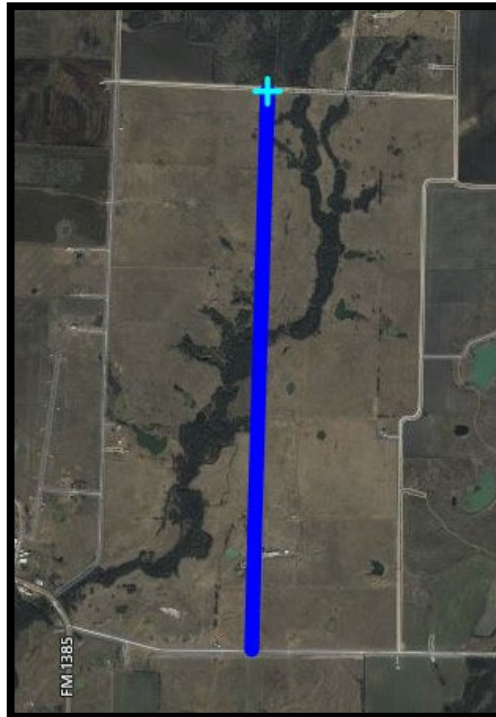
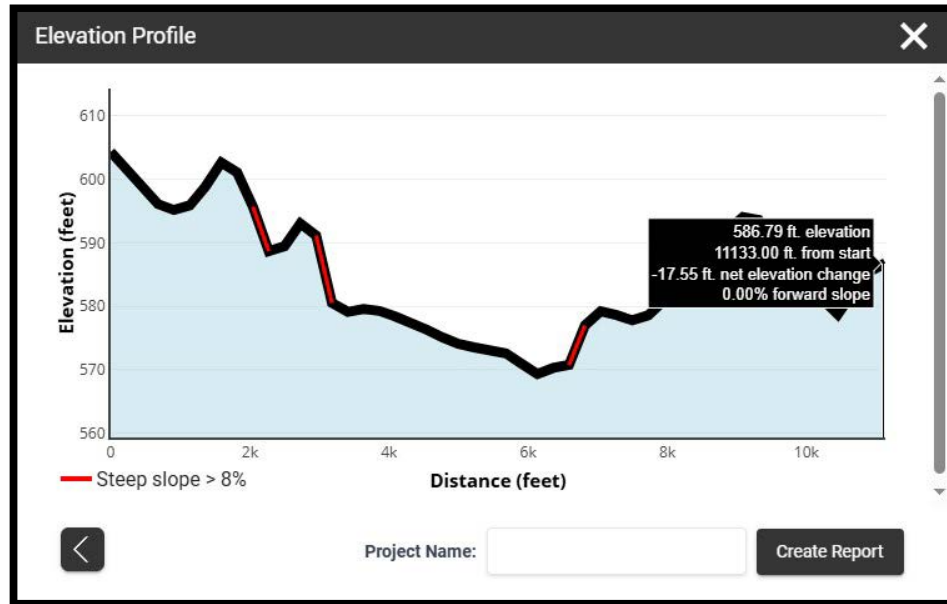


TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY



**General Slope of the Property Moving from West to East**

- *Note that measurements are in feet*
- *Elevation profile is represented along illustrated axis*
- *Property slopes west to east with approximately 5.93 feet of variation over approximately 6,115 feet of run*



**General Slope of the Property Moving from South to North**

- Note that measurements are in feet
- Elevation profile is represented along illustrated axis
- Property slopes South to North with approximately 17.55 feet of variation over approximately 11,133 feet of run

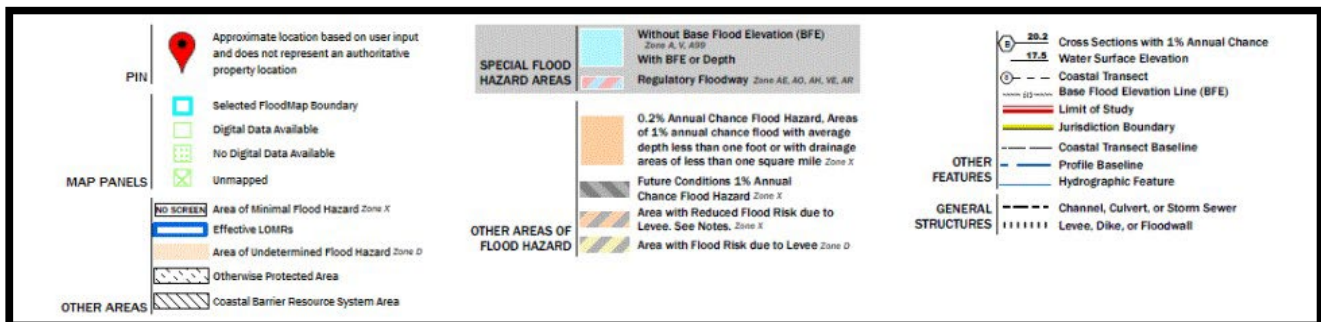
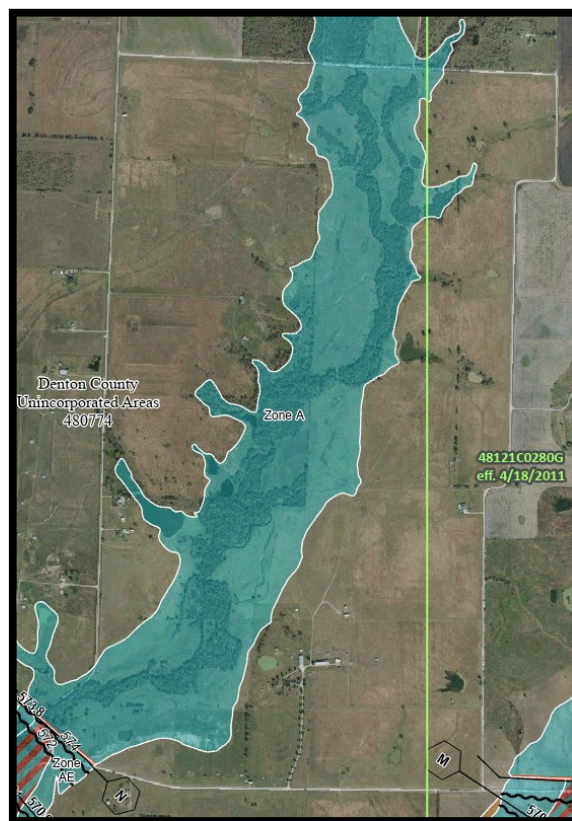
## SOIL AND SUB-SOIL CONDITIONS

No soil engineer's report was available to the appraisers and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement to be constructed. As of the report date the developer has excavation and earthwork underway. Our value conclusions are subject to revision should assumptions that land is stable prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

## FEMA FLOOD ZONE

Bryson Ranch PID is within Unshaded Zone X (outside the floodplain) and Zone A (within 100-year floodplain) according to Map 48121C0280G and 48121C0260G, each effective April 18, 2011. Per the provided Development Plan, the majority of improvements will be developed within Unshaded Zone X, however, part of the 299.5 acres within the flood zone will be reclaimed for development requiring a LOMR.

### FLOODPLAIN MAP



### **UTILITIES**

Electricity to the property will be maintained by Co-Serv and natural gas will be maintained by Atmos. Water and Sewer will be provided by the Mustang Special Utility District. The subject property is served by the Pilot Point Police Department and the Pilot Point Fire Department for fire and emergency medical services. Telephone, fiber optic, and internet are available through AT&T, Spectrum, T-Mobile, Optimum, and Nextlink.

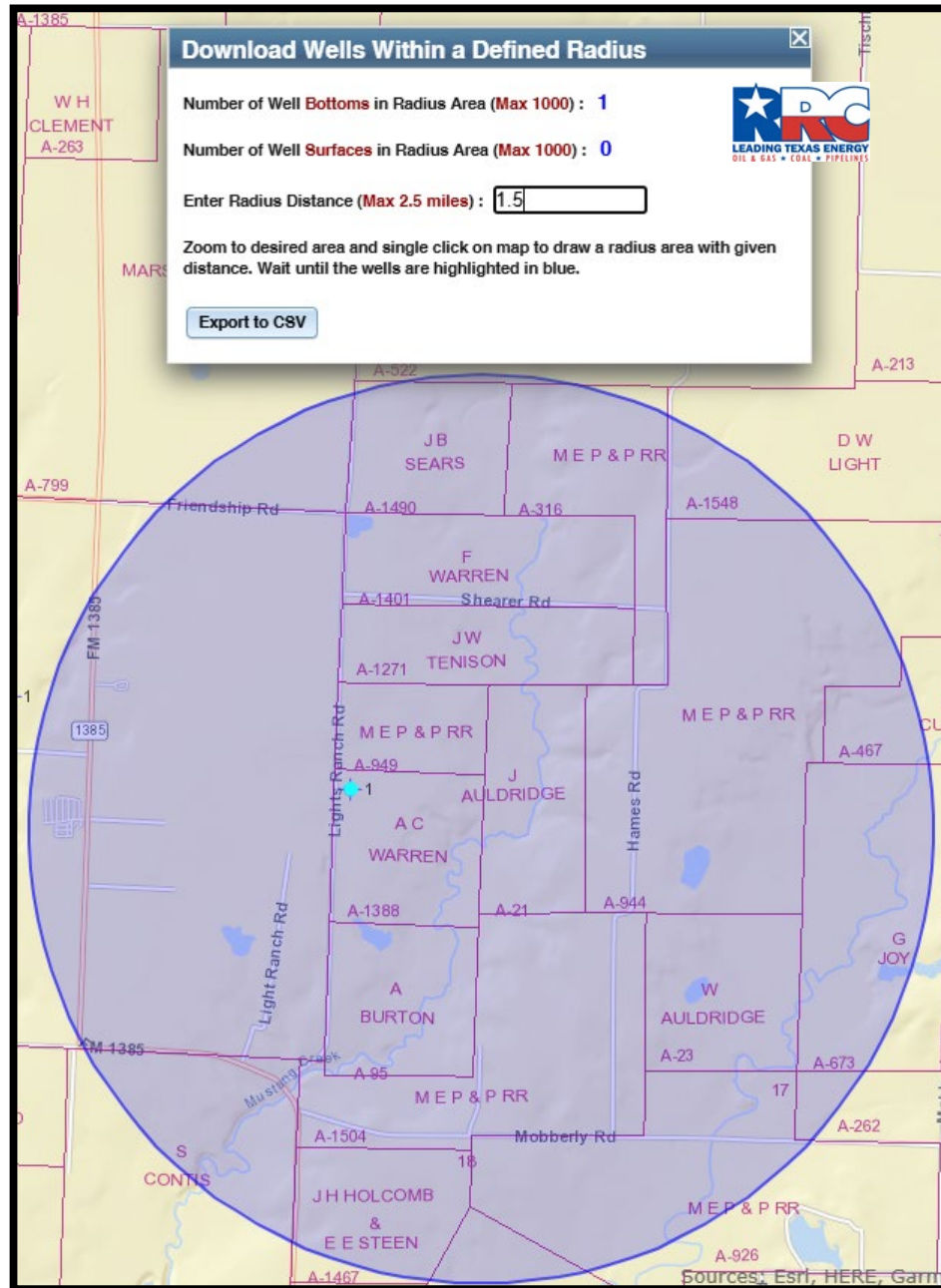
### **EASEMENTS/ENCROACHMENTS**

Based on our physical site visit, and review of available maps of the surrounding area, it is reasonable to suspect that there are typical setbacks and easements that exist on the property which will be approved by the City of Pilot Point. The appraisers assume the property is free from any other detrimental easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.



# OIL AND GAS WELLS

## Texas Railroad Commission



*There are 1 well bottom sites and 0 well surface sites within 1.5 mile from the subject property according to the above referenced map from the Texas Railroad Commission. The subject site does not appear to be encumbered by any detrimental restrictions due to the proximity to surface or subsurface well locations because this area of Central Texas is minimally active in mineral extraction.*

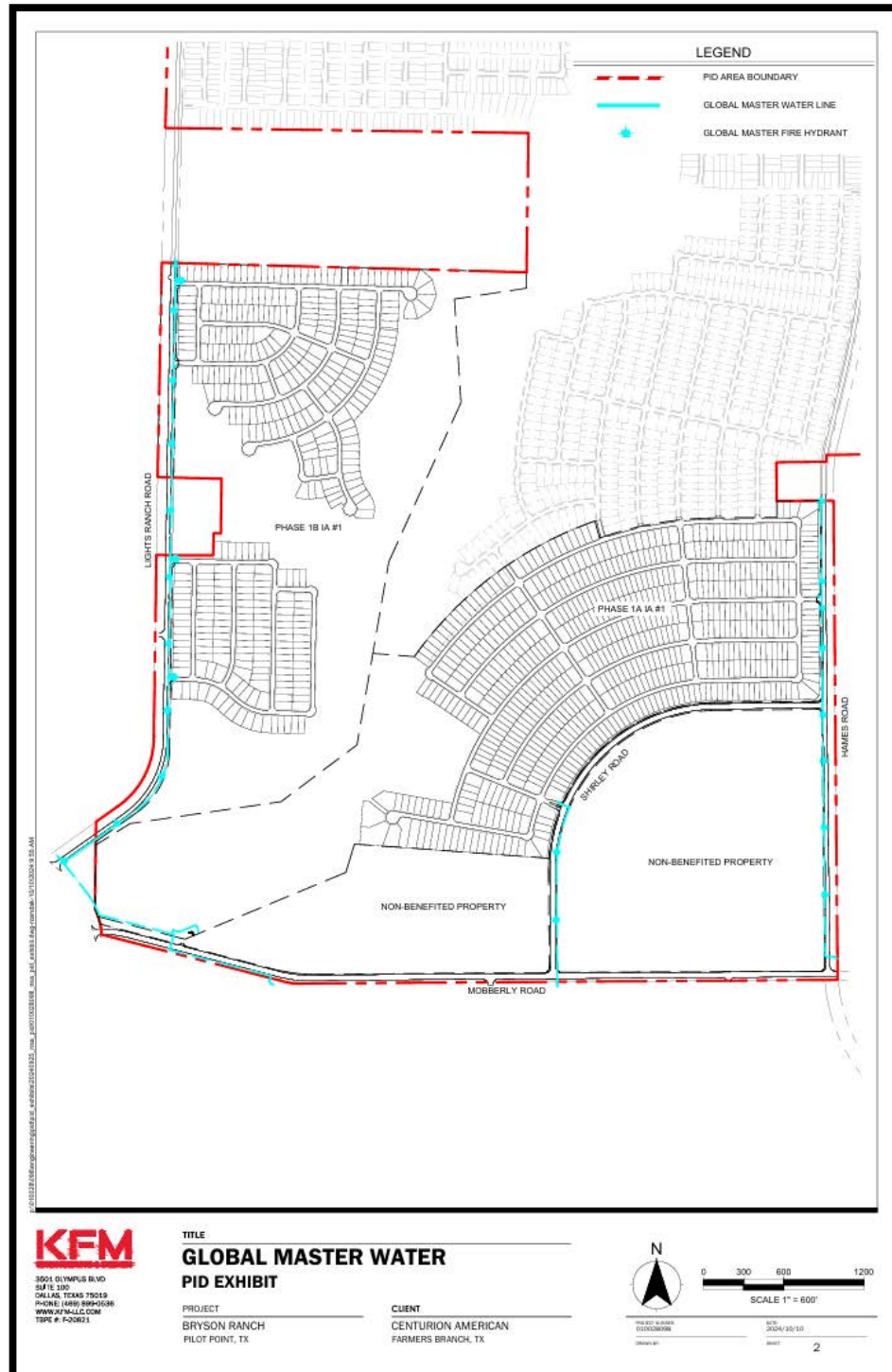


**BRYSON RANCH PID OVERALL PID BOUNDARY EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**

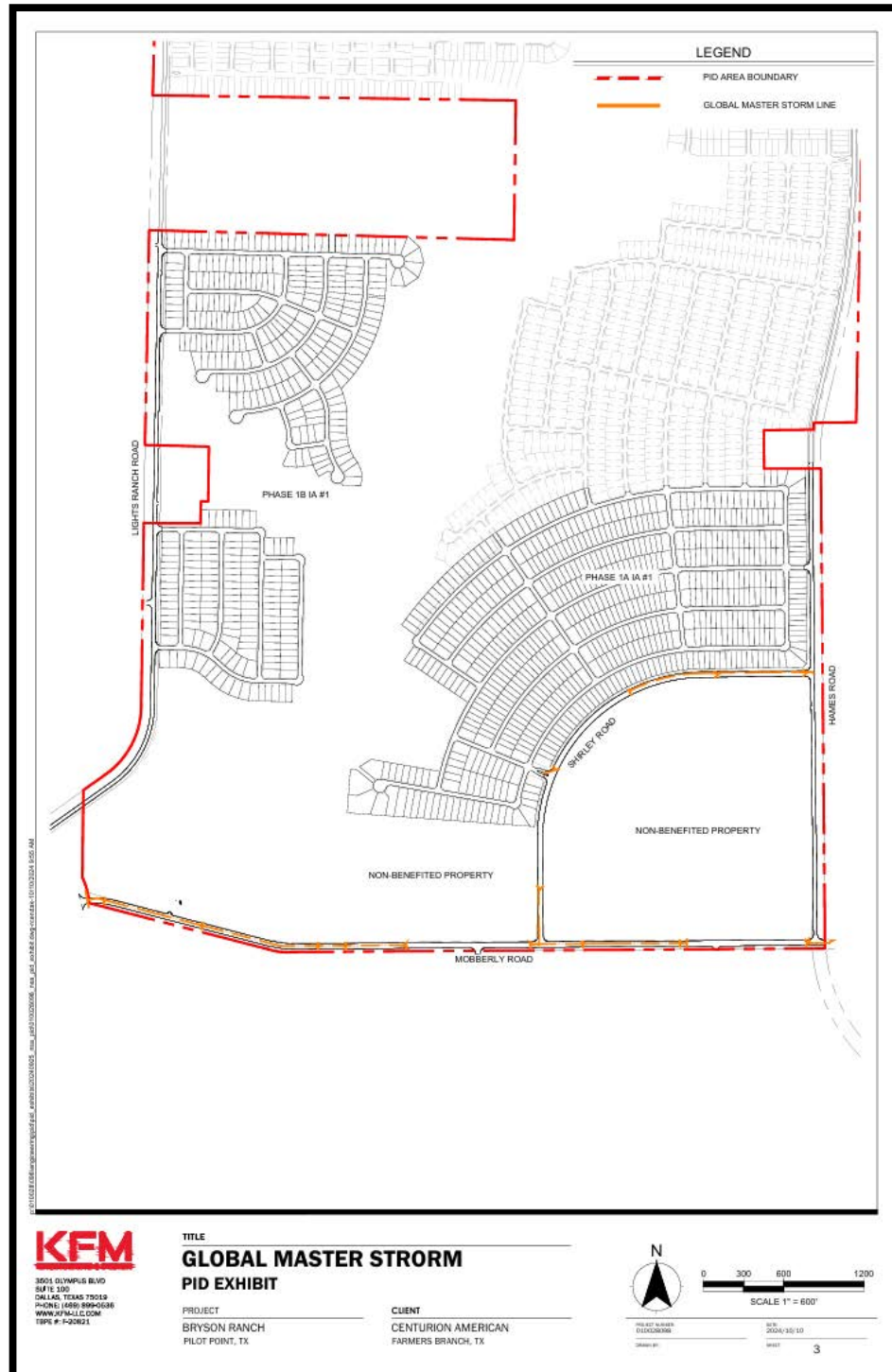




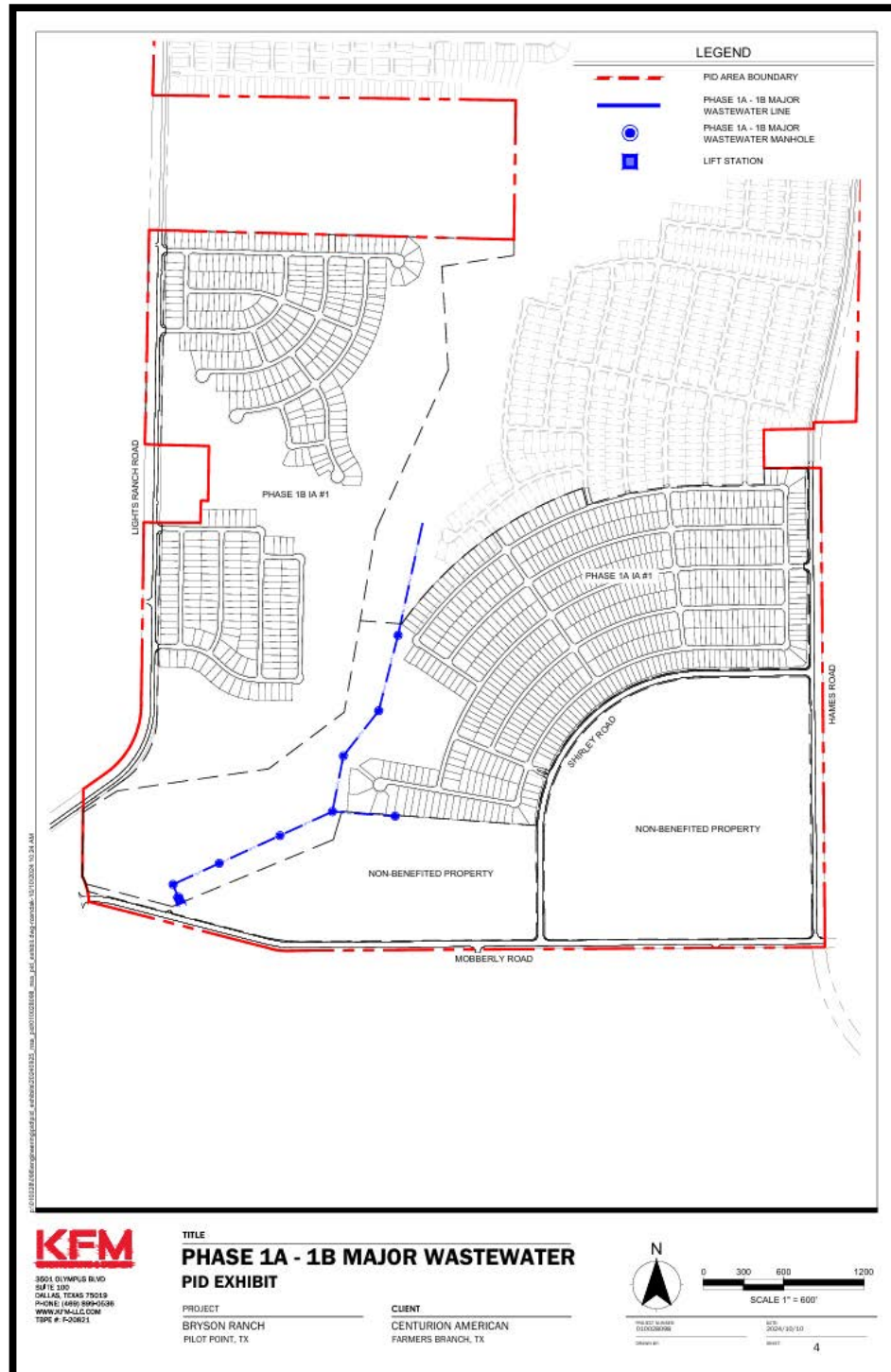
**BRYSON RANCH PID GLOBAL MASTER WATER EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**



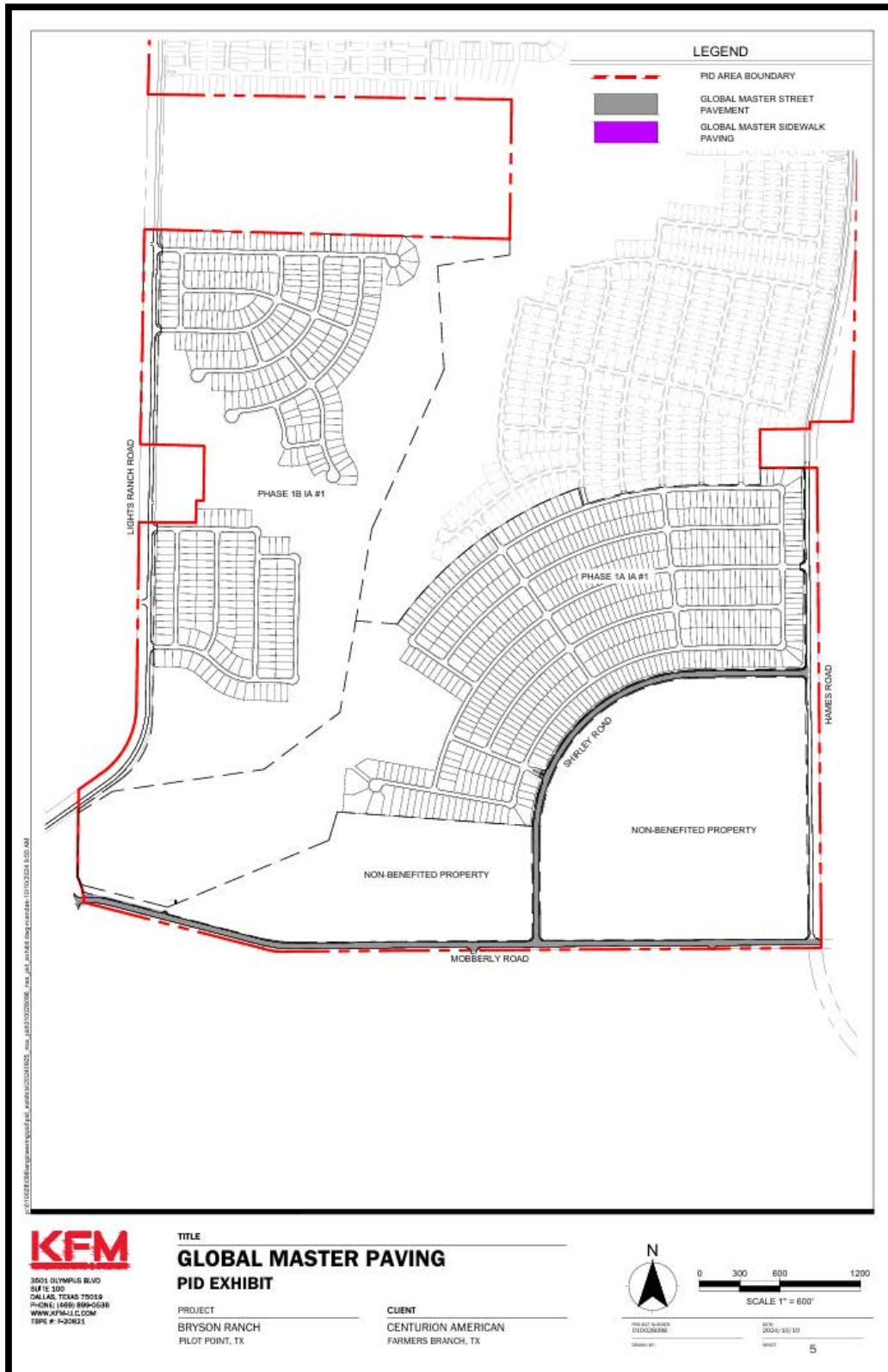
**BYRYSON RANCH PID GLOBAL MASTER STORM EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**



**BRYSON RANCH PID PHASE 1A – 1B MAJOR WASTEWATER EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**

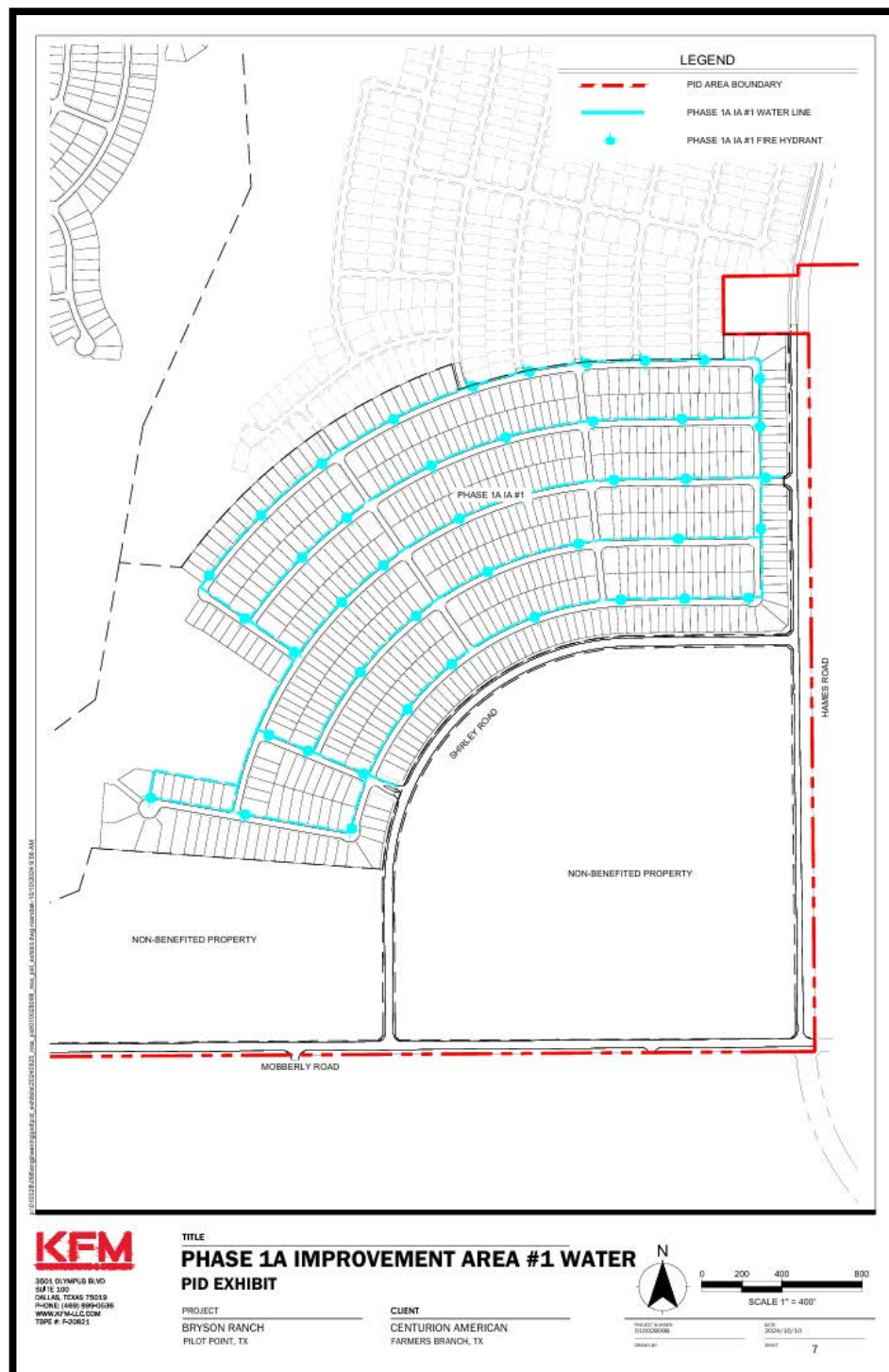


**BRYSON RANCH PID GLOBAL MASTER PAVING EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**

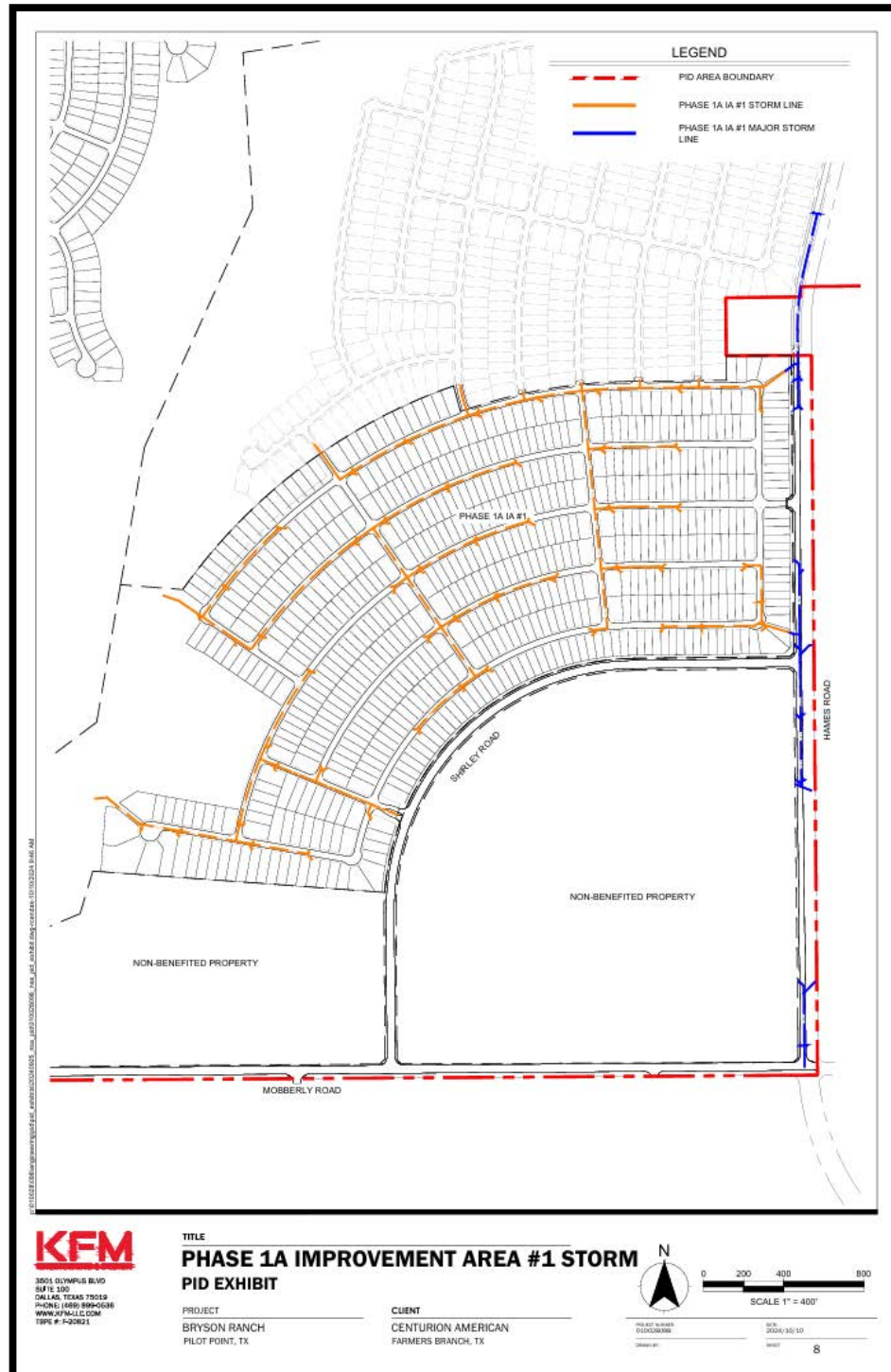




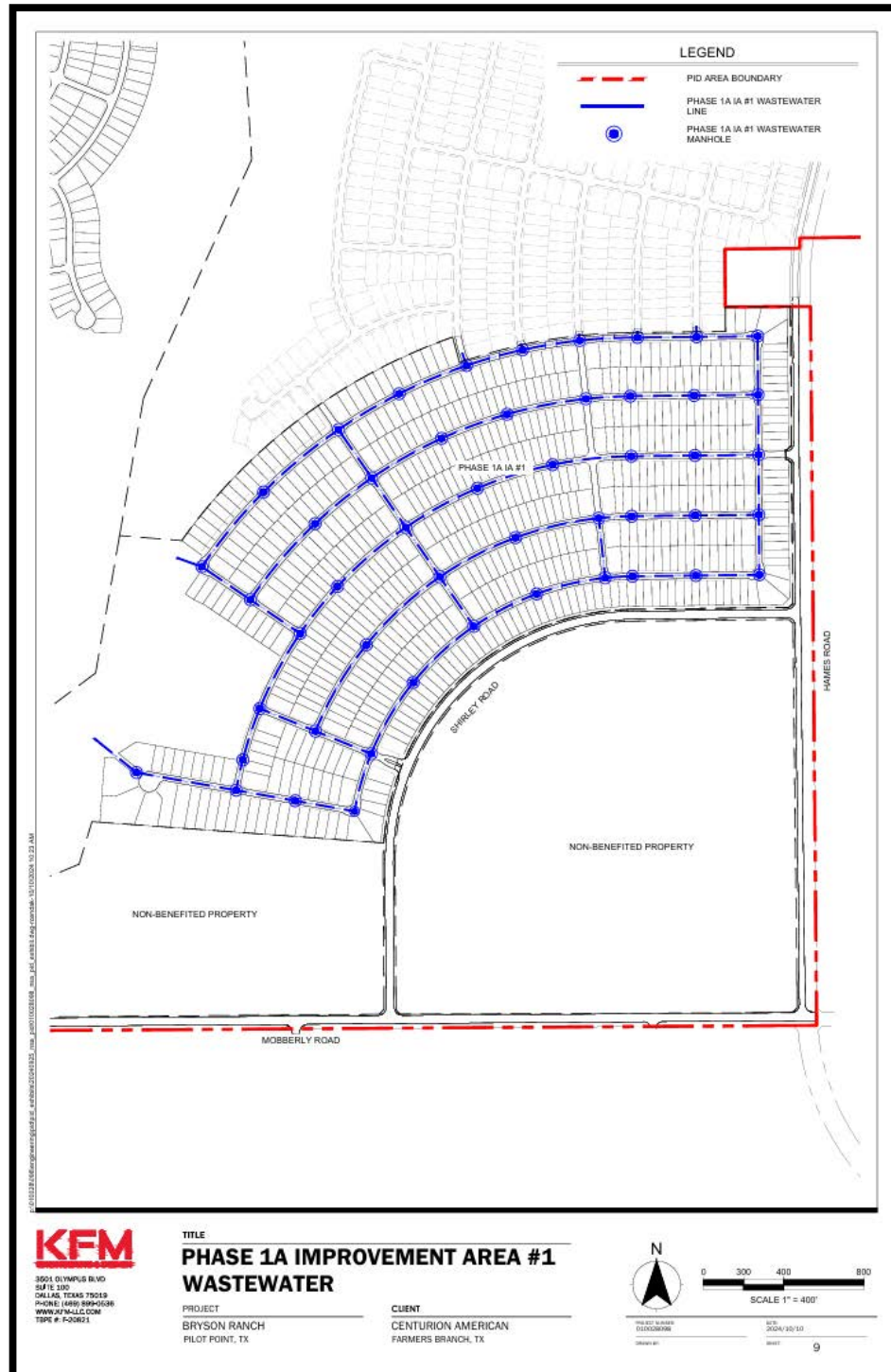
**BRYSON RANCH PID PHASE 1A IMPROVEMENT AREA #1 WATER EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**



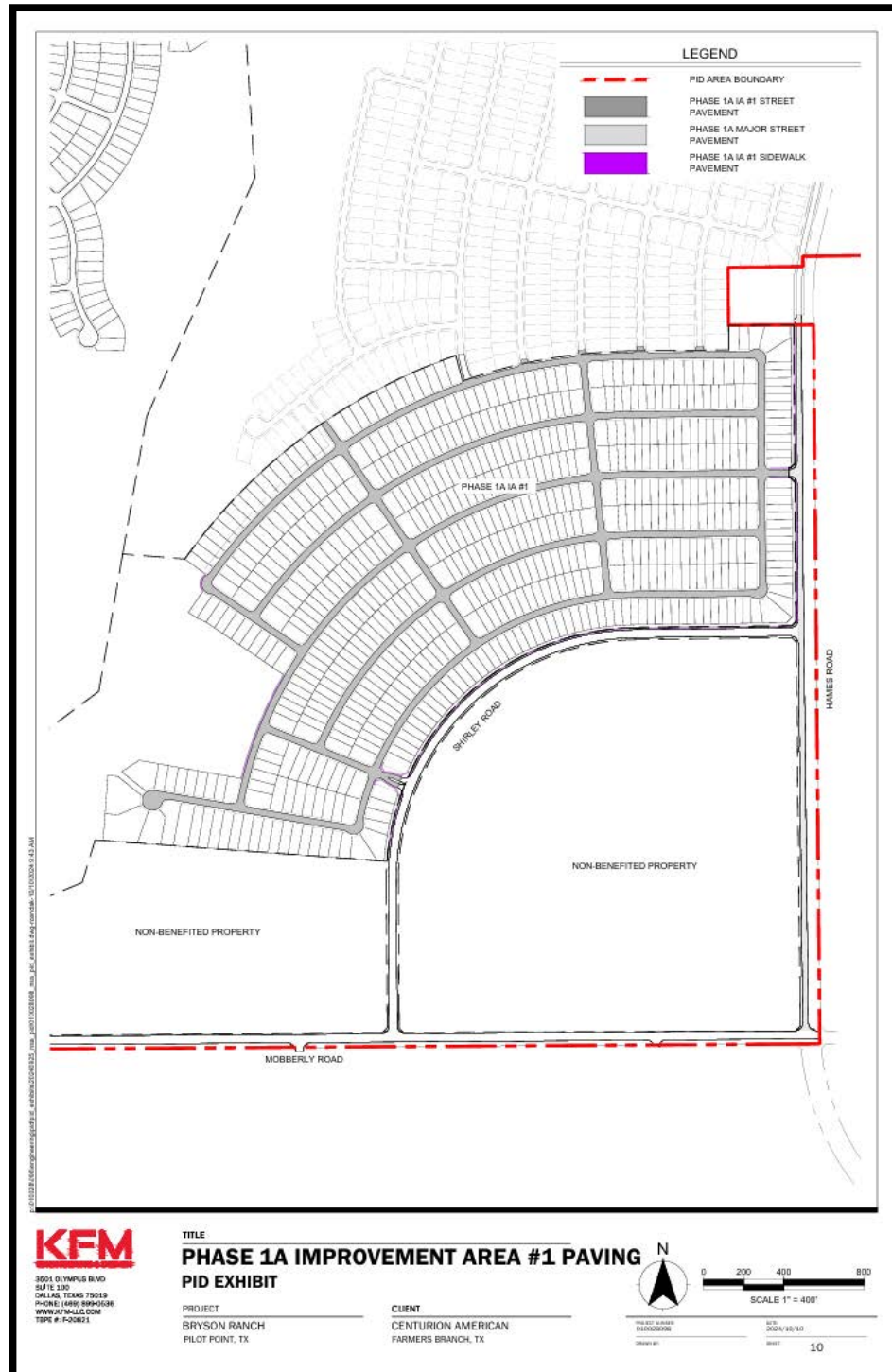
**BRYSON RANCH PID PHASE 1A IMPROVEMENT AREA #1 STORM EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**



**BRYSON RANCH PID PHASE 1A IMPROVEMENT AREA #1 WASTEWATER EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**

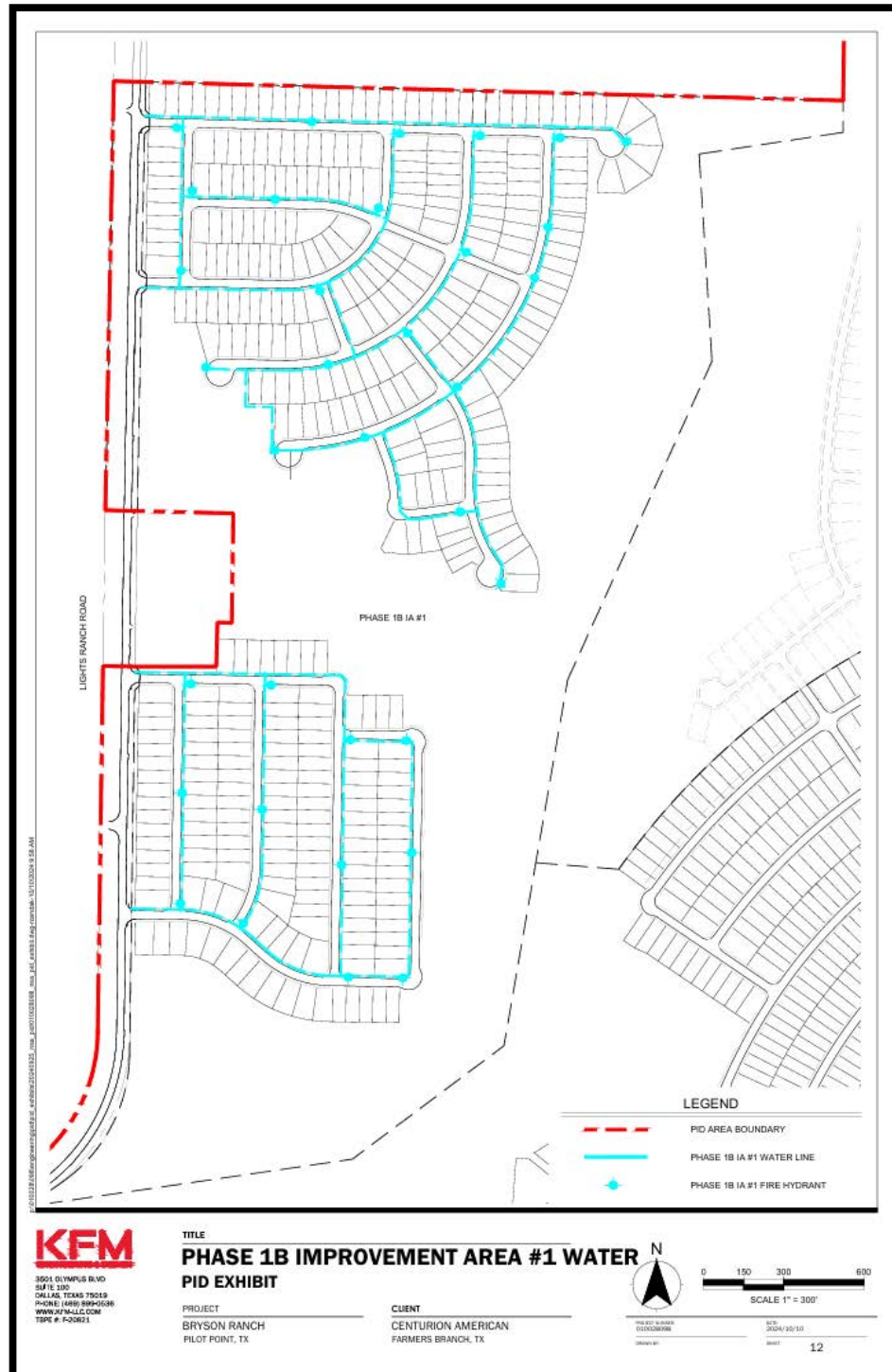


**BRYSON RANCH PID PHASE 1A IMPROVEMENT AREA #1 PAVING EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**

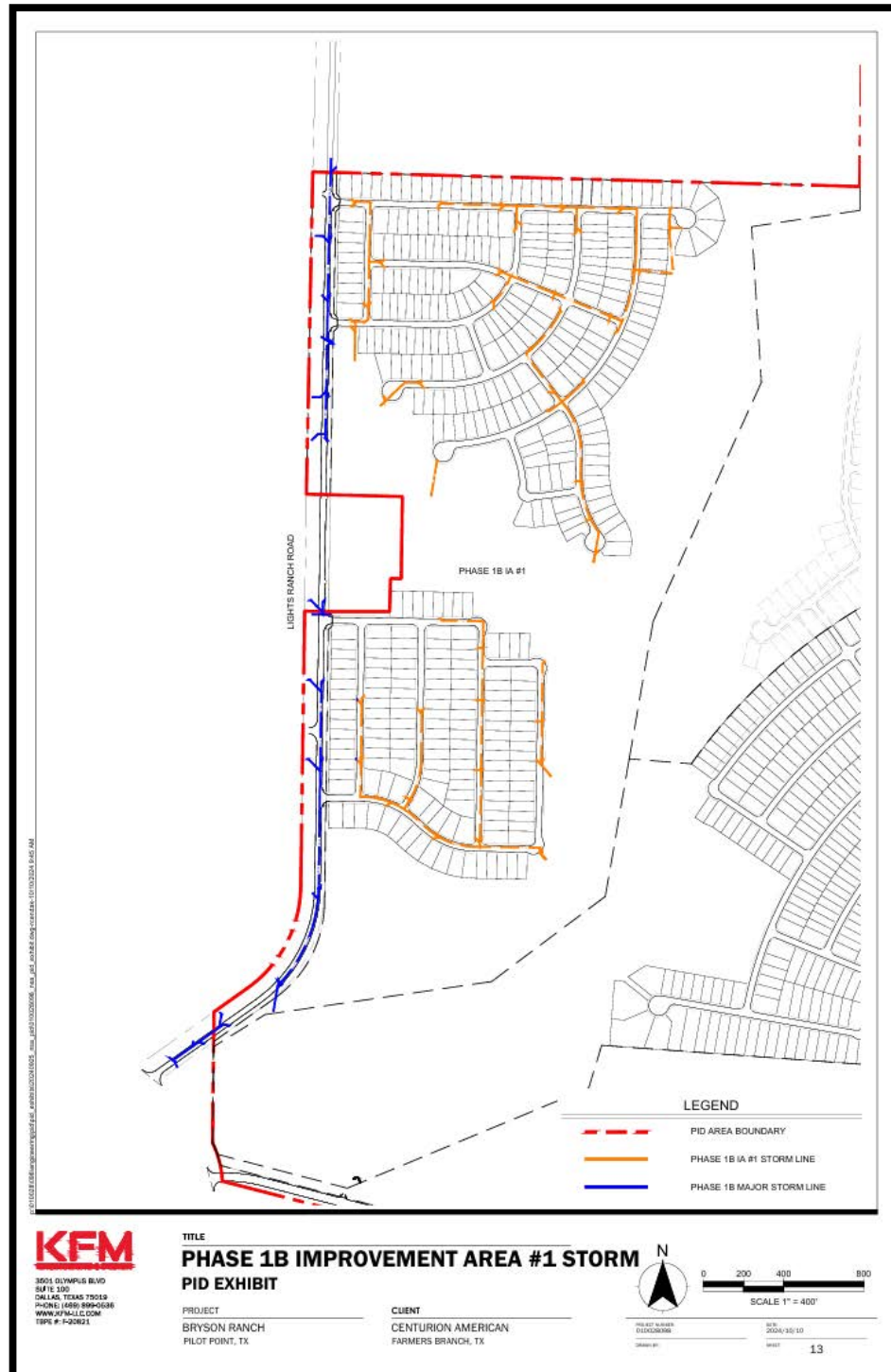




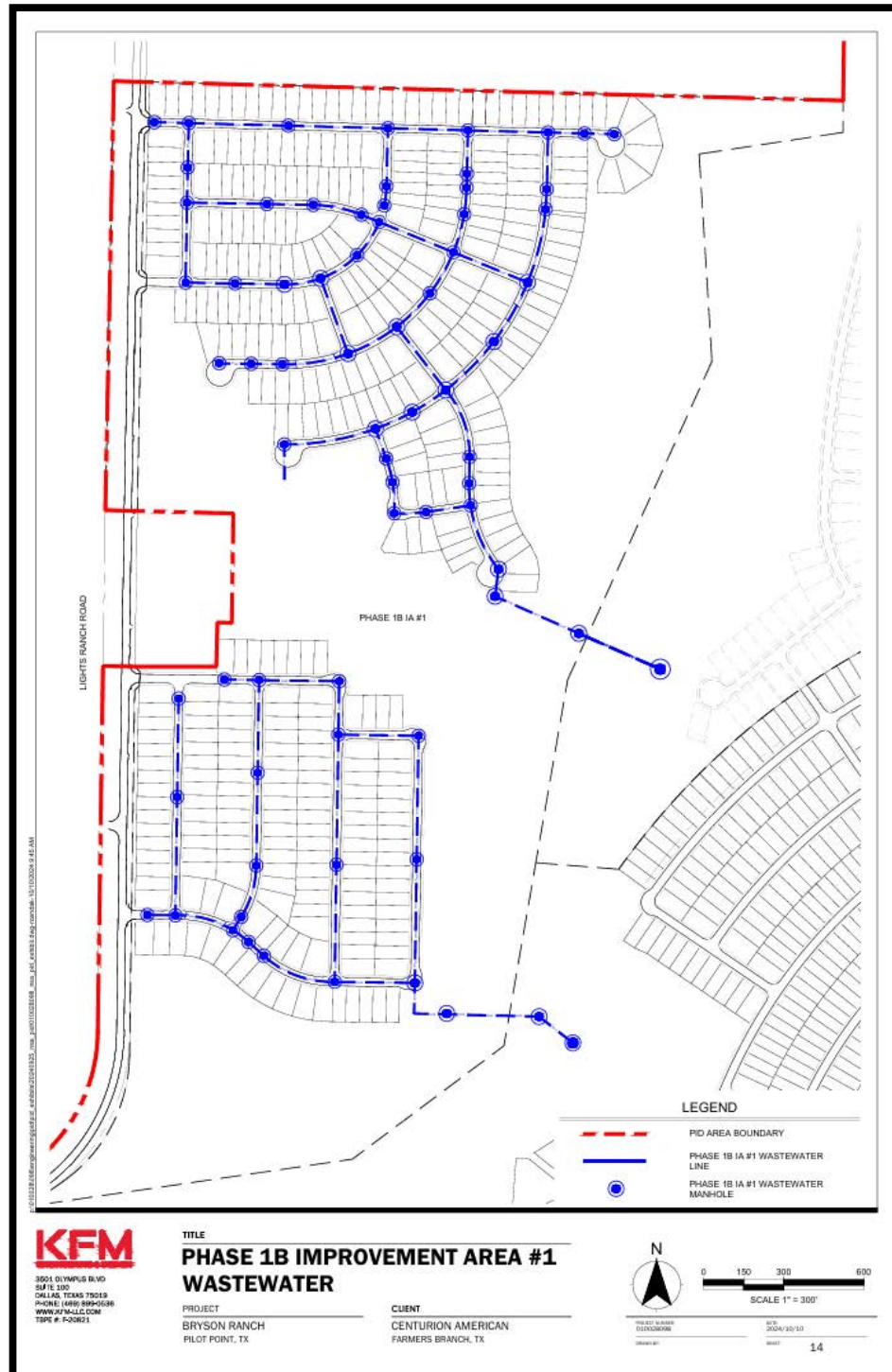
**BRYSON RANCH PID PHASE 1B IMPROVEMENT AREA #1 WATER EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**



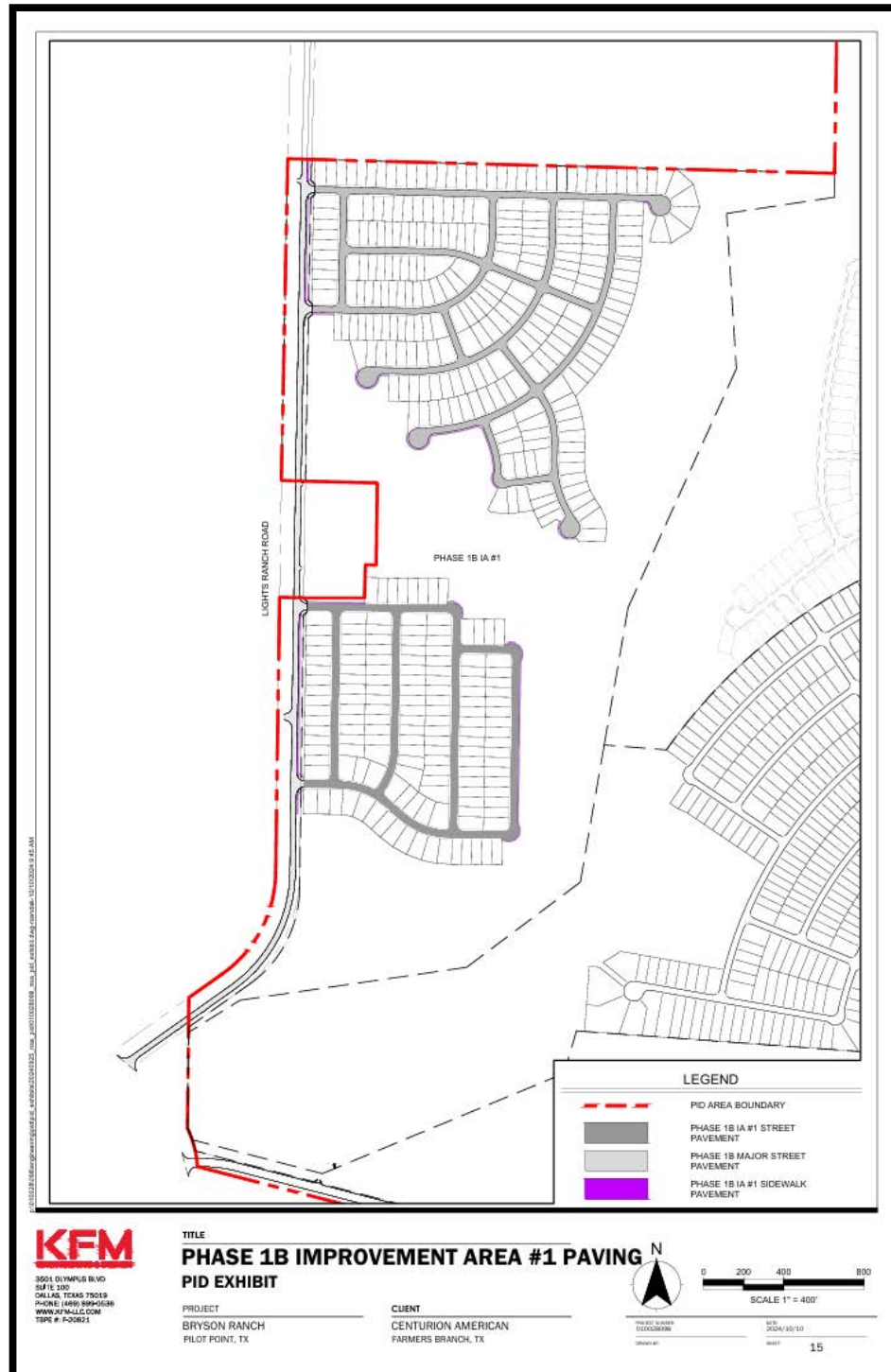
**BRYSON RANCH PID PHASE 1B IMPROVEMENT AREA #1 STORM EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**



**BRYSON RANCH PID PHASE 1B IMPROVEMENT AREA #1 WASTEWATER EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**

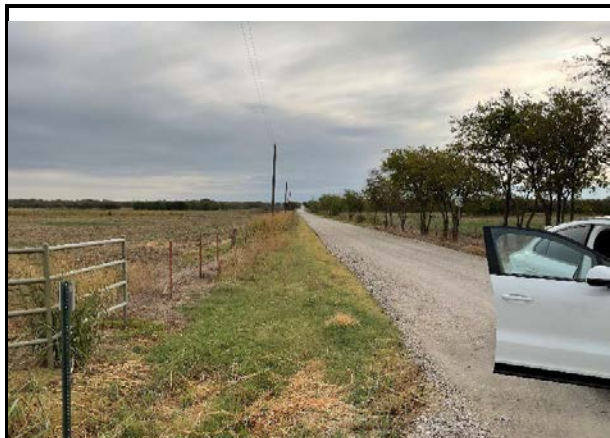


**BRYSON RANCH PID PHASE 1B IMPROVEMENT AREA #1 PAVING EXHIBIT  
BY KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**





**PROPERTY PHOTOGRAPHS**



Mobberly Road facing east



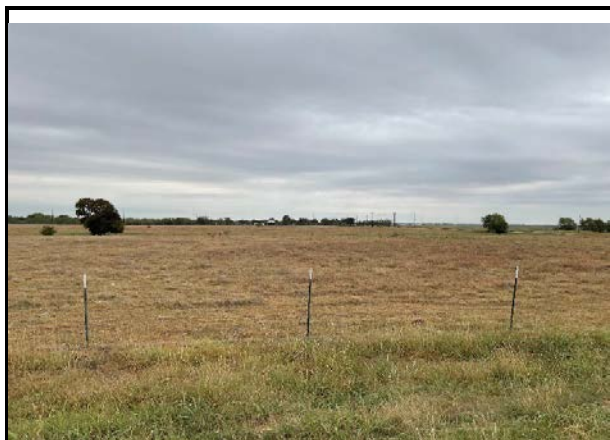
Mobberly Road facing east



Hames Road facing north



Southeast corner of the subject property



Eastern line of subject property facing north



East central area of subject property



**PROPERTY PHOTOGRAPHS**



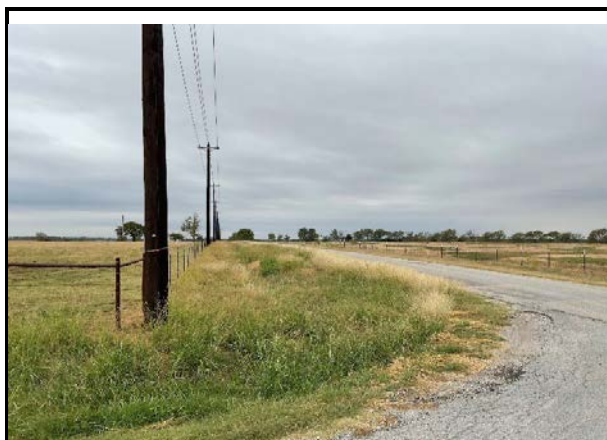
Mustang Creek at northern property line



Shearer Road facing west



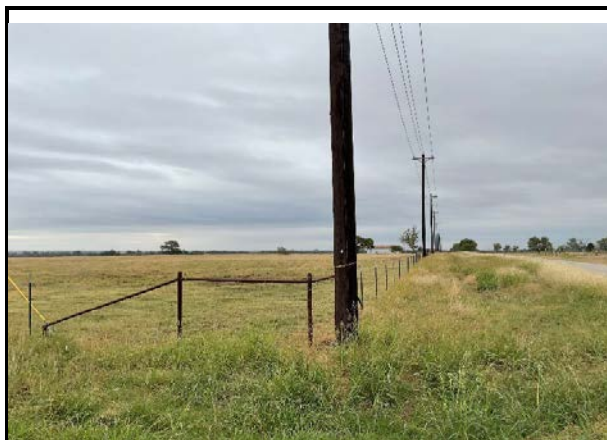
Shearer Road facing east



Lights Ranch Road facing South



Lights Ranch Road facing north



Northwest corner of subject property



**PROPERTY PHOTOGRAPHS**



Central west section of subject property



Small development southwest of subject



Southwest section of subject property



Atmos gas line at southern boarder



Center of subject property



Center of subject property

## **HIGHEST AND BEST USE**

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Also, that reasonable and probable use that will support the highest present value, as defined, as of the Effective Date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

- |                        |                         |
|------------------------|-------------------------|
| a. Legally Permissible | c. Financially Feasible |
| b. Physically Possible | d. Maximally Productive |

The definition, immediately above, applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

## **HIGHEST AND BEST USE ANALYSIS**

### **Highest and Best Use “As-Vacant”**

#### **Legally Permissible**

The subject property is within the City of Pilot Point and has a Development Agreement with the City of Pilot Point along with being zoned Planned Development (PD) which is mixed-use PD that, at the subject property, allows for detached single-family residential use, commercial use, and multi-family use.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

Given surrounding land use patterns in the area (i.e., minimal residential development) no other uses besides single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

#### **Physically Possible**

Considering the subject’s physical characteristics including jurisdiction, location, size, shape, and availability of utilities, the site is capable of numerous uses which are physically possible without being constrained by the property itself.

#### **Financially Feasible**

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a net return over a reasonable period of time. The area surrounding the subject property is primarily rural land, however, development of the surrounding area has accelerated considerably over the past decade as development north of Dallas and Fort Worth and along major highways has shown almost endless demand. Developers and home builders have moved further away from the



center of the Metroplex to quasi-rural areas of Denton County like those surrounding the subject property are being developed with middle-to-middle-upper class housing stock. Based on review of homes on the market, we would expect home prices between \$300,000-\$600,000 would be in demand in Bryson Ranch PID.

Based on our analysis of the market, it is reasonable to expect a rise in demand for vacant developed lots (VDLs) in 2026 as homebuilders sell more homes when mortgage rates begin to fall precipitously as they have in 2024; Along with this, due to the lack of supply for VDLs and the long-term prospects of the subject's area, we expect ample demand for single-family lots in the next 2-5 years. When looking at the longer time horizon, it appears that a newly developed single-family residential use on the site is needed and would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

### **Maximally Productive**

There does not appear to be any reasonably probable use of the subject property that would generate a higher residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential use to the normal market density allowed by the Planned Development is the maximally productive use of the property.

The resilient business climate in North Texas and the continual development of neighborhoods in Denton County has created increased demand for homes in the area. Coupled with increasing movement into DFW, and northward in the Metroplex in particular, it is our opinion that the highest and best use of the property "As-Vacant" would be for a single-family residential community. Thus, the highest and best use of the property "As Vacant" is for development of single-family residential use.

### **Highest and Best Use "As-Improved"**

Development of the subject property, as proposed utilizing our extraordinary assumptions, is the only use that meets the four tests of highest and best use. Therefore, we conclude that the highest and best use of the property "As-Improved" is similar to our conclusion "As-Vacant" which is for single-family residential use.

We believe that the most probable buyer would be a developer of large single-family residential communities, or a large homebuilder who is active in the DFW Metroplex market.

### VALUATION – IA #1 (ZONE A)

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. Use of the approaches in this assignment is summarized as follows:

<b><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Not Appropriate in Improvement Area #1 (Zone A) Portion of the Subject Property Since the Subject Property will be Developed in Three Phases</i>	<i>Not Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 40-FF and 50-FF</i>	<i>Partially Utilized</i>

#### **Residential Subdivision (650 Improved Lots)**

##### ***Cost Approach***

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. Since the subject property is being developed in three phases and there are no major improvements in place, *the Cost Approach is not the most appropriate and thus was not utilized for Improvement Area #1 Zone A.*

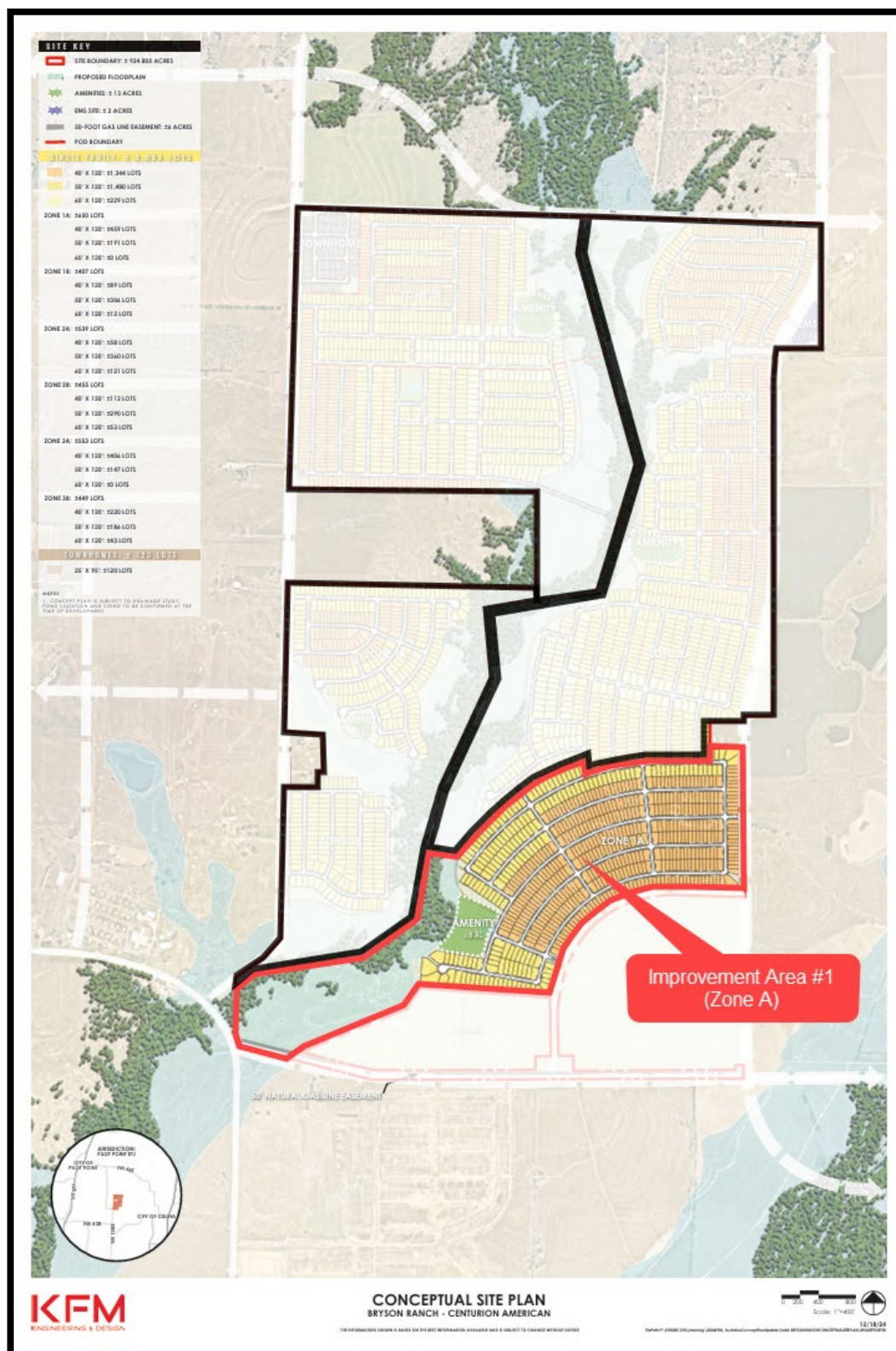
##### ***Income (Subdivision Development) Approach***

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 650 lots, as of the Effective Date of September 1, 2026, which is based on the Substantial Completion Date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

##### ***Sales Comparison Approach***

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

## INCOME (SUBDIVISION DEVELOPMENT) APPROACH – IMPROVED RESIDENTIAL LOTS IMPROVEMENT AREA #1 (ZONE A)



*Bryson Ranch Public Improvement District*

*NOTE: Improvement Area #1 (Zone A) comprises 650 improved residential lots completed as vacant developed lots (VDLs) with a Prospective Effective Date of September 1, 2026. The Remainder Area Paper Lots are not included in the Income Subdivision Development Approach.*

Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. The income methodology applied in subdivision analysis has been adapted to simulate what occurs in a bulk sale where one buyer purchases a group of lots at a discount. It provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

In order to complete the analysis, the appraisers:

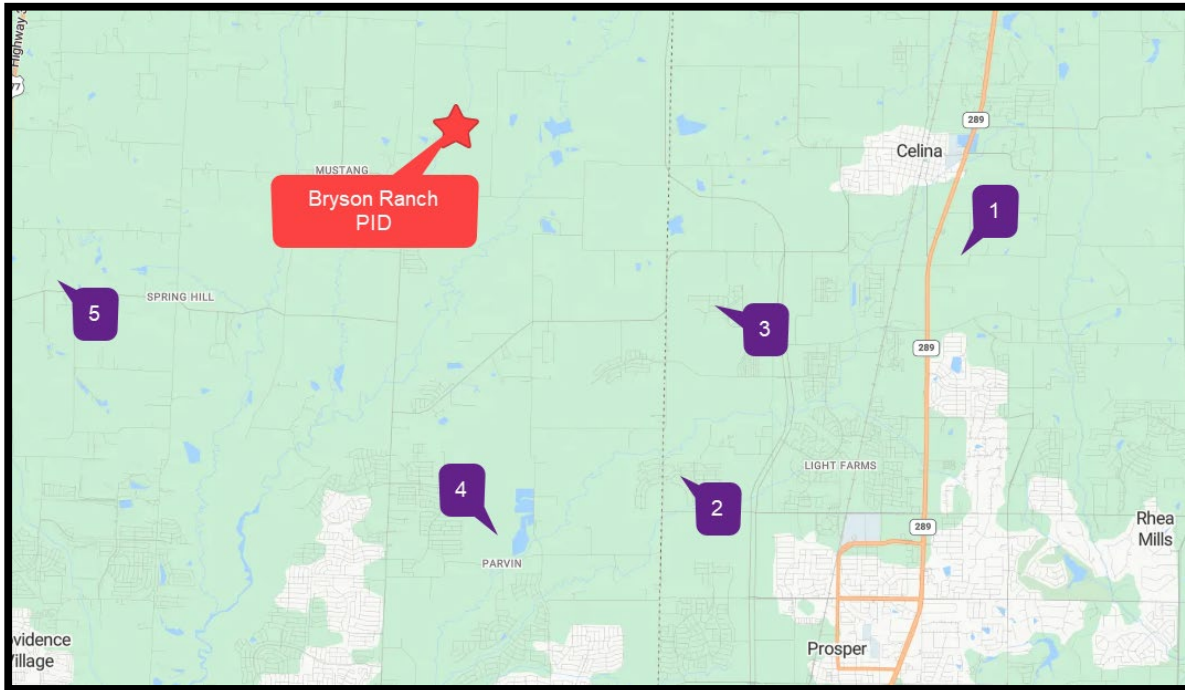
- Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- Analyzed the effect of appreciation, taxes, and sales costs over the absorption period
- Estimated the appropriate discount rate necessary to undertake the risks associate with the project
- Utilized discount cash flow (DCF) analysis to determine the present value of future cash flows realized by selling the lots at market prices over time

We utilized the following unit of comparison which is the measure most commonly found in the market:

***Sales Price Per Front Foot*** – *Obtained by dividing sale price by the Front Footage of the lot*

Following is our analysis of the 40-FF and 50-FF lots for Bryson Ranch PID Improvement Area #1 (Zone A).

## MAP OF COMPARABLE LOT SALES – 40-FF LOTS



**Subject: Bryson Ranch PID, Pilot Point, TX 76258**

We selected the best and most recent comparable lot sales for our analysis of the 40-FF lots. Our five comparable sales are shown below:

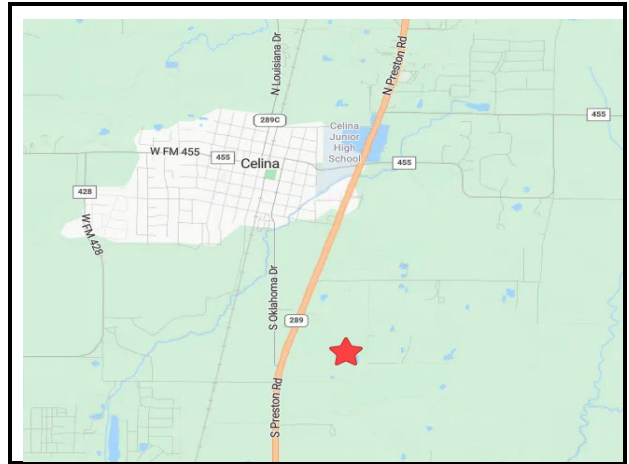
SUMMARY OF LOT SALES - 40-FF LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Frontage Feet (FF)	\$/FF
1	Hillside Village	Celina	Celina	Feb - 2023	In-Contract	\$77,800	40	\$ 1,945
2	Mosaic	Prosper	Prosper	Jan - 2023	In-Contract	\$98,000	40	\$ 2,450
3	Cambridge Crossing	Celina	Celina	Sept - 2022	Sept - 2022	\$65,000	40	\$ 1,625
4	Parvin	Celina	Celina	Apr-2022	In-Contract	\$100,000	50	\$ 2,000
5	Aubrey (Keenland)	Aubrey	Aubrey	May - 2023	In-Contract	\$68,000	40	\$ 1,700
Subject	Bryson Ranch PID IA #1 (Zone A)	Pilot Point	Pilot Point	-	-	-	40	-



## SALE COMPARABLE 1 – 40-FF LOTS



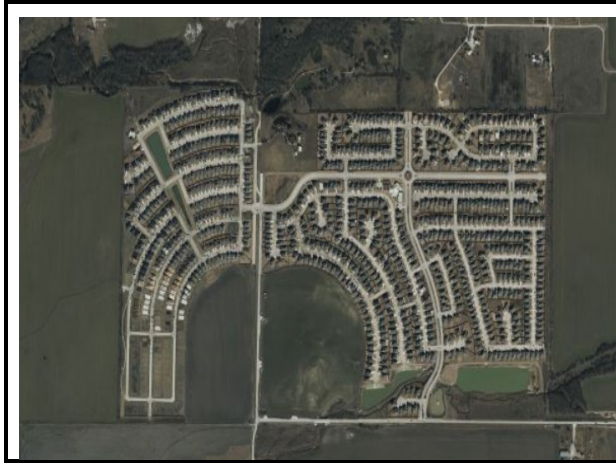
Comparable 1 Aerial



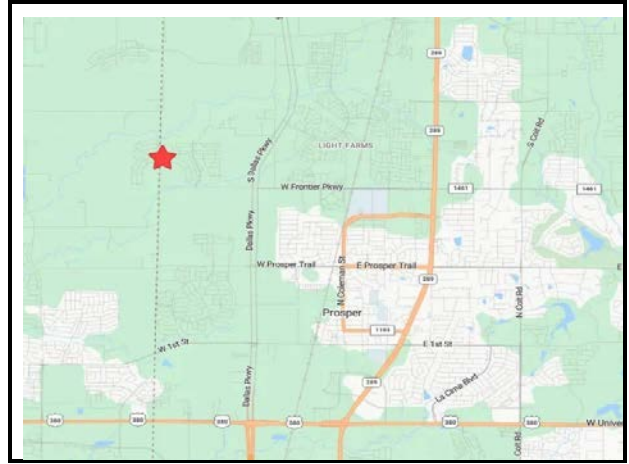
Comparable 1 Map

40-FF Sale Comparable 1				
Property Information				
Subdivision Name	Hillside Village			
Property Class	Residential Lot			
Address	Northwest quadrant of Glendenning Parkway and County Road-89, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	Feburary - 2023			
Seller	Qynne/Jackson, L.P.			
Buyer	HMH Lifestyle, L.P.			
Sale Price	\$77,800			
Price per FF Land	\$1,945			
Comments	N/A			

## SALE COMPARABLE 2 – 40-FF LOTS



Comparable 2 Aerial



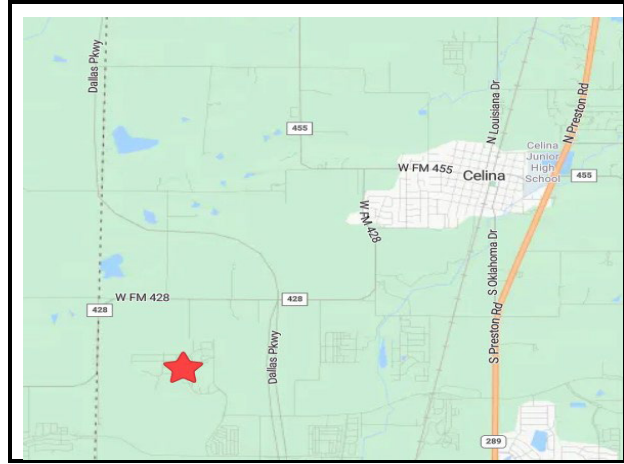
Comparable 2 Map

40-FF Sale Comparable 2				
Property Information				
Subdivision Name	Mosaic			
Property Class	Residential Lot			
Address	Southwest corner of Frontier Parkway and Legacy Drive, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2023			
Seller	Tellus Texas, LLC			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$98,000			
Price per SF Land	\$2,450			
Comments	N/A			

### SALE COMPARABLE 3 – 40-FF LOTS



Comparable 3 Aerial

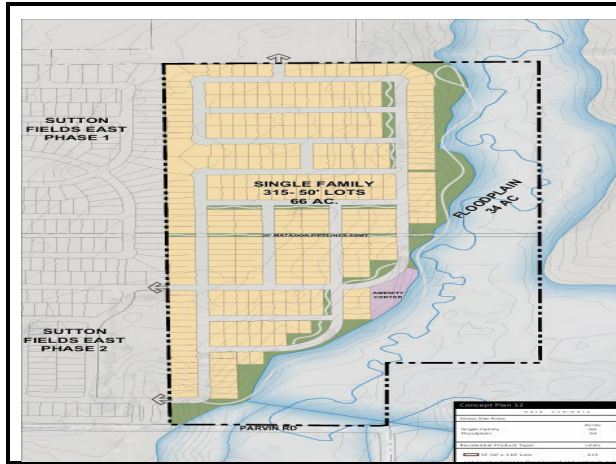


Comparable 3 Map

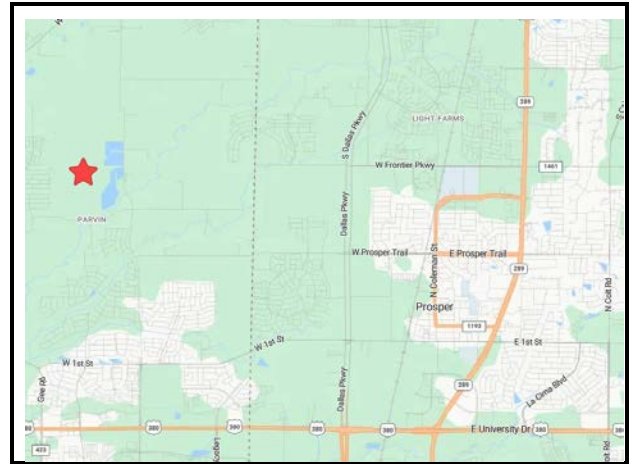
40-FF Sale Comparable 3				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2022			
Seller	Tollway/Outerloop LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$65,000			
Price per SF Land	\$1,625			
Comments	N/A			



## SALE COMPARABLE 4 – 40-FF LOTS



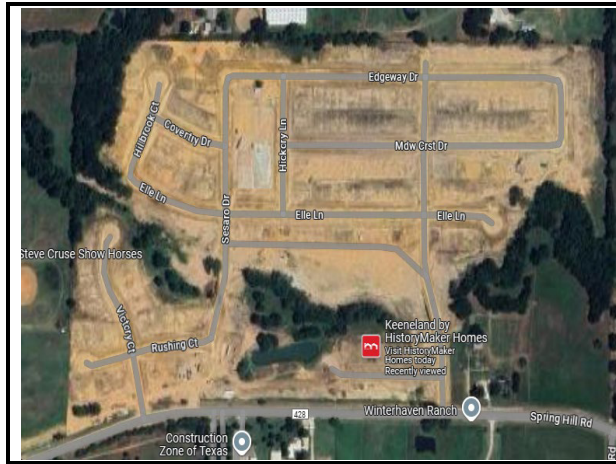
Comparable 4 Aerial



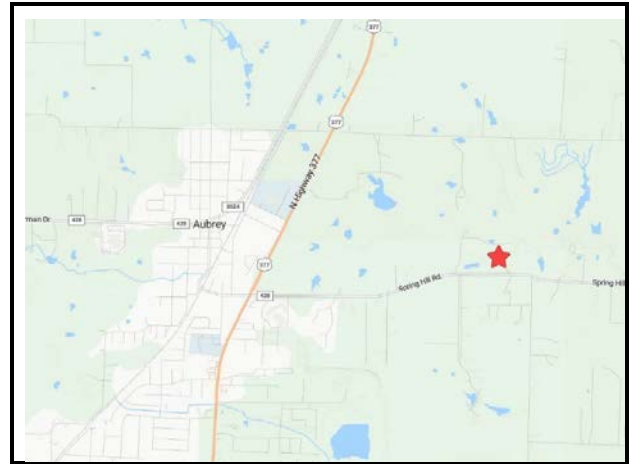
Comparable 4 Map

40-FF Sale Comparable 4				
Property Information				
Subdivision Name	Parvin			
Property Class	Residential Lot			
Address	North of Parvin Road and west of Smiley Road, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	April - 2022			
Seller	Harvest Phase 12, LLC			
Buyer	MHI Partnership, LTD			
Sale Price	\$100,000			
Price per SF Land	\$2,000			
Comments	N/A			

## SALE COMPARABLE 5 – 40-FF LOTS



Comparable 5 Aerial



Comparable 5 Map

40-FF Sale Comparable 5				
Property Information				
Subdivision Name	Aubrey (Keenland)			
Property Class	Residential Lot			
Address	1612 Macadamia Ct, Aubrey			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	May - 2023			
Seller	Aubrey 81 West, LP			
Buyer	HMH Lifestyles, LP			
Sale Price	\$68,000			
Price per SF Land	\$1,700			
Comments	N/A			

**SALES ADJUSTMENT COMPARISON GRID – 40-FF LOTS**

<i>Address:</i>	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Bryson Ranch PID IA #1 (Zone A)	Hillside Village	Mosaic	Cambridge Crossing	Parvin	Aubrey (Keenland)
	Pilot Point	Celina	Prosper	Celina	Celina	Aubrey
<i>Transactional Adjustments</i>						
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Time/Market Conditions		+18%	+18%	+20%	+22%	+17%
ADJUSTED Price/FF:		\$2,295	\$2,891	\$1,950	\$2,440	\$1,989
<i>Physical Adjustments</i>						
Location/Access	Pilot Point, Denton County, North of Mobberly Road	-6%	-6%	-6%	-6%	-4%
Amenities	Commercial Space, Amenity Centers, Pool, Playground, Fitness Center, Trails, Open Spaces	+2%	-2%	-8%	+3%	+2%
Size	40-FF	0%	0%	0%	+2%	0%
Utilities	All Available	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
<i>Total Net Physical Adj. After Transactional Adj.</i>		-4%	-8%	-14%	-1%	-2%
ADJUSTED Price/FF:		\$2,203	\$2,660	\$1,677	\$2,416	\$1,949
<b>SUMMARY OF COMPARABLE VALUES</b>						
Value Range/FF		\$1,677	to	\$2,660		
Average Value/FF		\$2,181				
Median Value/FF		\$2,203				
Size		40-FF				
Unit Value Indication		\$2180/FF				
Overall Value Indication		\$87,200				
Rounded		\$87,200				

## **ANALYSIS OF ADJUSTMENTS – 40-FF LOTS**

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,625 per front foot to \$2,450 per front foot (FF) with all Sales being 40-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### **Transactional Adjustments**

##### ***Property Rights, Financing Terms, and Conditions of Sale***

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### ***Expenditures After Purchase***

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

##### ***Time/Market Conditions***

Time/Market Conditions The residential real estate market saw significant growth from 2020 to 2022, but it began to cool in 2023 and early 2024. In late 2024, the Federal Reserve lowered mortgage rates by 35 basis points. During the period from 2020 to 2022, price increases were observed in both improved residential homes and vacant developed lots due to strong demand. Homebuilders absorbed lots at rates well above the historical norm. Additionally, data from Zonda indicates a significant shortage of 40-FF vacant developed lots in this market, which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically the areas north of Dallas which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +5% year-over year (YoY) increase throughout 2021, 2022, 2023, and into the first three quarters of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +17% and +22% for Market Conditions depending on the sale date.

## **Physical Adjustments**

### ***Location/Access***

The subject property is located in the City of Pilot Point near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Fort Worth and Dallas. Development in the subject area has been substantial and consistent throughout the decades. The subject is located along Mobberly Road, which is a gravel road that is on the southern line of the property. The area around the subject is primarily rural land with housing subdivisions beginning to be developed. Also in the area are municipal uses, agricultural uses, and some commercial uses along U.S. Highway 377 and State Highway 289.

Northwest of the subject property, about 9.5 miles, is Pilot Point High School which is the only high school in Pilot Point ISD. Pilot Point ISD is a desirable district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Celina, which has superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 2: Superior; Located in Prosper, with superior access to commercial uses and is located in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 3: Superior; Located in Celina, with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 4: Similar; Located in Celina, with similar access to commercial uses and is located in Celina ISD which is superior the subject; Adjusted -6%
- Sale 5: Superior; Located in Aubrey, with superior access to commercial uses and is located in Aubrey ISD which has a “B” rating and considered to be a similar ISD; Adjusted -4%

### ***Amenities***

The subject property’s amenities will consist of a commercial district, amenity centers, a pool, a playground, a fitness center, trails, and open spaces. According to the site visit, earthwork is not yet underway. The subject’s amenities are standard for a master planned community the size of Bryson Ranch PID development being built-out with 650 homes in Improvement Area #1 Zone A. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Hillside Village Subdivision, which has slightly inferior amenities such a resort-style pool with a cabana, community trails, a playground, and parks; Adjusted +2%
- Sale 2: Superior; Mosaic Subdivision, which has superior amenities such as an amenity center, a lazy river, a lake, trails, and greenspace; Adjusted -2%
- Sale 3: Superior; Cambridge Crossing Subdivision, which has superior amenities such as lakes, an amenity center, a fitness center, pickleball courts, a half-court basketball court, jogging trails, a fishing pond, a playground, a lap pool, a style resort pool and cabanas, and an event lawn; Adjusted -8%
- Sale 4: Inferior; Parvin which has inferior amenities such as an amenity center, pool, a playground, a fitness center, trails, and open spaces; Adjusted +3%
- Sale 5: Inferior; Aubrey (Keenland) Subdivision, which has inferior amenities such a park with a playground and a path with a pond; Adjusted +2%

***Size***

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). The converse also tends to be true. Sale 4 is larger at 50-FF. An adjustment of +2% was applied to Sales 5 for Size. Sales 1, 2, 3, and 5 are also 40' lots that can accommodate the same building pad, so no adjustment is made for Size to those comparable sales.

***Utilities***

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

***Zoning***

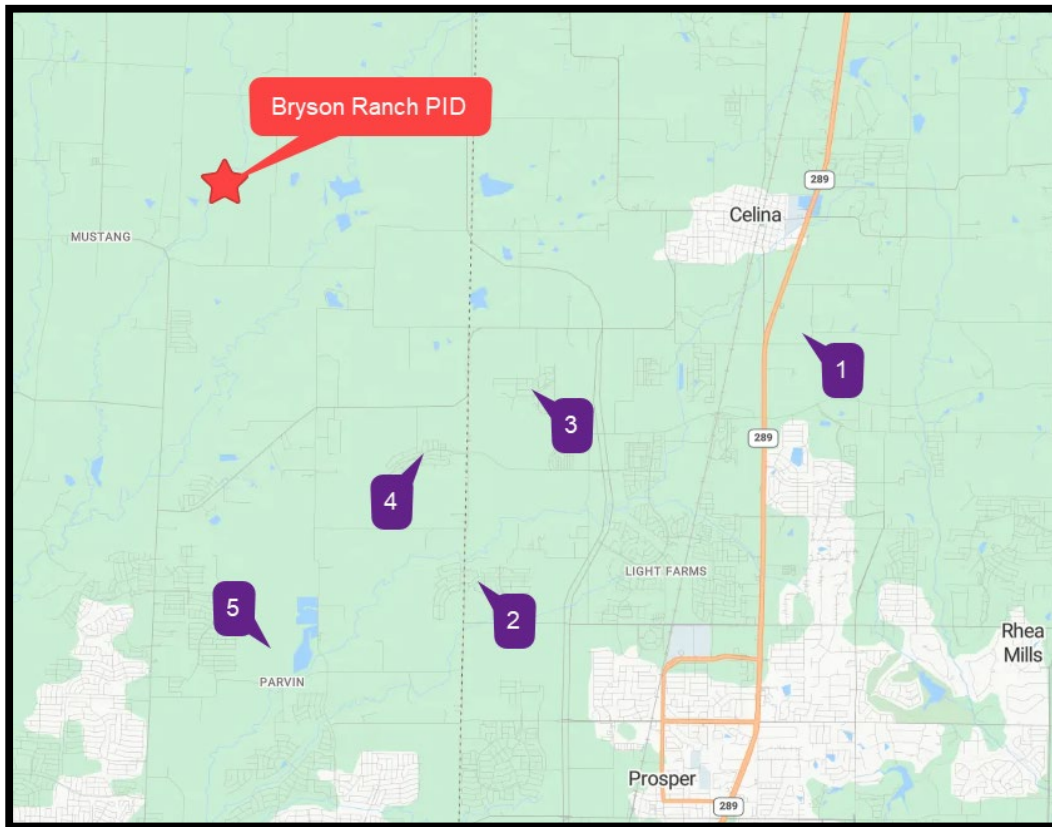
The subject property is in a planned development and each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

**Conclusion for 40-FF Lots** – The 40-FF Lot Sales have an adjusted range of \$1,677/FF to \$2,660/FF with an average of \$2,181/FF and a median of \$2,203/FF. We considered each of the five sales as being reflective of the market and considered increasing development costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 40-FF lots is \$2,180/FF, or \$87,200/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
40-FF Detached Lots	459	September 1, 2026	\$87,200

*Next, we will analyze the retail market value of the 50-FF improved residential lots within Improvement Area #1 Zone A of Bryson Ranch PID.*

### MAP OF COMPARABLE LOT SALES – 50-FF LOTS



**Subject: Bryson Ranch PID, Pilot Point, TX 76258**

We selected the best and most recent comparable lot sales for our analysis of the 50-FF lots. Our five comparable sales are shown below:

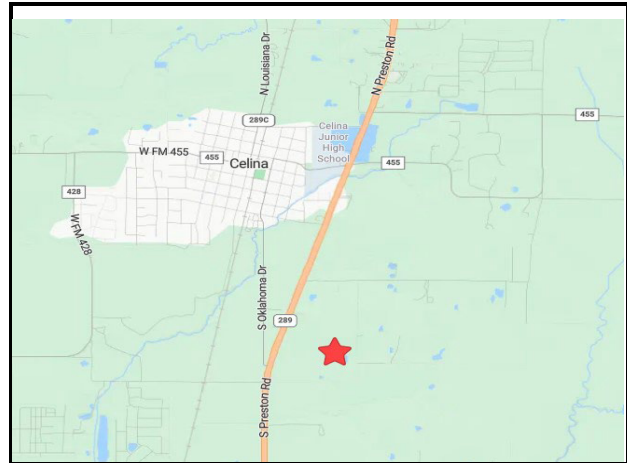
SUMMARY OF LOT SALES - 50-FF LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Frontage Foot (FF)	\$/FF
1	Hillside Village	Celina	Celina	May - 2024	May - 2024	\$97,250	50	\$ 1,945
2	Mosaic	Celina	Prosper	Sept - 2023	Sept - 2023	\$115,000	50	\$ 2,300
3	Cambridge Crossing	Celina	Celina	Feb - 2024	Feb - 2024	\$100,000	50	\$ 2,000
4	Green Meadows	Celina	Celina	Feb - 2022	In-Contract	\$90,000	50	\$ 1,800
5	Parvin	Celina	Celina	Apr-2022	In-Contract	\$100,000	50	\$ 2,000
Subject	Bryson Ranch PID IA #1 (Zone A)	Pilot Point	Pilot Point	-	-	-	50	-



### SALE COMPARABLE 1 – 50-FF LOTS



Comparable 1 Aerial

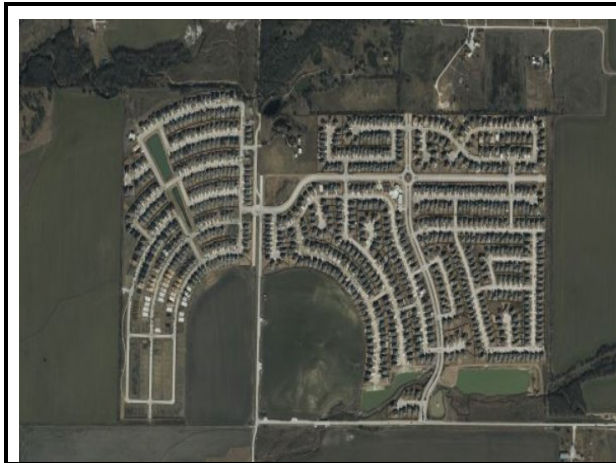


Comparable 1 Map

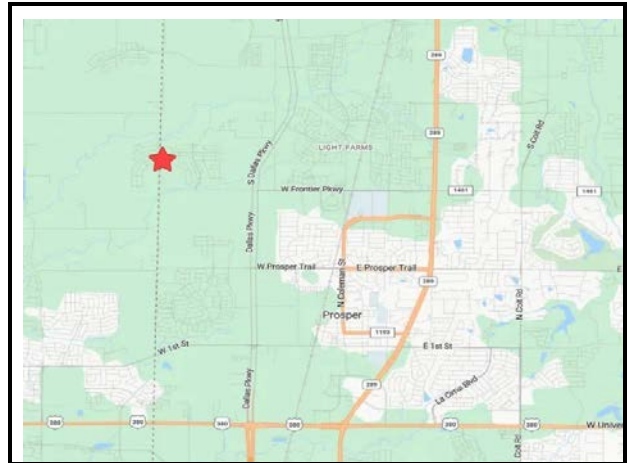
50-FF Sale Comparable 1				
Property Information				
Subdivision Name	Hillside Village			
Property Class	Residential Lot			
Address	Northwest quadrant of Glendenning Parkway and County Road 89, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Development Agreement			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	May - 2024			
Seller	WJ Hillside GP, LLC Partner			
Buyer	Shaddock Homes, LTD			
Sale Price	\$97,250			
Price per SF Land	\$1,945			
Comments	N/A			



## SALE COMPARABLE 2 – 50-FF LOTS



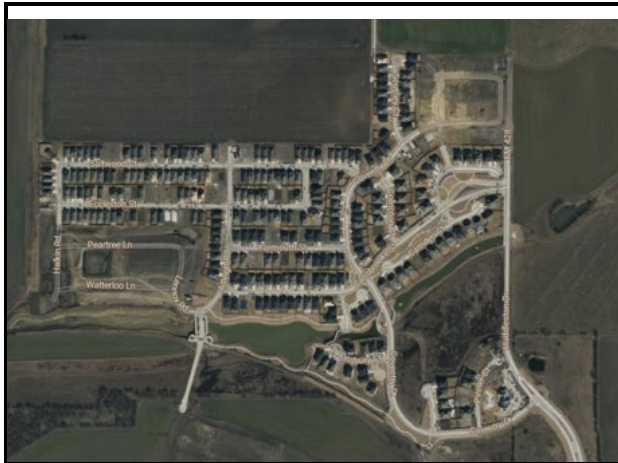
Comparable 2 Aerial



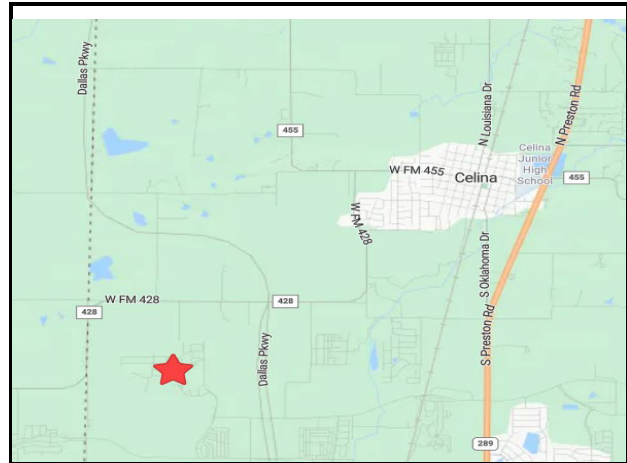
Comparable 2 Map

50-FF Sale Comparable 2				
Property Information				
Subdivision Name	Mosaic			
Property Class	Residential Lot			
Address	Southwest corner of Frontier Parkway and Legacy Drive, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2023			
Seller	Tellus Texas, LLC			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$115,000			
Price per SF Land	\$2,300			
Comments	N/A			

### SALE COMPARABLE 3 – 50-FF LOTS



Comparable 3 Aerial



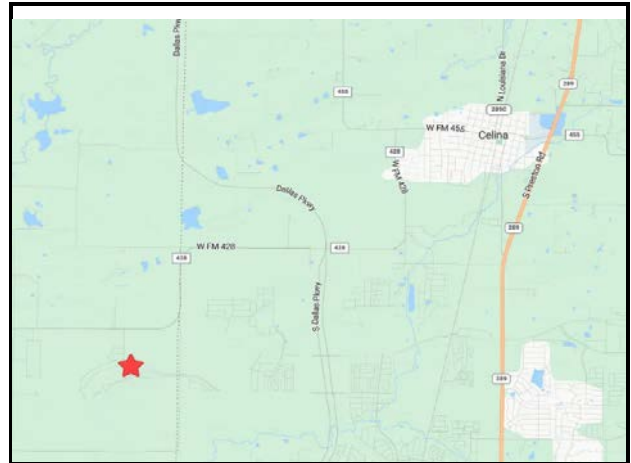
Comparable 3 Map

50-FF Sale Comparable 3				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	February - 2024			
Seller	Tollway/Outerloop LP			
Buyer	Perry Homes, LLC			
Sale Price	\$100,000			
Price per SF Land	\$2,000			
Comments	N/A			

### SALE COMPARABLE 4 – 50-FF LOTS



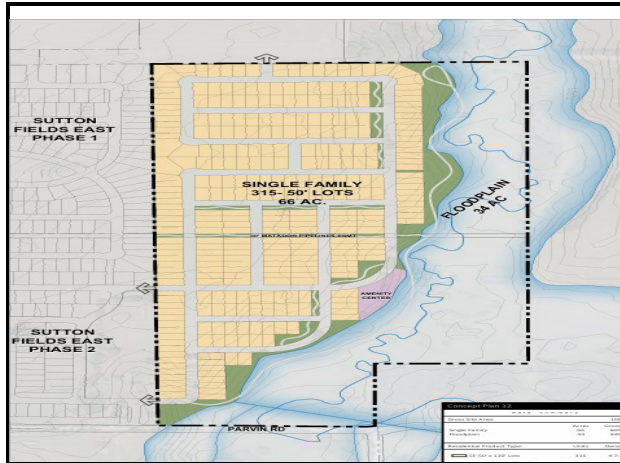
Comparable 4 Aerial



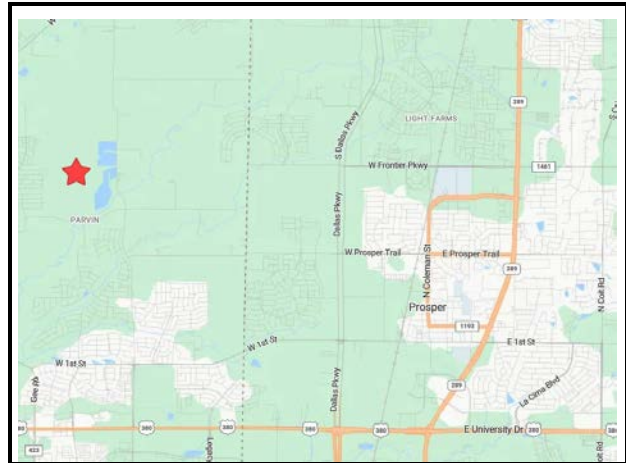
Comparable 4 Map

50-FF Sale Comparable 4				
Property Information				
Subdivision Name	Green Meadows			
Property Class	Residential Lot			
Address	5500 Martin Dr, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	Feburary - 2022			
Seller	Green Meadows Community Inc			
Buyer	Castlerock Communities LLC			
Sale Price	\$90,000			
Price per SF Land	\$1,800			
Comments	N/A			

## SALE COMPARABLE 5 – 50-FF LOTS



Comparable 5 Aerial



Comparable 5 Map

50-FF Sale Comparable 5				
Property Information				
Subdivision Name	Parvin			
Property Class	Residential Lot			
Address	North of Parvin Road and west of Smiley Road, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	April - 2022			
Seller	Harvest Phase 12, LLC			
Buyer	MHI Partnership, LTD			
Sale Price	\$100,000			
Price per SF Land	\$2,000			
Comments	N/A			

## SALES ADJUSTMENT COMPARISON GRID – 50-FF LOTS

Subdivision	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Bryson Ranch PID IA #1 (Zone A)	Hillside Village	Mosaic	Cambridge Crossing	Green Meadows	Parvin
	Pilot Point	Celina	Celina	Celina	Celina	Celina
<i>Transactional Adjustments</i>						
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Time/Market Conditions		+12%	+15%	+13%	+23%	+22%
ADJUSTED Price/FF:		\$2,178	\$2,645	\$2,260	\$2,214	\$2,440
<i>Physical Adjustments</i>						
Location/Access	Pilot Point, Denton County, North of Mobberly Road	-6%	-6%	-6%	-6%	-6%
Amenities	Commercial Space, Amenity Centers, Pool, Playground, Fitness Center, Trails, Open Spaces	+2%	-2%	-8%	-6%	+3%
Size	50-FF	0%	0%	0%	0%	0%
Utilities	All Available	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		-4%	-8%	-14%	-12%	-3%
ADJUSTED Price/FF:		\$2,091	\$2,433	\$1,944	\$1,948	\$2,367
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$1,944	to	\$2,433		
Average Value/FF		\$2,157				
Median Value/FF		\$2,091				
Size		50-FF				
Unit Value Indication		\$2160/FF				
Overall Value Indication		\$108,000				
Rounded		\$108,000				

## **ANALYSIS OF ADJUSTMENTS – 50-FF LOTS**

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,800 per front foot to \$2,300 per front foot (FF) with all Sales being 50-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### **Transactional Adjustments**

##### ***Property Rights, Financing Terms, and Conditions of Sale***

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### ***Expenditures After Purchase***

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

##### ***Time/Market Conditions***

Time/Market Conditions The residential real estate market saw significant growth from 2020 to 2022, but it began to cool in 2023 and early 2024. In late 2024, the Federal Reserve lowered mortgage rates by 35 basis points. During the period from 2020 to 2022, price increases were observed in both improved residential homes and vacant developed lots due to strong demand. Homebuilders absorbed lots at rates well above the historical norm. Additionally, data from Zonda indicates a significant shortage of 50-FF vacant developed lots in this market, which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically the areas north of Dallas which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +5% year-over year (YoY) increase throughout 2021, 2022, 2023, and into the first three quarters of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +12% and +23% for Market Conditions depending on the sale date.

## **Physical Adjustments**

### ***Location/Access***

The subject property is located in the City of Pilot Point near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Fort Worth and Dallas. Development in the subject area has been substantial and consistent throughout the decades. The subject is located along Mobberly Road, which is a gravel road that is on the southern line of the property. The area around the subject is primarily rural land with housing subdivisions beginning to be developed. Also in the area are municipal uses, agricultural uses, and some commercial uses along U.S. Highway 377 and State Highway 289.

Northwest of the subject property, about 9.5 miles, is Pilot Point High School which is the only high school in Pilot Point ISD. Pilot Point ISD is a desirable district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Celina, which has superior access to commercial uses is located in Celina ISD which has a “B” rating and considered to be a similar ISD; Adjusted -6%
- Sale 2: Superior; Located in Celina with superior access to commercial uses and is located in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 3: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 4: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 5: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%

### ***Amenities***

The subject property’s amenities will consist of a commercial district, amenity centers, a pool, a playground, a fitness center, trails, and open spaces. According to the site visit, earthwork is not yet underway. The subject’s amenities are standard for a master planned community the size of Bryson Ranch PID development being built-out with 650 homes in Improvement Area #1 Zone A. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Hillside Village, Subdivision, which has slightly inferior amenities such a resort-style pool with a cabana, community trails, a playground, and parks; Adjusted +2%
- Sale 2: Superior; Mosaic Subdivision, which has superior amenities such as an amenity center, a lazy river, a lake, trails, and greenspace; Adjusted -2%
- Sale 3: Superior; Cambridge Crossing, Subdivision, which has superior amenities such as lakes, an amenity center, a fitness center, pickleball courts, a half-court basketball court, jogging trails, a fishing pond, a playground, a lap pool, a resort style pool and cabanas, and an event lawn; Adjusted -8%
- Sale 4: Superior; Green Meadows, which as superior amenities such as a resort style pool, a kiddie pool, trails, pond, tennis courts, open spaces, a garden, a playground, a fitness center, and an amphitheater; Adjusted -6%
- Sale 5: Inferior; Parvin, which has inferior amenities such as an amenity center, pool, a playground, a fitness center, trails, and open spaces; Adjusted +3%

### ***Size***

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). All Sales are also 50-FF lots that can accommodate the same building pad, so no adjustment is made for Size.



**Utilities**

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

**Zoning**

The subject property is in a planned development and each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

**Conclusion for 50-FF Lots** – The 50-FF Lot Sales have an adjusted range of \$1,944/FF to \$2,433/FF with an average of \$2,157/FF and a median of \$2,091/FF. We considered each of the five sales as being reflective of the market and considered increasing development costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 50-FF is \$2,160/FF, or \$108,000/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
50-FF Detached Lots	191	September 1, 2026	\$108,000



**Cumulative Retail Lot Value**

We believe a current lot market value of \$2,180/FF for 40-FF improved lots and \$2,160/FF for 50-FF improved lots for Bryson Ranch PID IA #1 (Zone A) with a Substantial Completion Date of September 1, 2026 is accurate and well-supported. Not only do our compiled recent comparable lot sales indicate that price, but numerous conversations with market participants – land developers and homebuilders – regarding current prices of lots within the subject’s market indicate that our concluded values per front foot is supported by the current retail price for 40-FF and 50-FF lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2024 which followed a spike in the residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders.

As of the current report date, the market value the 40-FF and 50-FF lot prices for IA #1 (Zone A) of the Bryson Ranch PID are shown below:

BRYSON RANCH PID IA #1 (ZONE A), PILOT POINT, TX 76258				
Lot Type	Concluded Retail Value	Projected Completion Date	Number of Lots	Total Value
40' Detached Lot	\$87,200	September 1, 2026	459	\$40,024,800
50' Detached Lot	\$108,000	September 1, 2026	191	\$20,628,000
			650	\$60,652,800

*Next, we will develop an opinion of value for the 650 improved residential lots in Improvement Area #1 (Zone A) using the Discount Cash Flow analysis.*

## DISCOUNT CASH FLOW ANALYSIS

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the construction completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of the completed construction date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are those which reflect all expenses associated with the disposition of the property as well as the cost of capital and entrepreneurial profit. **This latter item of entrepreneurial profit is accounted for herein as part of the discount rate.**

The various assumptions necessary to complete our Discounted Cash Flow (DCF) analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

### Takedown Schedule

As discussed in detail in the “Pending Transactions to Builders” section of the report, our quarterly takedown projections are summarized as follows for the subject property based on the provided takedown purchase contracts:

### TAKEDOWN SCHEDULE FOR BRYSON RANCH PID IMPROVEMENT AREA #1 (ZONE A)

Projected Quarterly Takedown Summary - Bryson Ranch PID IA #1 (Zone A)												
Lot Type	Sept-2026	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	Apr-2028	Jul-2028	Oct-2028	Jan-2029	TOTAL
40-FF	79	39	39	39	39	39	39	39	39	39	29	459
50-FF	33	17	17	17	17	17	17	17	17	17	5	191
<b>Total</b>	<b>112</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>34</b>	<b>650</b>

*Note: Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the expected Effective Date is September 1, 2026, our analysis starts in the 3<sup>rd</sup> quarter of 2026.*

*Note: The appraisers were not provided with a takedown schedule, broken down by lot type. Therefore, the appraiser used a percentage to calculate a takedown schedule. The 40-FF lots will take up approximately 52% of the lots in Improvement Area #1, the 50-FF will take up approximately 47% of the lots in Improvement Area #1, and the 60-FF will take up approximately 1% of the lots in Improvement Area #1, therefore, during the initial takedown, of the 182 lots are expected to be taken down, 94 of those lots would be 40-FF ( $182 \times 0.52 = 94$ ), 86 of those lots would be 50-FF ( $182 \times 0.47$ ), and 2 of those lots would be 60-FF ( $182 \times 0.01$ ).*

*To further breakdown by zone, Zone A comprises approximately 84% of 40-FF lot types and 38% of 50-FF types therefore, during the initial takedown, Zone A will take down 79 40-FF lots ( $94 \times 0.84$ ) and 33 50-FF lots ( $86 \times 0.38$ ).*

### **Value Increases During Sellout Period**

Historically, in the sales contracts of volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the Wall Street Journal prime rate (8.00% as of late October 2024), plus 1% (annually) up to 9.00%. Contracts between land developers and homebuilders typically have a 6% escalation which is consistent with recent improved lot appreciations over many years. Thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject's lots at 6% per year which is also consistent with residential real estate appreciation over the past decade. This is also considered reasonable given the lack of available lot and housing supply in the area and the historical realization of interest carry/appreciation by developers within DFW and surrounding market areas.

### **EXPENSES**

**Taxes** are paid by the developer annually. The estimation of taxes paid per period is based upon the principle that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. The current tax rate for the bulk of the property is **0.01859500 per \$100 assessed – (1.859500% for the purpose of our analysis)** – with taxes due to Denton County, Pilot Point ISD, and City of Pilot Point.

Based upon our experience as property tax consultants and information gathered from builders/developers, we do not believe the vacant lots will be assessed for their full market value once Substantial Completion is achieved. We believe the builders will have their lots assessed at approximately 70% of the market value, i.e., if a lot has a retail value of \$100,000 then the assessed value will be \$70,000. We believe this 30% discount is justified as taxing districts do not typically have access to cost data and assessments typically lag the market. In addition, many taxing districts allow for a 20% builder's inventory reduction.

**Cost of Sales** has been estimated at 1.5% of gross sales proceeds for various closing costs, surveys, commissions, and title policies.

**Marketing expenses** are not included as there is a shortage of vacant developed lots on the market and we would expect these lots to be absorbed by volume builders. This is confirmed by the contracts the developer has where the lots are presold to homebuilders.

### **Discount Rate**

The discount rate utilized herein is essentially an anticipated Internal Rate of Return (IRR) for the subject property, as estimated from investment performance realized by market participants. The discount rate used for the subject should be less than the typical land development project because the value we are determining is for a fully entitled project in a city-approved Planned Development which will have less risk exposure than that of a raw land development. Therefore, it is appropriate to utilize a discount rate adjusted for this risk. The appraisers have included a recent discount rate survey published by Realty Rates that considers the market conditions, risk, entrepreneurial profit, and liquidity inherent in a project such as the subject that developers of similar properties would consider.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2024*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
<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				Copyright 2024 RealtyRates.com™		

As shown, the minimum actual rates in Texas range from 15.70% for less than 100 units; 16.09% for 100 to 500 units; and 16.48% for 500+ units with minimum pro-forma rates ranging from 15.07% to 15.83%.

The 7<sup>th</sup> Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”. Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has numerous purchasers of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an IRR that is similar to the minimum pro-forma rates provided by the Realty Rates “Developer Survey” for Texas of 15.83% for 500+ units; and 16.48% for likewise minimum actual rates is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of **15%** for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject (assisted by involvement of the Bryson Ranch PID), as well as the current market conditions. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly with an annual DCF also included. With each of the required elements now identified, we will analyze the subject in DCF analyses as shown on the following pages.

### BRYSON RANCH PID– DISCOUNT CASH FLOW (DCF) ANALYSIS

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete September 1, 2026
- Retail lot values: \$87,200 for 40-FF lots
- Retail lot values: \$108,000 for 50-FF lots
- 6% Appreciation/Year (1.5%/Quarter)
- 40-FF Lots sell at 79/Quarter for 3Q2026, then 39/quarter
- 50-FF Lots sell at 33/Quarter for 3Q2026, then 17/quarter
- Discount Rate 15% (3.75%/Quarter)
- Tax Expense on Inventory is 1.859500%/Year, 0.464875%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the lots is expected to be complete by September 1, 2026, we believe lot prices will continue to appreciate closer to their historical average which is closer to 6% per year. Thus, we have concluded that the current retail improved lot values will be similar when takedowns begin. Therefore, as of the expected Substantial Completion Date (**September 1, 2026**) the retail lot value for 40' lots is **\$87,200** with a total cumulative value of **\$40,024,800** and the retail lot value for 50' lots is **\$108,000** with a total cumulative value of **\$20,628,000**, with a combined total of **\$60,652,800** as shown in the following table:

BRYSON RANCH PID IA #1 (ZONE A), PILOT POINT, TX 76258					
Total Lots	Feet Frontage (FF)	Retail Price/Lot	Projected Completion Date	Price/FF (\$/FF)	Total Retail Value (\$)
459	40 FF	\$87,200	September 1, 2026	\$2180/FF	\$40,024,800
191	50 FF	\$108,000	September 1, 2026	\$2160/FF	\$20,628,000
<b>650</b>					<b>\$60,652,800</b>

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.75% is applied to each period. Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the expected Substantial Completion Date is September 1, 2026, we will analyze on a quarterly basis starting September 2026.

**DISCOUNT CASH FLOW DATA – BRYSON RANCH PID IMPROVEMENT AREA #1 (ZONE A)**  
**LOTS (QUARTERLY)**

	Sept. 2026			Oct. 2026			Jan. 2027		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	459	\$ 87,200	79	380	\$ 88,508	39	341	\$ 89,836	39
50-FF Lot	191	\$ 108,000	33	158	\$ 109,620	17	141	\$ 111,264	17
<b>Revenue</b>		<b>\$ 10,452,800</b>			<b>\$ 5,315,352</b>			<b>\$ 5,395,082</b>	
<i>Tax Expense</i>		<i>\$ (65,791)</i>			<i>\$ (165,807)</i>			<i>\$ (150,738)</i>	
<i>Sales Expense</i>		<i>\$ (156,792)</i>			<i>\$ (79,730)</i>			<i>\$ (80,926)</i>	
<b>Net Income</b>		<b>\$ 10,230,217</b>			<b>\$ 5,069,814</b>			<b>\$ 5,163,418</b>	
<b>Factor</b>		<b>0.994194</b>			<b>0.971303</b>			<b>0.937951</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 10,170,816</b>			<b>\$ 4,924,325</b>			<b>\$ 4,843,033</b>	



	Apr. 2027			Jul. 2027			Oct. 2027		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	302	\$ 91,183	39	263	\$ 92,551	39	224	\$ 93,939	39
50-FF Lot	124	\$ 112,933	17	107	\$ 114,627	17	90	\$ 116,347	17
<b>Revenue</b>		<b>\$ 5,476,009</b>			<b>\$ 5,558,149</b>			<b>\$ 5,641,521</b>	
<i>Tax Expense</i>		<i>\$ (135,180)</i>			<i>\$ (119,121)</i>			<i>\$ (102,549)</i>	
<i>Sales Expense</i>		<i>\$ (82,140)</i>			<i>\$ (83,372)</i>			<i>\$ (84,623)</i>	
<b>Net Income</b>		<b>\$ 5,258,689</b>			<b>\$ 5,355,656</b>			<b>\$ 5,454,349</b>	
<b>Factor</b>		<b>0.905744</b>			<b>0.874644</b>			<b>0.844611</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 4,763,028</b>			<b>\$ 4,684,291</b>			<b>\$ 4,606,804</b>	



	Jan. 2028			Apr. 2028			Jul. 2028		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	185	\$ 95,348	39	146	\$ 96,778	39	107	\$ 98,230	39
50-FF Lot	73	\$ 118,092	17	56	\$ 119,863	17	39	\$ 121,661	17
<b>Revenue</b>		<b>\$5,726,144</b>			<b>\$5,812,036</b>			<b>\$5,899,216</b>	
<i>Tax Expense</i>		<i>\$ (85,454)</i>			<i>\$ (67,822)</i>			<i>\$ (49,643)</i>	
<i>Sales Expense</i>		<i>\$ (85,892)</i>			<i>\$ (87,181)</i>			<i>\$ (88,488)</i>	
<b>Net Income</b>		<b>\$5,554,798</b>			<b>\$5,657,033</b>			<b>\$5,761,085</b>	
<b>Factor</b>		<b>0.815610</b>			<b>0.787604</b>			<b>0.760560</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$4,530,546</b>			<b>\$4,455,501</b>			<b>\$4,381,650</b>	



*Bryson Ranch Public Improvement District*

	Oct. 2028			Jan. 2029		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	68	\$ 99,704	39	29	\$ 101,199	29
50-FF Lot	22	\$ 123,486	17	5	\$ 125,338	5
<b>Revenue</b>		<b>\$5,987,705</b>			<b>\$3,561,468</b>	
<i>Tax Expense</i>		<i>\$ (30,903)</i>			<i>\$ (11,589)</i>	
<i>Sales Expense</i>		<i>\$ (89,816)</i>			<i>\$ (53,422)</i>	
<b>Net Income</b>		<b>\$5,866,986</b>			<b>\$3,496,456</b>	
<b>Factor</b>		<b>0.734444</b>			<b>0.692896</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$4,308,975</b>			<b>\$2,422,681</b>	



<i>Total Net Revenue Over ~11 Quarters</i>	<b>\$62,868,501</b>
<b>Net Present Value (As-Is) at 15% Discount Rate</b>	<b>\$54,091,650</b>
<b><u>Rounded</u></b>	<b>\$54,092,000</b>

**DISCOUNT CASH FLOW DATA –BRYSON RANCH PID IMPROVEMENT AREA #1 (ZONE A)**  
**LOTS (ANNUAL)**

	2026			2027		
	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	459	\$ 88,508	118	341	\$ 91,871	156
50-FF Lot	191	\$ 109,620	50	141	\$ 113,786	68
<b>Revenue</b>		<b>\$ 15,924,944</b>			<b>\$ 22,069,342</b>	
<i>Tax Expense</i>		<i>\$ (267,110)</i>			<i>\$ (616,616)</i>	
<i>Sales Expense</i>		<i>\$ (238,874)</i>			<i>\$ (331,040)</i>	
<b>Net Income</b>		<b>\$ 15,418,960</b>			<b>\$ 21,121,685</b>	
<b>Factor</b>		<b>0.976976</b>			<b>0.890058</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 15,063,947</b>			<b>\$ 18,799,532</b>	



	2028			2029		
	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	185	\$ 97,384	156	29	\$ 101,182	29
50-FF Lot	73	\$ 120,613	68	5	\$ 125,317	5
<b>Revenue</b>		<b>\$ 23,393,502</b>			<b>\$ 3,560,848</b>	
<i>Tax Expense</i>		<i>\$ (349,112)</i>			<i>\$ (11,587)</i>	
<i>Sales Expense</i>		<i>\$ (350,903)</i>			<i>\$ (53,413)</i>	
<b>Net Income</b>		<b>\$ 22,693,488</b>			<b>\$ 3,495,848</b>	
<b>Factor</b>		<b>0.773964</b>			<b>0.709226</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 17,563,937</b>			<b>\$ 2,479,345</b>	



<b>Total Net Revenue Over ~4 Years</b>	<b>\$62,729,981</b>
<b>Net Present Value (As-Is) at 15% Discount Rate</b>	<b>\$53,906,761</b>
<b><u>Rounded</u></b>	<b>\$53,907,000</b>

*Note: Annual discount and appreciation calculations are averaged to the middle of the period*



**DCF Conclusion (Improved 40' and 50')**

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the improved lots in Improvement Area #1 Zone A of the Bryson Ranch PID in a bulk sale transaction would be between \$53,906,761 and \$54,091,650, which is approximately \$184,889 (+0.34%%) different. Both annual and quarterly DCF analyses have relevance and are a check of reasonableness on each other, but we consider the quarterly analysis to be the more accurate and precise calculation. Thus, we have determined that the **market value for Bryson Ranch PID Improvement Area #1 Zone A “Upon Completion” with an Effective Date of September 1, 2026, for a total of 650 lots is (\$83,200/Lot).**

**INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSIONS**

Using the Discount Cash Flow Analysis to determine the net present value as of the expected substantial completion date (September 1, 2026), we have determined the following value for Bryson Ranch PID Improvement Area #1 (Zone A) as shown in the table below:

INCOME APPROACH VALUE INDICATION	
<i>Fee Simple Interest, Complete September 1, 2026</i>	
<b>Bryson Ranch PID</b> <b><i>650 Improved Lots in IA #1 (Zone A)</i></b>	<b><i>\$54,092,000 (\$83,200/Lot Rounded)</i></b>

*Next, we will consider the market value of the 407 improved residential lots of various sizes in Improvement Area #1 Zone B*

### VALUATION – IA #1 (ZONE B)

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. Use of the approaches in this assignment is summarized as follows:

<b><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Not Appropriate in Improvement Area #1 (Zone B) Portion of the Subject Property Since the Subject Property will be Developed in Three Phases</i>	<i>Not Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 40-FF, 50-FF, and 60-FF</i>	<i>Partially Utilized</i>

#### **Residential Subdivision (407 Improved Lots)**

##### ***Cost Approach***

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. Since the subject property is being developed in three phases and there are no major improvements in place, *the Cost Approach is not the most appropriate and thus was not utilized for Improvement Area #1 Zone B.*

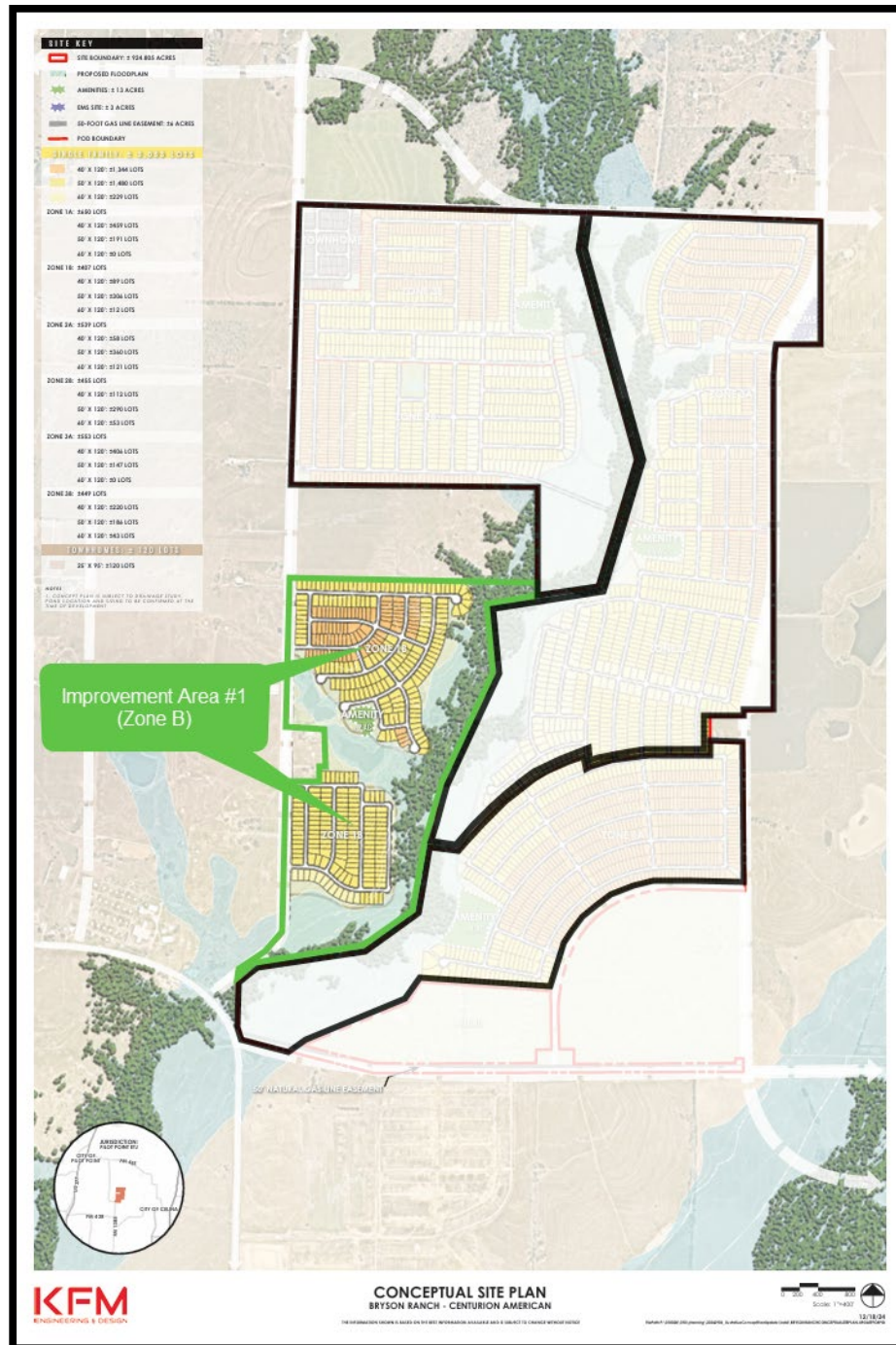
##### ***Income (Subdivision Development) Approach***

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 407 lots, as of the Effective Date of September 1, 2026, which is based on the Substantial Completion Date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

##### ***Sales Comparison Approach***

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

**INCOME (SUBDIVISION DEVELOPMENT) APPROACH – IMPROVED RESIDENTIAL LOTS  
IMPROVEMENT AREA #1 (ZONE B)**



*NOTE: Improvement Area #1 (Zone B) comprises 407 improved residential lots completed as vacant developed lots (VDLs) with a Prospective Effective Date of September 1, 2026. The Remainder Area Paper Lots are not included in the Income Subdivision Development Approach.*

### *Bryson Ranch Public Improvement District*

Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. The income methodology applied in subdivision analysis has been adapted to simulate what occurs in a bulk sale where one buyer purchases a group of lots at a discount. It provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

In order to complete the analysis, the appraisers:

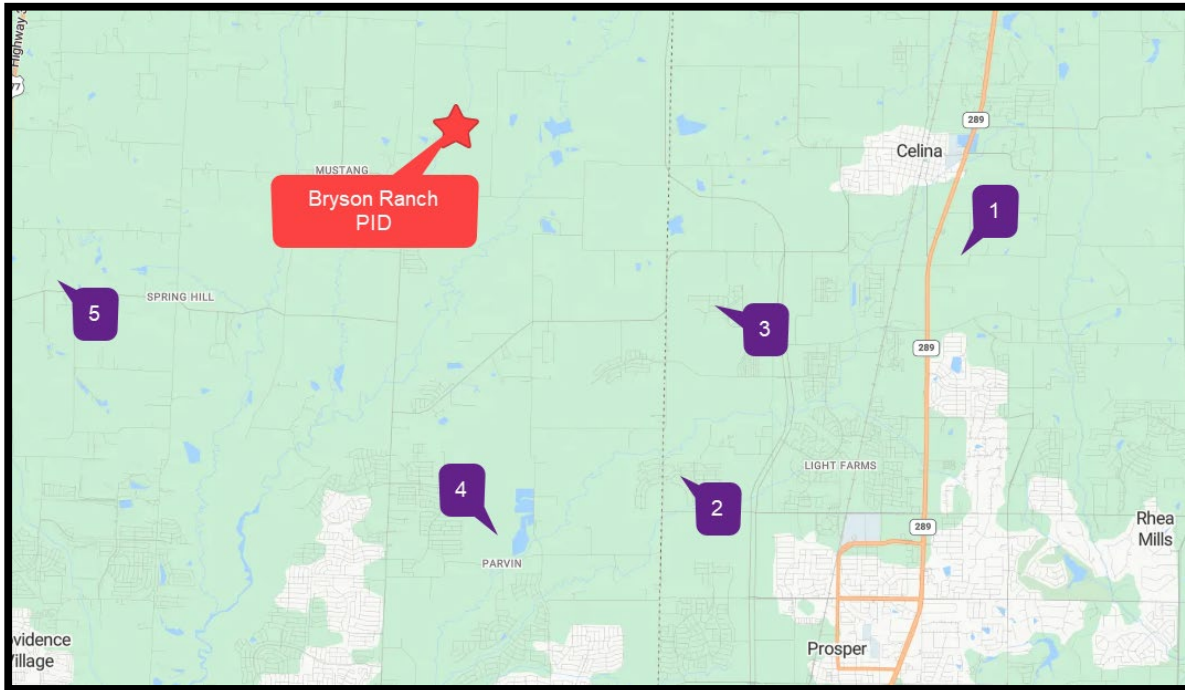
- Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- Analyzed the effect of appreciation, taxes, and sales costs over the absorption period
- Estimated the appropriate discount rate necessary to undertake the risks associated with the project
- Utilized discount cash flow (DCF) analysis to determine the present value of future cash flows realized by selling the lots at market prices over time

We utilized the following unit of comparison which is the measure most commonly found in the market:

***Sales Price Per Front Foot*** – Obtained by dividing sale price by the Front Footage of the lot

Following is our analysis of the 40-FF, 50-FF, and 60-FF lots for Bryson Ranch PID Improvement Area #1 (Zone B).

## MAP OF COMPARABLE LOT SALES – 40-FF LOTS



### Subject: Bryson Ranch PID, Pilot Point, TX 76258

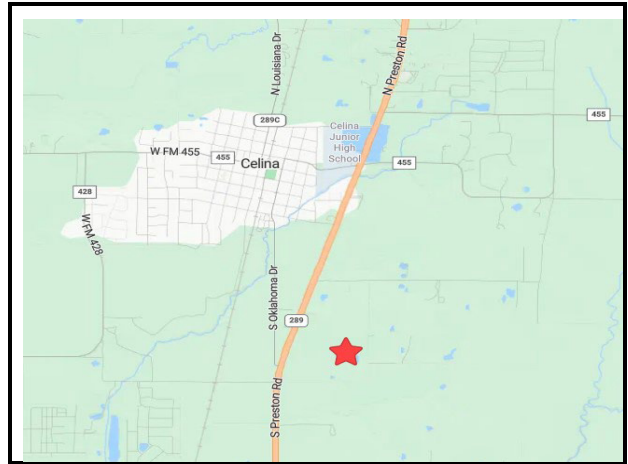
We selected the best and most recent comparable lot sales for our analysis of the 40-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 40-FF LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Frontage Feet (FF)	\$/FF
1	Hillside Village	Celina	Celina	Feb - 2023	In-Contract	\$77,800	40	\$ 1,945
2	Mosaic	Prosper	Prosper	Jan - 2023	In-Contract	\$98,000	40	\$ 2,450
3	Cambridge Crossing	Celina	Celina	Sept - 2022	Sept - 2022	\$65,000	40	\$ 1,625
4	Parvin	Celina	Celina	Apr-2022	In-Contract	\$100,000	50	\$ 2,000
5	Aubrey (Keenland)	Aubrey	Aubrey	May - 2023	In-Contract	\$68,000	40	\$ 1,700
Subject	Bryson Ranch PID IA #1 (Zone B)	Pilot Point	Pilot Point	-	-	-	40	-

## SALE COMPARABLE 1 – 40-FF LOTS



Comparable 1 Aerial

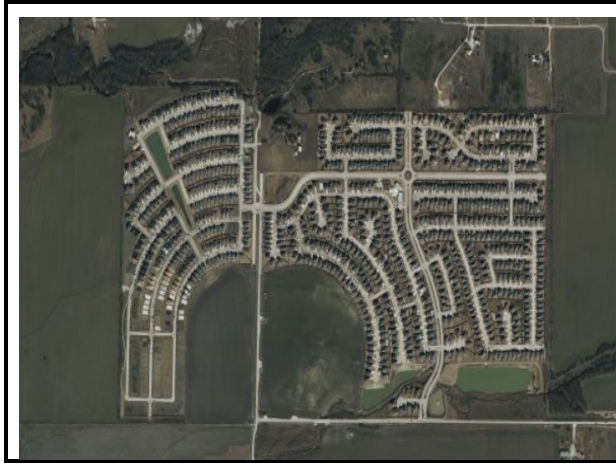


Comparable 1 Map

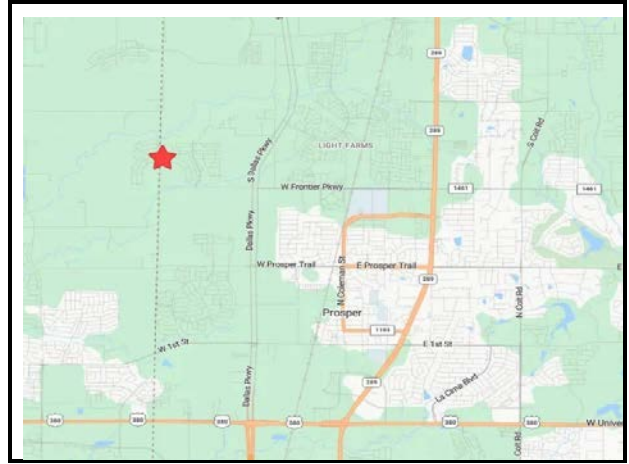
40-FF Sale Comparable 1				
Property Information				
Subdivision Name	Hillside Village			
Property Class	Residential Lot			
Address	Northwest quadrant of Glendenning Parkway and County Road-89, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	Feburary - 2023			
Seller	Qynne/Jackson, L.P.			
Buyer	HMH Lifestyle, L.P.			
Sale Price	\$77,800			
Price per FF Land	\$1,945			
Comments	N/A			



## SALE COMPARABLE 2 – 40-FF LOTS



Comparable 2 Aerial



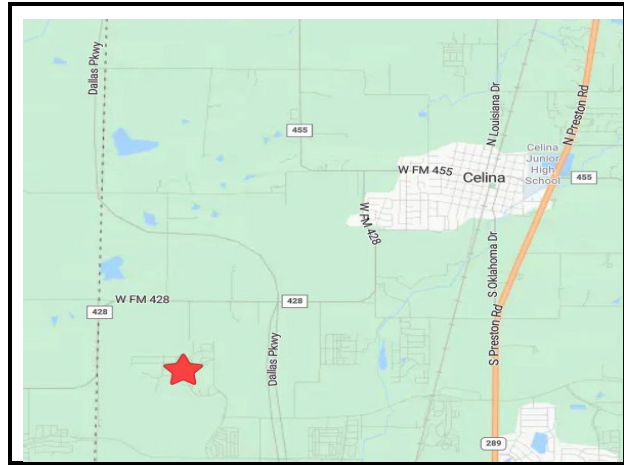
Comparable 2 Map

40-FF Sale Comparable 2				
Property Information				
Subdivision Name	Mosaic			
Property Class	Residential Lot			
Address	Southwest corner of Frontier Parkway and Legacy Drive, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2023			
Seller	Tellus Texas, LLC			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$98,000			
Price per SF Land	\$2,450			
Comments	N/A			

### SALE COMPARABLE 3 – 40-FF LOTS



Comparable 3 Aerial

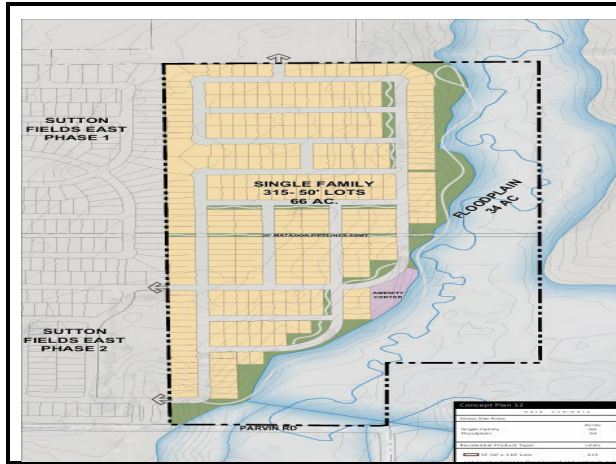


Comparable 3 Map

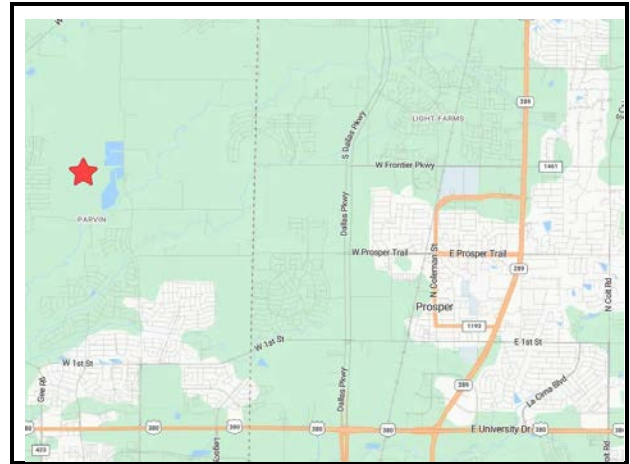
40-FF Sale Comparable 3				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2022			
Seller	Tollway/Outerloop LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$65,000			
Price per SF Land	\$1,625			
Comments	N/A			



## SALE COMPARABLE 4 – 40-FF LOTS



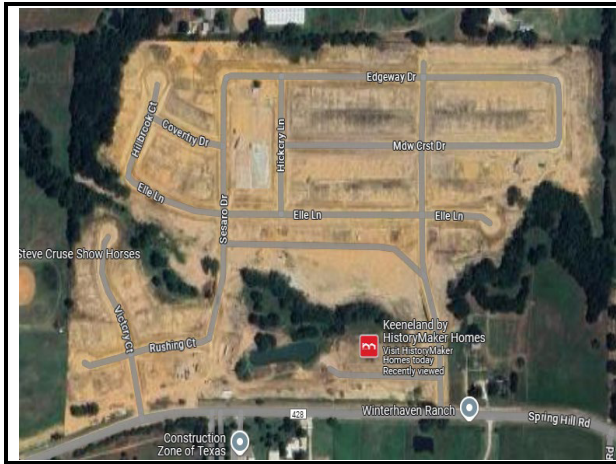
Comparable 4 Aerial



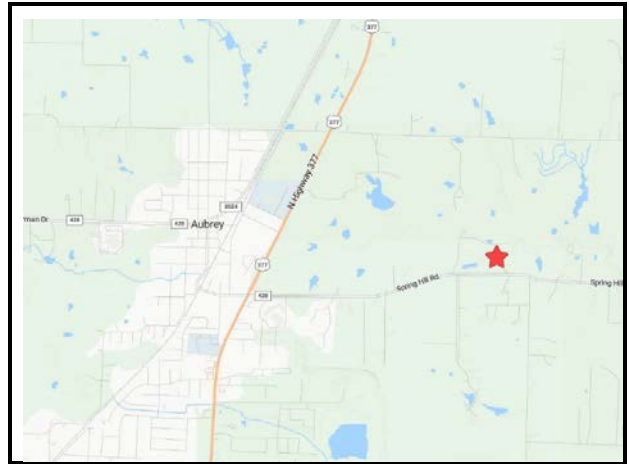
Comparable 4 Map

40-FF Sale Comparable 4				
Property Information				
Subdivision Name	Parvin			
Property Class	Residential Lot			
Address	North of Parvin Road and west of Smiley Road, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	April - 2022			
Seller	Harvest Phase 12, LLC			
Buyer	MHI Partnership, LTD			
Sale Price	\$100,000			
Price per SF Land	\$2,000			
Comments	N/A			

## SALE COMPARABLE 5 – 40-FF LOTS



Comparable 5 Aerial



Comparable 5 Map

40-FF Sale Comparable 5				
Property Information				
Subdivision Name	Aubrey (Keenland)			
Property Class	Residential Lot			
Address	1612 Macadamia Ct, Aubrey			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	May - 2023			
Seller	Aubrey 81 West, LP			
Buyer	HMH Lifestyles, LP			
Sale Price	\$68,000			
Price per SF Land	\$1,700			
Comments	N/A			

**SALES ADJUSTMENT COMPARISON GRID – 40-FF LOTS**

Address:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Bryson Ranch PID IA #1 (Zone B)	Hillside Village	Mosaic	Cambridge Crossing	Parvin	Aubrey (Keenland)
	Pilot Point	Celina	Prosper	Celina	Celina	Aubrey
Transactional Adjustments						
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,450	\$1,625	\$2,000	\$1,700
Time/Market Conditions		+18%	+18%	+20%	+22%	+17%
ADJUSTED Price/FF:		\$2,295	\$2,891	\$1,950	\$2,440	\$1,989
Physical Adjustments						
Location/Access	Pilot Point, Denton County, North of Mobberly Road	-6%	-6%	-6%	-6%	-4%
Amenities	Commercial Space, Amenity Centers, Pool, Playground, Fitness Center, Trails, Open Spaces	+2%	-2%	-8%	+3%	+2%
Size	40-FF	0%	0%	0%	+2%	0%
Utilities	All Available	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		-4%	-8%	-14%	-1%	-2%
ADJUSTED Price/FF:		\$2,203	\$2,660	\$1,677	\$2,416	\$1,949
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$1,677	to	\$2,660		
Average Value/FF	\$2,181					
Median Value/FF	\$2,203					
Size	40-FF					
Unit Value Indication	\$2180/FF					
Overall Value Indication	\$87,200					
Rounded	\$87,200					

## **ANALYSIS OF ADJUSTMENTS – 40-FF LOTS**

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,625 per front foot to \$2,450 per front foot (FF) with all Sales being 40-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### **Transactional Adjustments**

##### ***Property Rights, Financing Terms, and Conditions of Sale***

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### ***Expenditures After Purchase***

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

##### ***Time/Market Conditions***

Time/Market Conditions The residential real estate market saw significant growth from 2020 to 2022, but it began to cool in 2023 and early 2024. In late 2024, the Federal Reserve lowered mortgage rates by 35 basis points. During the period from 2020 to 2022, price increases were observed in both improved residential homes and vacant developed lots due to strong demand. Homebuilders absorbed lots at rates well above the historical norm. Additionally, data from Zonda indicates a significant shortage of 40-FF vacant developed lots in this market, which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically the areas north of Dallas which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +5% year-over year (YoY) increase throughout 2021, 2022, 2023, and into the first three quarters of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +17% and +22% for Market Conditions depending on the sale date.

## **Physical Adjustments**

### ***Location/Access***

The subject property is located in the City of Pilot Point near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Fort Worth and Dallas. Development in the subject area has been substantial and consistent throughout the decades. The subject is located along Mobberly Road, which is a gravel road that is on the southern line of the property. The area around the subject is primarily rural land with housing subdivisions beginning to be developed. Also in the area are municipal uses, agricultural uses, and some commercial uses along U.S. Highway 377 and State Highway 289.

Northwest of the subject property, about 9.5 miles, is Pilot Point High School which is the only high school in Pilot Point ISD. Pilot Point ISD is a desirable district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Celina, which has superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 2: Superior; Located in Prosper, with superior access to commercial uses and is located in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 3: Superior; Located in Celina, with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 4: Similar; Located in Celina, with similar access to commercial uses and is located in Celina ISD which is the superior to the subject; Adjusted -6%
- Sale 5: Superior; Located in Aubrey, with superior access to commercial uses and is located in Aubrey ISD which has a “B” rating and considered to be a similar ISD; Adjusted -4%

### ***Amenities***

The subject property’s amenities will consist of a commercial district, amenity centers, a pool, a playground, a fitness center, trails, and open spaces. According to the site visit, earthwork is not yet underway. The subject’s amenities are standard for a master planned community the size of Bryson Ranch PID development being built-out with 407 homes in Improvement Area #1 Zone B. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Hillside Village Subdivision, which has slightly inferior amenities such a resort-style pool with a cabana, community trails, a playground, and parks; Adjusted +2%
- Sale 2: Superior; Mosaic Subdivision, which has superior amenities such as an amenity center, a pool, a lazy river, a fishing pond, playgrounds, a fitness center, trails, and open spaces; Adjusted -2%
- Sale 3: Superior; Cambridge Crossing Subdivision, which has superior amenities such as lakes, an amenity center, a fitness center, pickleball courts, a half-court basketball court, jogging trails, a fishing pond, a playground, a lap pool, a style resort pool and cabanas, and an event lawn; Adjusted -8%
- Sale 4: Inferior; Parvin which has inferior amenities such as an amenity center, pool, a playground, a fitness center, trails, and open spaces; Adjusted +3%
- Sale 5: Inferior; Aubrey (Keenland) Subdivision, which has inferior amenities such a park with a playground and a path with a pond; Adjusted +2%

***Size***

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). The converse also tends to be true. Sale 4 is larger at 50-FF. An adjustment of +2% was applied to Sales 5 for Size. Sales 1, 2, 3, and 5 are also 40' lots that can accommodate the same building pad, so no adjustment is made for Size to those comparable sales.

***Utilities***

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

***Zoning***

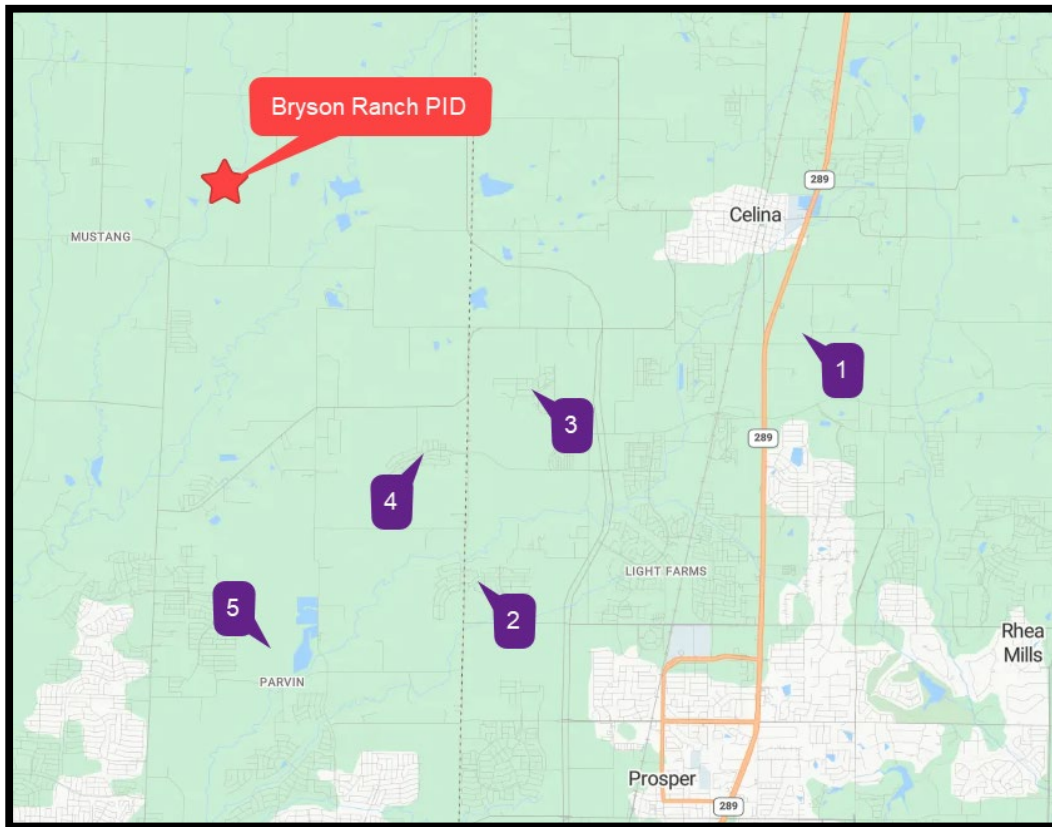
The subject property is in a planned development and each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

**Conclusion for 40-FF Lots** – The 40-FF Lot Sales have an adjusted range of \$1,677/FF to \$2,660/FF with an average of \$2,181/FF and a median of \$2,203/FF. We considered each of the five sales as being reflective of the market and considered increasing development costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 40-FF lots is \$2,180/FF, or \$87,200/Lot.**

<b>Lot Type</b>	<b>Total Lots</b>	<b>Projected Completion Date</b>	<b>Concluded Retail Value Per Lot</b>
40-FF Detached Lots	89	September 1, 2026	\$87,200

*Next, we will analyze the retail market value of the 50-FF improved residential lots within Improvement Area #1 Zone B of Bryson Ranch PID.*

## MAP OF COMPARABLE LOT SALES – 50-FF LOTS



**Subject: Bryson Ranch PID, Pilot Point, TX 76258**

We selected the best and most recent comparable lot sales for our analysis of the 50-FF lots. Our five comparable sales are shown below:

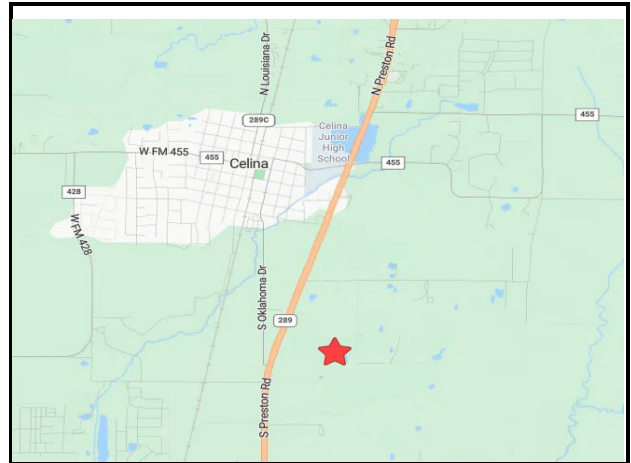
SUMMARY OF LOT SALES - 50-FF LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Frontage Foot (FF)	\$/FF
1	Hillside Village	Celina	Celina	May - 2024	May - 2024	\$97,250	50	\$ 1,945
2	Mosaic	Celina	Prosper	Sept - 2023	Sept - 2023	\$115,000	50	\$ 2,300
3	Cambridge Crossing	Celina	Celina	Feb - 2024	Feb - 2024	\$100,000	50	\$ 2,000
4	Green Meadows	Celina	Celina	Feb - 2022	In-Contract	\$90,000	50	\$ 1,800
5	Parvin	Celina	Celina	Apr-2022	In-Contract	\$100,000	50	\$ 2,000
Subject	Bryson Ranch PID IA #1 (Zone B)	Pilot Point	Pilot Point	-	-	-	50	-



## SALE COMPARABLE 1 – 50-FF LOTS



Comparable 1 Aerial

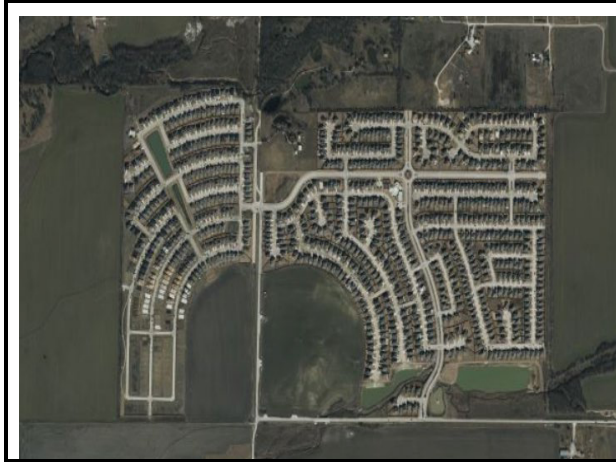


Comparable 1 Map

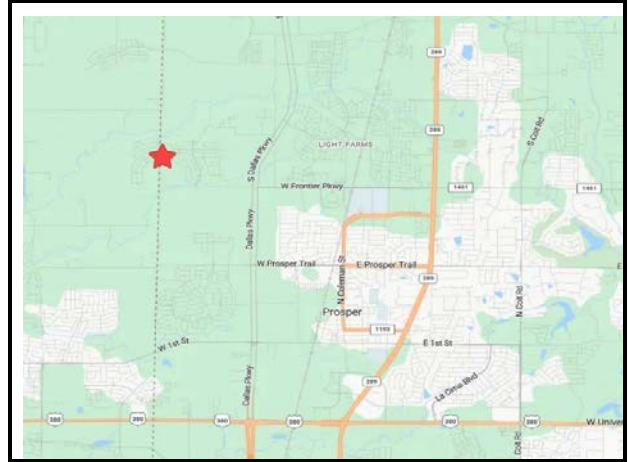
50-FF Sale Comparable 1				
Property Information				
Subdivision Name	Hillside Village			
Property Class	Residential Lot			
Address	Northwest quadrant of Glendenning Parkway and County Road 89, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Development Agreement			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	May - 2024			
Seller	WJ Hillside GP, LLC Partner			
Buyer	Shaddock Homes, LTD			
Sale Price	\$97,250			
Price per SF Land	\$1,945			
Comments	N/A			



## SALE COMPARABLE 2 – 50-FF LOTS



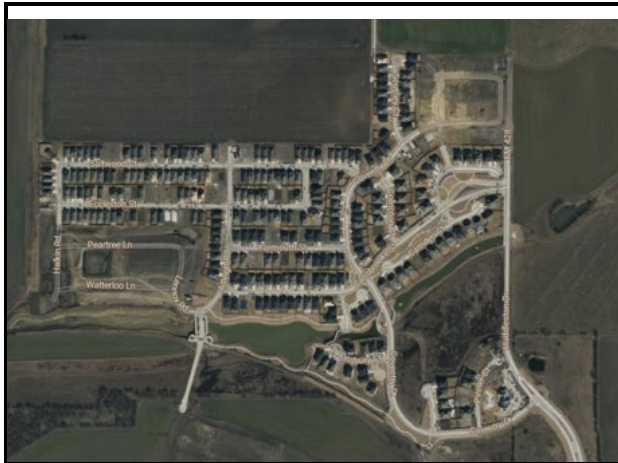
Comparable 2 Aerial



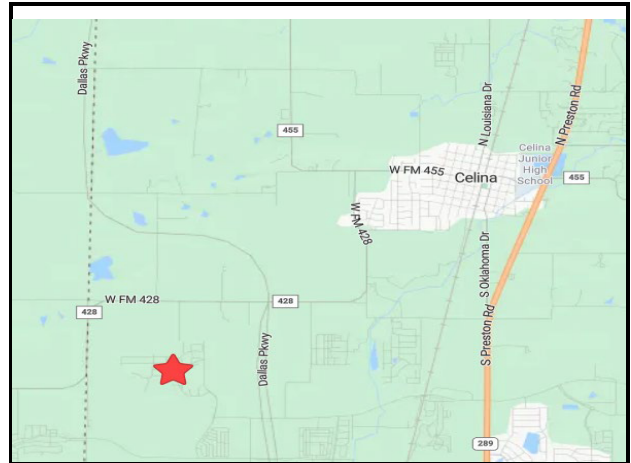
Comparable 2 Map

50-FF Sale Comparable 2				
Property Information				
Subdivision Name	Mosaic			
Property Class	Residential Lot			
Address	Southwest corner of Frontier Parkway and Legacy Drive, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2023			
Seller	Tellus Texas, LLC			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$115,000			
Price per SF Land	\$2,300			
Comments	N/A			

### SALE COMPARABLE 3 – 50-FF LOTS



Comparable 3 Aerial



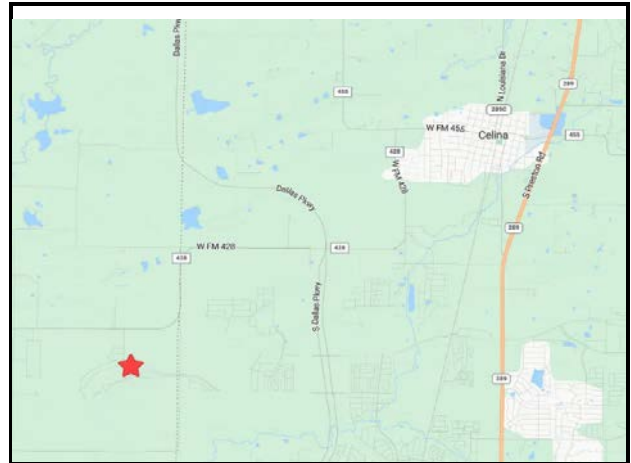
Comparable 3 Map

50-FF Sale Comparable 3				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	February - 2024			
Seller	Tollway/Outerloop LP			
Buyer	Perry Homes, LLC			
Sale Price	\$100,000			
Price per SF Land	\$2,000			
Comments	N/A			

### SALE COMPARABLE 4 – 50-FF LOTS



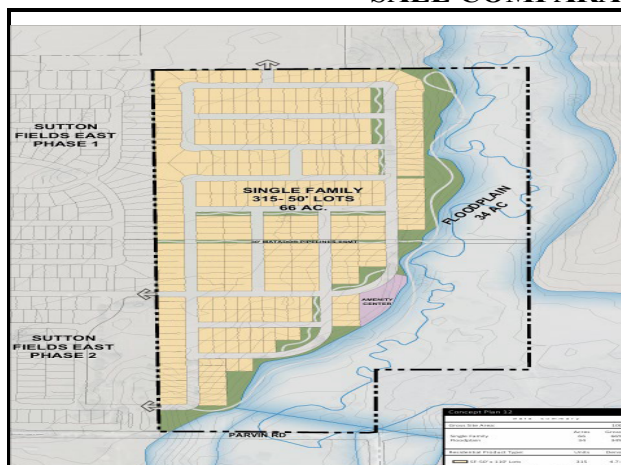
Comparable 4 Aerial



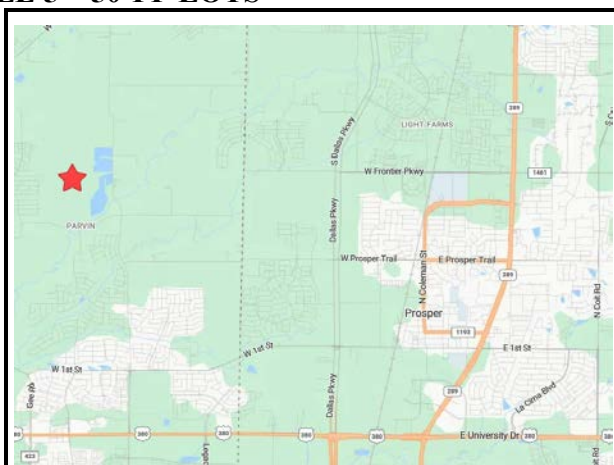
Comparable 4 Map

50-FF Sale Comparable 4				
Property Information				
Subdivision Name	Green Meadows			
Property Class	Residential Lot			
Address	5500 Martin Dr, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	Feburary - 2022			
Seller	Green Meadows Community Inc			
Buyer	Castlerock Communities LLC			
Sale Price	\$90,000			
Price per SF Land	\$1,800			
Comments	N/A			

### SALE COMPARABLE 5 – 50-FF LOTS



### Comparable 5 Aerial



### Comparable 5 Map

50-FF Sale Comparable 5				
<b>Property Information</b>				
Subdivision Name	Parvin			
Property Class	Residential Lot			
Address	North of Parvin Road and west of Smiley Road, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
<b>Site Information</b>				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
<b>Transaction Information</b>				
Sale Status	In-Contract			
Sale/Contract Date	April - 2022			
Seller	Harvest Phase 12, LLC			
Buyer	MHI Partnership, LTD			
Sale Price	\$100,000			
<b>Price per SF Land</b>	<b>\$2,000</b>			
Comments	N/A			

## SALES ADJUSTMENT COMPARISON GRID – 50-FF LOTS

Subdivision	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Bryson Ranch PID IA #1 (Zone B)	Hillside Village	Mosaic	Cambridge Crossing	Green Meadows	Parvin
	Pilot Point	Celina	Celina	Celina	Celina	Celina
<i>Transactional Adjustments</i>						
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,945	\$2,300	\$2,000	\$1,800	\$2,000
Time/Market Conditions		+12%	+15%	+13%	+23%	+22%
ADJUSTED Price/FF:		\$2,178	\$2,645	\$2,260	\$2,214	\$2,440
<i>Physical Adjustments</i>						
Location/Access	Pilot Point, Denton County, North of Mobberly Road	-6%	-6%	-6%	-6%	-6%
Amenities	Commercial Space, Amenity Centers, Pool, Playground, Fitness Center, Trails, Open Spaces	+2%	-2%	-8%	-6%	+3%
Size	50-FF	0%	0%	0%	0%	0%
Utilities	All Available	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		-4%	-8%	-14%	-12%	-3%
ADJUSTED Price/FF:		\$2,091	\$2,433	\$1,944	\$1,948	\$2,367
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$1,944	to	\$2,433		
Average Value/FF		\$2,157				
Median Value/FF		\$2,091				
Size		50-FF				
Unit Value Indication		\$2160/FF				
Overall Value Indication		\$108,000				
Rounded		\$108,000				

## **ANALYSIS OF ADJUSTMENTS – 50-FF LOTS**

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,800 per front foot to \$2,300 per front foot (FF) with all Sales being 50-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### **Transactional Adjustments**

##### ***Property Rights, Financing Terms, and Conditions of Sale***

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### ***Expenditures After Purchase***

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

##### ***Time/Market Conditions***

Time/Market Conditions The residential real estate market saw significant growth from 2020 to 2022, but it began to cool in 2023 and early 2024. In late 2024, the Federal Reserve lowered mortgage rates by 35 basis points. During the period from 2020 to 2022, price increases were observed in both improved residential homes and vacant developed lots due to strong demand. Homebuilders absorbed lots at rates well above the historical norm. Additionally, data from Zonda indicates a significant shortage of 50-FF vacant developed lots in this market, which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically the areas north of Dallas which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +5% year-over year (YoY) increase throughout 2021, 2022, 2023, and into the first three quarters of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +12% and +23% for Market Conditions depending on the sale date.



## **Physical Adjustments**

### ***Location/Access***

The subject property is located in the City of Pilot Point near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Fort Worth and Dallas. Development in the subject area has been substantial and consistent throughout the decades. The subject is located along Mobberly Road, which is a gravel road that is on the southern line of the property. The area around the subject is primarily rural land with housing subdivisions beginning to be developed. Also in the area are municipal uses, agricultural uses, and some commercial uses along U.S. Highway 377 and State Highway 289.

Northwest of the subject property, about 9.5 miles, is Pilot Point High School which is the only high school in Pilot Point ISD. Pilot Point ISD is a desirable district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Celina, which has superior access to commercial uses is located in Celina ISD which has a “B” rating and considered to be a similar ISD; Adjusted -6%
- Sale 2: Superior; Located in Celina with superior access to commercial uses and is located in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 3: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 4: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 5: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%

### ***Amenities***

The subject property’s amenities will consist of a commercial district, amenity centers, a pool, a playground, a fitness center, trails, and open spaces. According to the site visit, earthwork is not yet underway. The subject’s amenities are standard for a master planned community the size of Bryson Ranch PID development being built-out with 407 homes in Improvement Area #1 Zone B. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Hillside Village, Subdivision, which has slightly inferior amenities such a resort-style pool with a cabana, community trails, a playground, and parks; Adjusted +2%
- Sale 2: Superior; Mosaic Subdivision, which has superior amenities such as an amenity center, a pool, a lazy river, a fishing pond, playgrounds, a fitness center, trails, and open spaces; Adjusted -2%
- Sale 3: Superior; Cambridge Crossing, Subdivision, which has superior amenities such as lakes, an amenity center, a fitness center, pickleball courts, a half-court basketball court, jogging trails, a fishing pond, a playground, a lap pool, a resort style pool and cabanas, and an event lawn; Adjusted -8%
- Sale 4: Superior; Green Meadows, which as superior amenities such as a resort style pool, a kiddie pool, trails, pond, tennis courts, open spaces, a garden, a playground, a fitness center, and an amphitheater; Adjusted -6%
- Sale 5: Inferior; Parvin, which has inferior amenities such as an amenity center, pool, a playground, a fitness center, trails, and open spaces; Adjusted +3%

### ***Size***

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). All Sales are also 50-FF lots that can accommodate the same building pad, so no adjustment is made for Size.

## *Bryson Ranch Public Improvement District*

### **Utilities**

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

### **Zoning**

The subject property is in a planned development and each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

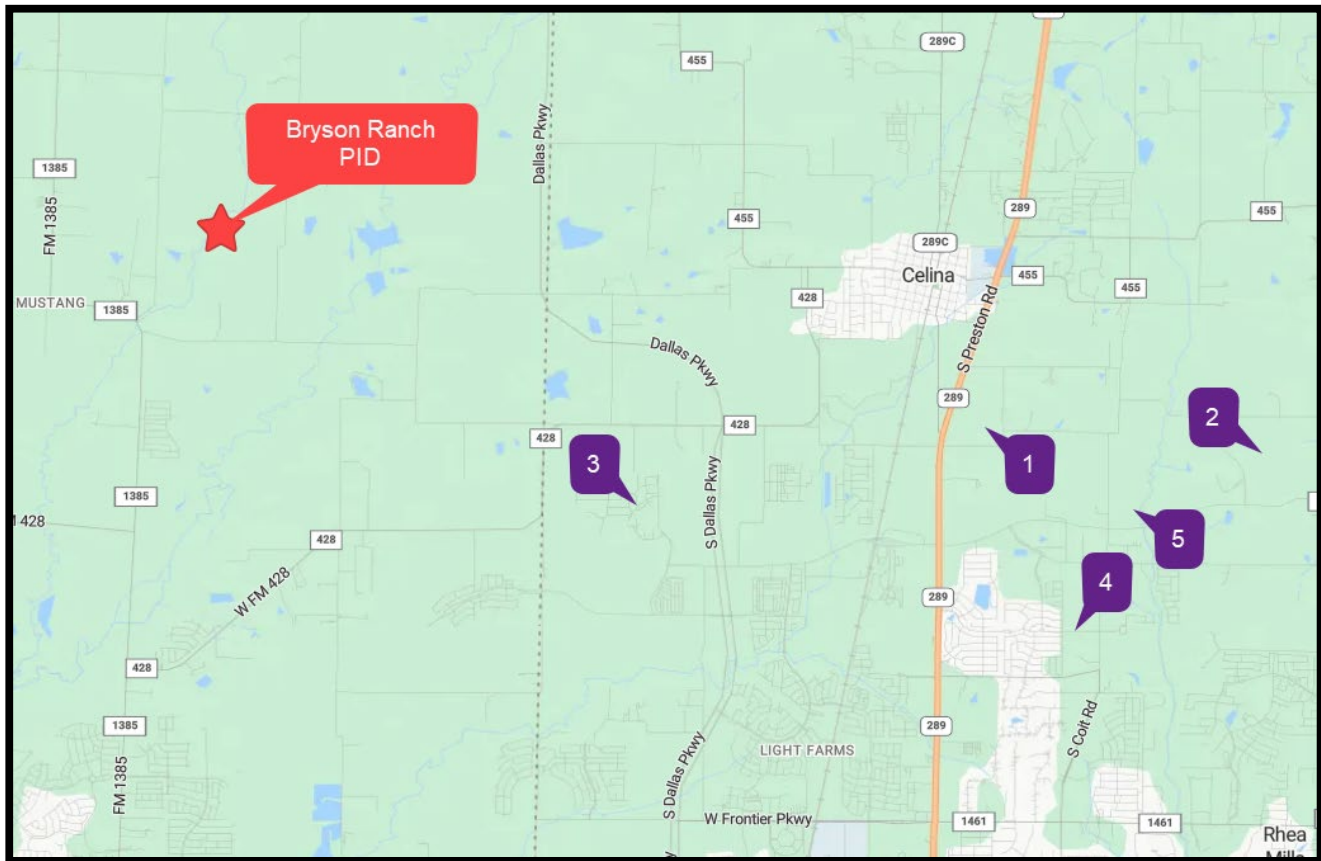
**Conclusion for 50-FF Lots** – The 50-FF Lot Sales have an adjusted range of \$1,944/FF to \$2,433/FF with an average of \$2,157/FF and a median of \$2,091/FF. We considered each of the five sales as being reflective of the market and considered increasing development costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 50-FF is \$2,160/FF, or \$108,000/Lot.**

<b>Lot Type</b>	<b>Total Lots</b>	<b>Projected Completion Date</b>	<b>Concluded Retail Value Per Lot</b>
50-FF Detached Lots	306	September 1, 2026	\$108,000

*Next, we will analyze the retail market value of the 60-FF improved residential lots within Improvement Area #1 Zone B of Bryson Ranch PID.*



## MAP OF COMPARABLE LOT SALES – 60-FF LOTS

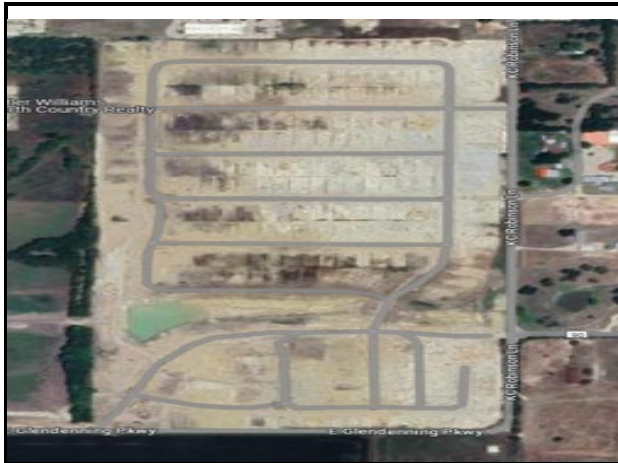


### Subject: Bryson Ranch PID, Pilot Point, TX 76258

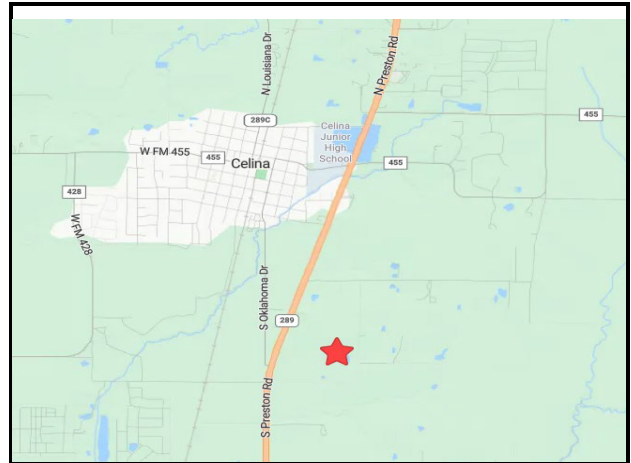
We selected the best and most recent comparable lot sales for our analysis of the 60-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 60-FF LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Square Feet (SF)	\$/SF
1	Hillside Village	Celina	Celina	Jan - 2023	In-Contract	\$114,000	60	\$ 1,900
2	Parks at Wilson Creek	Celina	Celina	Dec - 2022	In-Contract	\$102,000	60	\$ 1,700
3	Cambridge Crossing	Celina	Celina	Sept - 2022	In-Contract	\$97,500	60	\$ 1,625
4	Villages at Uptown	Celina	Celina	Jan - 2024	Jan - 2024	\$114,000	60	\$ 1,900
5	Brookhollow West	Prosper	Prosper	Jun-2023	Jun-2023	\$138,000	60	\$ 2,300
Subject	Bryson Ranch PID IA #1 (Zone B)	Pilot Point	Pilot Point	-	-	-	60	-

### SALE COMPARABLE 1 – 60-FF LOTS



Comparable 1 Aerial



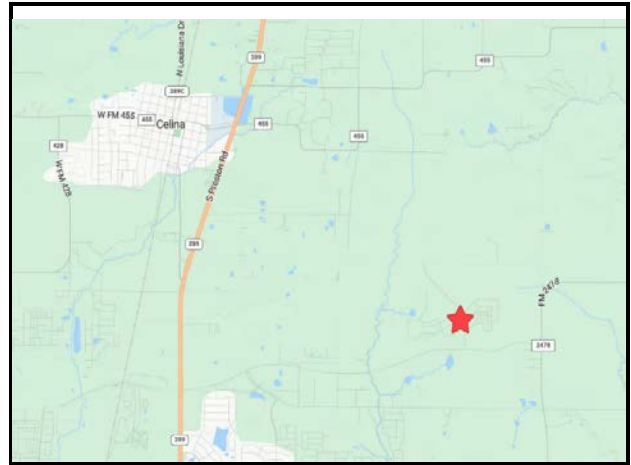
Comparable 1 Map

60-FF Sale Comparable 1				
Property Information				
Subdivision Name	Hillside Village			
Property Class	Residential Lot			
Address	East side of Dallas North Tollway, north of proposed G. A. Moore Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,500	SF	0.11	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	January - 2023			
Seller	MM Celina Dynavest 294,LLC			
Buyer	D.R. Horton Homes			
Sale Price	\$114,000			
Price per SF Land	\$1,900			
Comments	N/A			

## SALE COMPARABLE 2 – 60-FF LOTS



Comparable 2 Aerial



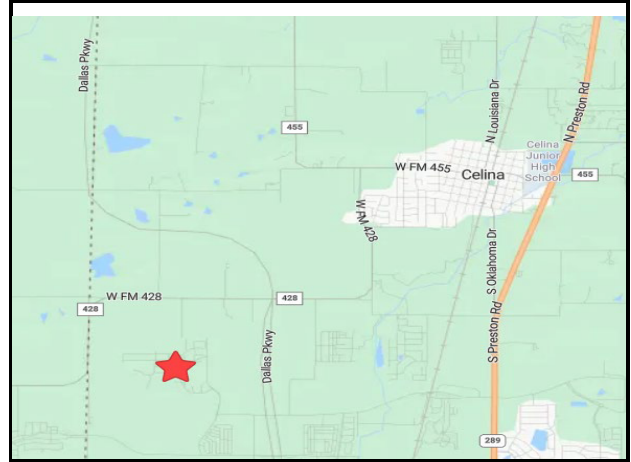
Comparable 2 Map

60-FF Sale Comparable 2				
Property Information				
Subdivision Name	Parks at Wilson Creek			
Property Class	Residential Lot			
Address	South side of US Highway 380, West side of George Owens Road, North side of Old Stoney Road, Unincorporated Denton County			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	December - 2022			
Seller	Alluvium Developments Inc.			
Buyer	CastleRock Communities, LLC			
Sale Price	\$102,000			
Price per SF Land	\$1,700			
Comments	N/A			

### SALE COMPARABLE 3 – 60-FF LOTS



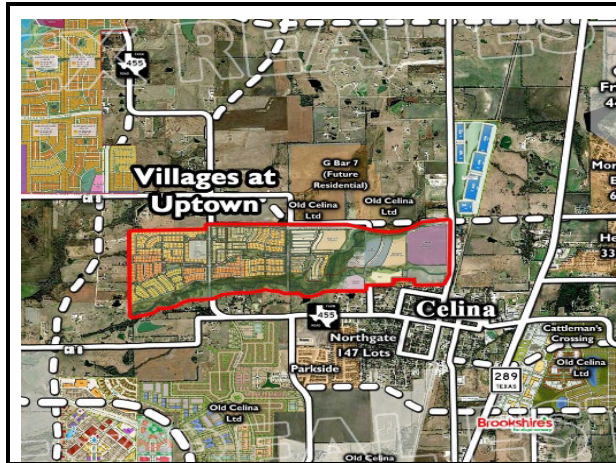
Comparable 3 Aerial



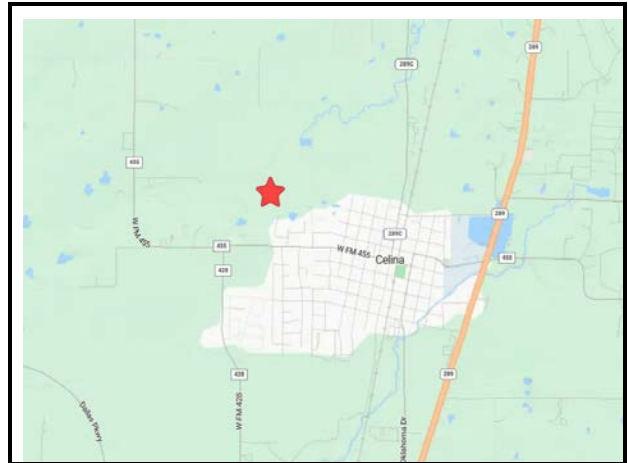
Comparable 3 Map

60-FF Sale Comparable 3				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	East/West sides of Roseland Parkway, north of Future Collin County Outer Loop, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,800	SF	0.18	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	September - 2022			
Seller	The Parks at Wilson Creek, LP			
Buyer	Tradition Homes, LLC			
Sale Price	\$97,500			
Price per SF Land	\$1,625			
Comments	N/A			

## SALE COMPARABLE 4 – 60-FF LOTS



Comparable 4 Aerial



Comparable 4 Map

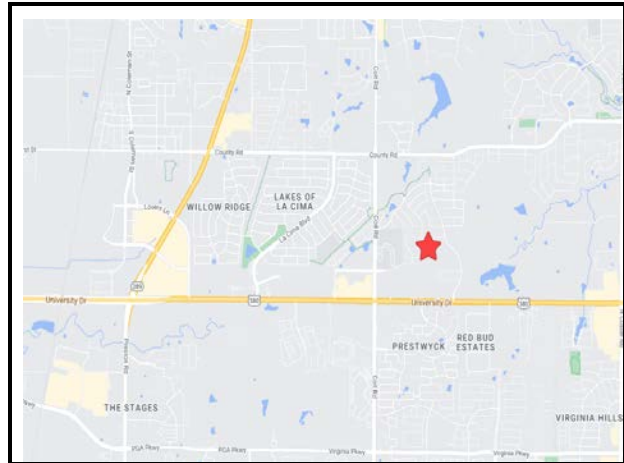
60-FF Sale Comparable 4				
Property Information				
Subdivision Name	Villages at Uptown			
Property Class	Residential Lot			
Address	South of Farm to Market 57, North of Farm to Market 455, West of North Louisiana Drive, and East of Farm to			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	January - 2024			
Seller	CND-Pecan Square II, LLC			
Buyer	Weekly Homes LLC			
Sale Price	\$114,000			
Price per SF Land	\$1,900			
Comments	N/A			



### SALE COMPARABLE 5 – 60-FF LOTS



Comparable 5 Aerial



Comparable 5 Map

60-FF Sale Comparable 5				
Property Information				
Subdivision Name	Brookhollow West			
Property Class	Residential Lot			
Address	West side of Lakewood Drive, South side of First Street, North side of US Highway 380, East side of Coit Road, Prosper			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,800	SF	0.18	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	June - 2023			
Seller	Tollway/Outer Loop LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	\$138,000			
Price per SF Land	\$2,300			
Comments	N/A			

## SALES ADJUSTMENT COMPARISON GRID – 60-FF LOTS

Address:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Bryson Ranch PID IA #1 (Zone B)	Hillside Village	Parks at Wilson Creek	Cambridge Crossing	Villages at Uptown	Brookhollow West
	Pilot Point	Celina	Celina	Celina	Celina	Prosper
<i>Transactional Adjustments</i>						
Sales Price/FF		\$1,900	\$1,700	\$1,625	\$1,900	\$2,300
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,900	\$1,700	\$1,625	\$1,900	\$2,300
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,900	\$1,700	\$1,625	\$1,900	\$2,300
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,900	\$1,700	\$1,625	\$1,900	\$2,300
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,900	\$1,700	\$1,625	\$1,900	\$2,300
Time/Market Conditions		+18%	+19%	+20%	+13%	+16%
ADJUSTED Price/FF:		\$2,242	\$2,023	\$1,950	\$2,147	\$2,668
<i>Physical Adjustments</i>						
Location/Access	Pilot Point, Denton County, North of Mobberly Road	-6%	-6%	-6%	-6%	-6%
Amenities	Commercial Space, Amenity Centers, Pool, Playground, Fitness Center, Trails, Open Spaces	+2%	+4%	-8%	+4%	+4%
Size	7,200-SF	0%	0%	0%	0%	0%
Utilities	All Available	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		-4%	-2%	-14%	-2%	-2%
ADJUSTED Price/FF:		\$2,152	\$1,983	\$1,677	\$2,104	\$2,615
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$1,677	to	\$2,615		
Average Value/FF		\$2,106				
Median Value/FF		\$2,104				
Size		60-FF				
Unit Value Indication		\$2110/FF				
Overall Value Indication		\$126,600				
Rounded		\$126,600				

## **ANALYSIS OF ADJUSTMENTS – 60-FF LOTS**

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,625 per front foot to \$2,300 per front foot (FF) with all Sales being 60-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### **Transactional Adjustments**

##### ***Property Rights, Financing Terms, and Conditions of Sale***

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

##### ***Expenditures After Purchase***

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

##### ***Time/Market Conditions***

Time/Market Conditions The residential real estate market saw significant growth from 2020 to 2022, but it began to cool in 2023 and early 2024. In late 2024, the Federal Reserve lowered mortgage rates by 35 basis points. During the period from 2020 to 2022, price increases were observed in both improved residential homes and vacant developed lots due to strong demand. Homebuilders absorbed lots at rates well above the historical norm. Additionally, data from Zonda indicates a significant shortage of 60-FF vacant developed lots in this market, which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically the areas north of Dallas which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +5% year-over year (YoY) increase throughout 2021, 2022, 2023, and into the first three quarters of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +13% and +20% for Market Conditions depending on the sale date.



## **Physical Adjustments**

### ***Location/Access***

The subject property is located in the City of Pilot Point near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Fort Worth and Dallas. Development in the subject area has been substantial and consistent throughout the decades. The subject is located along Mobberly Road, which is a gravel road that is on the southern line of the property. The area around the subject is primarily rural land with housing subdivisions beginning to be developed. Also in the area are municipal uses, agricultural uses, and some commercial uses along U.S. Highway 377 and State Highway 289.

Northwest of the subject property, about 9.5 miles, is Pilot Point High School which is the only high school in Pilot Point ISD. Pilot Point ISD is a desirable district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Celina, with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 2: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 3: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 4: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%
- Sale 5: Superior; Located in Prosper with superior access to commercial uses and is located in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted -6%

### ***Amenities***

The subject property’s amenities will consist of a commercial district, amenity centers, a pool, a playground, a fitness center, trails, and open spaces. According to the site visit, earthwork is not yet underway. The subject’s amenities are standard for a master planned community the size of Bryson Ranch PID development being built-out with 407 homes in Improvement Area #1 Zone B. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Hillside Village Subdivision, which has slightly inferior amenities such a resort-style pool with a cabana, community trails, a playground, and parks; Adjusted +2%
- Sale 2: Inferior; Parks at Wilson Creek Subdivision, which has inferior amenities such as a resort style pool and playground; Adjusted +4%
- Sale 3: Superior; Cambridge Crossing, Subdivision, which has superior amenities such as lakes, an amenity center, a fitness center, pickleball courts, a half-court basketball court, jogging trails, a fishing pond, a playground, a lap pool, a resort style pool and cabanas, and an event lawn; Adjusted -8%
- Sale 4: Inferior; Villages at Uptown, which has superior amenities such as a club house, a pool, a jogging path/bike path, a park, a dog park, and a greenbelt; Adjusted +4%
- Sale 5: Inferior; Brookhollow West, which has inferior amenities such as a club house, a pool, a jogging path/bike path, and a park; Adjusted +4%

### ***Size***

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). All Sales are also 60-FF lots that can accommodate the same building pad, so no adjustment is made for Size.

*Bryson Ranch Public Improvement District*

**Utilities**

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

**Zoning**

The subject property is in a planned development and each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

**Conclusion for 60-FF Lots** – The 60-FF Lot Sales have an adjusted range of \$1,677/FF to \$2,615/FF with an average of \$2,106/FF and a median of \$2,104/FF. We considered each of the five sales as being reflective of the market and considered increasing development costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 60-FF lots is \$2,110/FF or \$126,600/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
60-FF Detached Lots	12	September 1, 2026	\$126,600

**Cumulative Retail Lot Value**

We believe a current lot market value of \$2,180/FF for 40-FF improved lots, \$2,160/FF for 50-FF improved lots, and \$2,110/FF for 60-FF improved lots for Bryson Ranch PID IA #1 (Zone B) with a Substantial Completion Date of September 1, 2026 is accurate and well-supported. Not only do our compiled recent comparable lot sales indicate that price, but numerous conversations with market participants – land developers and homebuilders – regarding current prices of lots within the subject’s market indicate that our concluded values per front foot is supported by the current retail price for 40-FF, 50-FF and 60-FF lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2024 which followed a spike in the residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders.

As of the current report date, the market value the 40-FF, 50-FF, and 60-FF lot prices for IA #1 (Zone B) of the Bryson Ranch PID are shown below:

BRYSON RANCH PID IA #1 (ZONE B), PILOT POINT, TX 76258				
Lot Type	Concluded Retail Value	Projected Completion Date	Number of Lots	Total Value
40' Detached Lot	\$87,200	September 1, 2026	89	\$7,760,800
50' Detached Lot	\$108,000	September 1, 2026	306	\$33,048,000
60' Detached Lot	\$126,600	September 1, 2026	12	\$1,519,200
			<b>407</b>	<b>\$42,328,000</b>

*Next, we will develop an opinion of value for the 407 improved residential lots in Improvement Area #1 (Zone B) using the Discount Cash Flow analysis.*

## DISCOUNT CASH FLOW ANALYSIS

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the construction completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of the completed construction date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are those which reflect all expenses associated with the disposition of the property as well as the cost of capital and entrepreneurial profit. **This latter item of entrepreneurial profit is accounted for herein as part of the discount rate.**

The various assumptions necessary to complete our Discounted Cash Flow (DCF) analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

### Takedown Schedule

As discussed in detail in the “Pending Transactions to Builders” section of the report, our quarterly takedown projections are summarized as follows for the subject property based on the provided takedown purchase contracts:

### TAKEDOWN SCHEDULE FOR BRYSON RANCH PID IMPROVEMENT AREA #1 (ZONE B)

Projected Quarterly Takedown Summary - Bryson Ranch PID IA #1 (Zone B)												
Lot Type	Sept-2026	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	Apr-2028	Jul-2028	Oct-2028	Jan-2029	TOTAL
40-FF	15	8	8	8	8	8	8	8	8	8	2	89
50-FF	53	26	26	26	26	26	26	26	26	26	19	306
60-FF	2	1	1	1	1	1	1	1	1	1	1	12
<b>Total</b>	<b>70</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>22</b>	<b>407</b>

*Note: Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the expected Effective Date is September 1, 2026, our analysis starts in the 3<sup>rd</sup> quarter of 2026.*

*Note: The appraisers were not provided with a takedown schedule, broken down by lot type. Therefore, the appraiser used a percentage to calculate a takedown schedule. The 40-FF lots will take up approximately 52% of the lots in Improvement Area #1, the 50-FF will take up approximately 47% of the lots in Improvement Area #1, and the 60-FF will take up approximately 1% of the lots in Improvement Area #1, therefore, during the initial takedown, of the 182 lots are expected to be taken down, 94 of those lots would be 40-FF ( $182 \times 0.52 = 94$ ), 86 of those lots would be 50-FF ( $182 \times 0.47$ ), and 2 of those lots would be 60-FF ( $182 \times 0.01$ ).*

*To further breakdown by zone, Zone B comprises approximately 16% of 40-FF lot types, 62% of 50-FF types, and 100% of 60-FF lot types. therefore, during the initial takedown, Zone B will take down 15 40-FF lots ( $94 \times 0.16$ ), 53 50-FF lots ( $86 \times 0.62$ ), and 2 60-FF lots ( $2 \times 1.00$ ).*

### **Value Increases During Sellout Period**

Historically, in the sales contracts of volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the Wall Street Journal prime rate (8.00% as of late October 2024), plus 1% (annually) up to 9.00%. Contracts between land developers and homebuilders typically have a 6% escalation which is consistent with recent improved lot appreciations over many years. Thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject's lots at 6% per year which is also consistent with residential real estate appreciation over the past decade. This is also considered reasonable given the lack of available lot and housing supply in the area and the historical realization of interest carry/appreciation by developers within DFW and surrounding market areas.

### **EXPENSES**

**Taxes** are paid by the developer annually. The estimation of taxes paid per period is based upon the principle that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. The current tax rate for the bulk of the property is **0.01859500 per \$100 assessed – (1.859500% for the purpose of our analysis)** – with taxes due to Denton County, Pilot Point ISD, and City of Pilot Point.

Based upon our experience as property tax consultants and information gathered from builders/developers, we do not believe the vacant lots will be assessed for their full market value once Substantial Completion is achieved. We believe the builders will have their lots assessed at approximately 70% of the market value, i.e., if a lot has a retail value of \$100,000 then the assessed value will be \$70,000. We believe this 30% discount is justified as taxing districts do not typically have access to cost data and assessments typically lag the market. In addition, many taxing districts allow for a 20% builder's inventory reduction.

**Cost of Sales** has been estimated at 1.5% of gross sales proceeds for various closing costs, surveys, commissions, and title policies.

**Marketing expenses** are not included as there is a shortage of vacant developed lots on the market and we would expect these lots to be absorbed by volume builders. This is confirmed by the contracts the developer has where the lots are presold to homebuilders.

### **Discount Rate**

The discount rate utilized herein is essentially an anticipated Internal Rate of Return (IRR) for the subject property, as estimated from investment performance realized by market participants. The discount rate used for the subject should be less than the typical land development project because the value we are determining is for a fully entitled project in a city-approved Planned Development which will have less risk exposure than that of a raw land development. Therefore, it is appropriate to utilize a discount rate adjusted for this risk. The appraisers have included a recent discount rate survey published by Realty Rates that considers the market conditions, risk, entrepreneurial profit, and liquidity inherent in a project such as the subject that developers of similar properties would consider.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2024*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
<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			Copyright 2024 RealtyRates.com™			

As shown, the minimum actual rates in Texas range from 15.70% for less than 100 units; 16.09% for 100 to 500 units; and 16.48% for 500+ units with minimum pro-forma rates ranging from 15.07% to 15.83%.

The 7<sup>th</sup> Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”. Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has numerous purchasers of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an IRR that is similar to the minimum pro-forma rates provided by the Realty Rates “Developer Survey” for Texas of 15.45% for 100-500 units; and 16.09% for likewise minimum actual rates is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of **15%** for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject (assisted by involvement of the Bryson Ranch PID), as well as the current market conditions. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly with an annual DCF also included. With each of the required elements now identified, we will analyze the subject in DCF analyses as shown on the following pages.

### BRYSON RANCH PID– DISCOUNT CASH FLOW (DCF) ANALYSIS

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete September 1, 2026
- Retail lot values: \$87,200 for 40-FF lots
- Retail lot values: \$108,000 for 50-FF lots
- Retail lot values: \$126,600 for 60-FF lots
- 6% Appreciation/Year (1.5%/Quarter)
- 40-FF Lots sell at 15/Quarter for 3Q2026, then 8/quarter
- 50-FF Lots sell at 53/Quarter for 3Q2026, then 26/quarter
- 60-FF Lots sell at 2/Quarter for 3Q2026, then 1/quarter
- Discount Rate 15% (3.75%/Quarter)
- Tax Expense on Inventory is 1.859500%/Year, 0.464875%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the lots is expected to be complete by September 1, 2026, we believe lot prices will continue to appreciate closer to their historical average which is closer to 6% per year. Thus, we have concluded that the current retail improved lot values will be similar when takedowns begin. Therefore, as of the expected Substantial Completion Date (**September 1, 2026**) the retail lot value for 40' lots is **\$87,200** with a total cumulative value of **\$7,760,800**, the retail lot value for 50' lots is **\$108,000** with a total cumulative value of **\$33,048,000**, and the retail lot value for 60' lots is **\$126,600** with a total cumulative value of **\$1,519,200**, with a combined total of **\$42,328,000** as shown in the following table:

BRYSON RANCH PID IA #1 (ZONE B), PILOT POINT, TX 76258					
Total Lots	Feet Frontage (FF)	Retail Price/Lot	Projected Completion Date	Price/FF (\$/FF)	Total Retail Value (\$)
89	40 FF	\$87,200	September 1, 2026	\$2180/FF	\$7,760,800
306	50 FF	\$108,000	September 1, 2026	\$2160/FF	\$33,048,000
12	60 FF	\$126,600	September 1, 2026	\$2110/FF	\$1,519,200
<b>407</b>					<b>\$42,328,000</b>

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.75% is applied to each period. Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the expected Substantial Completion Date is September 1, 2026, we will analyze on a quarterly basis starting September 2026.

**DISCOUNT CASH FLOW DATA – BRYSON RANCH PID IMPROVEMENT AREA #1 (ZONE B)**  
**LOTS (QUARTERLY)**

	Sept. 2026			Oct. 2026			Jan. 2027		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	89	\$ 87,200	15	74	\$ 88,508	8	66	\$ 89,836	8
50-FF Lot	306	\$ 108,000	53	253	\$ 109,620	26	227	\$ 111,264	26
60-FF Lot	12	\$ 126,600	2	10	\$ 128,499	1	9	\$ 130,426	1
<b>Revenue</b>		<b>\$ 7,285,200</b>			<b>\$ 3,686,683</b>			<b>\$ 3,741,983</b>	
<i>Tax Expense</i>		<i>\$ (45,914)</i>			<i>\$ (115,744)</i>			<i>\$ (105,303)</i>	
<i>Sales Expense</i>		<i>\$ (109,278)</i>			<i>\$ (55,300)</i>			<i>\$ (56,130)</i>	
<b>Net Income</b>		<b>\$ 7,130,008</b>			<b>\$ 3,515,639</b>			<b>\$ 3,580,550</b>	
<b>Factor</b>		<b>0.994194</b>			<b>0.971303</b>			<b>0.937951</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 7,088,608</b>			<b>\$ 3,414,749</b>			<b>\$ 3,358,381</b>	



	Apr. 2027			Jul. 2027			Oct. 2027		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	58	\$ 91,183	8	50	\$ 92,551	8	42	\$ 93,939	8
50-FF Lot	201	\$ 112,933	26	175	\$ 114,627	26	149	\$ 116,347	26
60-FF Lot	8	\$ 132,383	1	7	\$ 134,369	1	6	\$ 136,384	1
<b>Revenue</b>		<b>\$ 3,798,113</b>			<b>\$ 3,855,085</b>			<b>\$ 3,912,911</b>	
<i>Tax Expense</i>		<i>\$ (94,523)</i>			<i>\$ (83,396)</i>			<i>\$ (71,914)</i>	
<i>Sales Expense</i>		<i>\$ (56,972)</i>			<i>\$ (57,826)</i>			<i>\$ (58,694)</i>	
<b>Net Income</b>		<b>\$ 3,646,618</b>			<b>\$ 3,713,862</b>			<b>\$ 3,782,303</b>	
<b>Factor</b>		<b>0.905744</b>			<b>0.874644</b>			<b>0.844611</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 3,302,904</b>			<b>\$ 3,248,307</b>			<b>\$ 3,194,575</b>	



	Jan. 2028			Apr. 2028			Jul. 2028		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	34	\$ 95,348	8	26	\$ 96,778	8	18	\$ 98,230	8
50-FF Lot	123	\$ 118,092	26	97	\$ 119,863	26	71	\$ 121,661	26
60-FF Lot	5	\$ 138,430	1	4	\$ 140,506	1	3	\$ 142,614	1
<b>Revenue</b>		<b>\$3,971,605</b>			<b>\$4,031,179</b>			<b>\$4,091,646</b>	
<i>Tax Expense</i>		<i>\$ (60,069)</i>			<i>\$ (47,852)</i>			<i>\$ (35,255)</i>	
<i>Sales Expense</i>		<i>\$ (59,574)</i>			<i>\$ (60,468)</i>			<i>\$ (61,375)</i>	
<b>Net Income</b>		<b>\$3,851,962</b>			<b>\$3,922,859</b>			<b>\$3,995,017</b>	
<b>Factor</b>		<b>0.815610</b>			<b>0.787604</b>			<b>0.760560</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$3,141,697</b>			<b>\$3,089,659</b>			<b>\$3,038,449</b>	





*Bryson Ranch Public Improvement District*

	Oct. 2028			Jan. 2029		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
<i>40-FF Lot</i>	10	\$ 99,704	8	2	\$ 101,199	2
<i>50-FF Lot</i>	45	\$ 123,486	26	19	\$ 125,338	19
<i>60-FF Lot</i>	2	\$ 144,753	1	1	\$ 146,924	1
<b>Revenue</b>		<b>\$4,153,021</b>			<b>\$2,730,753</b>	
<i>Tax Expense</i>		<i>\$ (22,269)</i>			<i>\$ (5,924)</i>	
<i>Sales Expense</i>		<i>\$ (62,295)</i>			<i>\$ (40,961)</i>	
<b>Net Income</b>		<b>\$4,068,456</b>			<b>\$2,683,867</b>	
<b>Factor</b>		<b>0.734444</b>			<b>0.692896</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$2,988,055</b>			<b>\$1,859,641</b>	



<i>Total Net Revenue Over ~11 Quarters</i>	<b>\$43,891,141</b>
<b>Net Present Value (As-Is) at 15% Discount Rate</b>	<b>\$37,725,025</b>
<b><u>Rounded</u></b>	<b>\$37,725,000</b>

**DISCOUNT CASH FLOW DATA –BRYSON RANCH PID IMPROVEMENT AREA #1 (ZONE B)**  
**LOTS (ANNUAL)**

	2026			2027		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	89	\$ 88,508	23	66	\$ 91,871	32
50-FF Lot	306	\$ 109,620	79	227	\$ 114,224	104
60-FF Lot	12	\$ 128,499	3	9	\$ 133,382	4
<b>Revenue</b>		<b>\$ 11,081,161</b>			<b>\$ 15,352,710</b>	
<i>Tax Expense</i>		<i>\$ (326,216)</i>			<i>\$ (432,054)</i>	
<i>Sales Expense</i>		<i>\$ (166,217)</i>			<i>\$ (230,291)</i>	
<b>Net Income</b>		<b>\$ 10,588,728</b>			<b>\$ 14,690,365</b>	
<b>Factor</b>		<b>0.976976</b>			<b>0.890058</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 10,344,928</b>			<b>\$ 13,075,282</b>	



	2028			2029		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
40-FF Lot	34	\$ 97,384	32	2	\$ 101,201	2
50-FF Lot	123	\$ 120,735	104	19	\$ 125,323	19
60-FF Lot	5	\$ 141,385	4	1	\$ 146,899	1
<b>Revenue</b>		<b>\$ 16,238,234</b>			<b>\$ 2,730,433</b>	
<i>Tax Expense</i>		<i>\$ (245,600)</i>			<i>\$ (8,885)</i>	
<i>Sales Expense</i>		<i>\$ (243,574)</i>			<i>\$ (40,956)</i>	
<b>Net Income</b>		<b>\$ 15,749,061</b>			<b>\$ 2,680,591</b>	
<b>Factor</b>		<b>0.773964</b>			<b>0.709226</b>	
<b>Income Net Present Value (NPV)</b>		<b>\$ 12,189,203</b>			<b>\$ 1,901,144</b>	



<b>Total Net Revenue Over ~4 Years</b>	<b>\$43,708,745</b>
<b>Net Present Value (As-Is) at 15% Discount Rate</b>	<b>\$37,510,557</b>
<b><u>Rounded</u></b>	<b>\$37,511,000</b>

*Note: Annual discount and appreciation calculations are averaged to the middle of the period*

**DCF Conclusion (Improved 40', 50', and 60' Lots)**

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the improved lots in Improvement Area #1 of the Bryson Ranch PID Zone B in a bulk sale transaction would be between \$37,510,557 and \$37,725,025, which is approximately \$214,469 (+0.57%%) different. Both annual and quarterly DCF analyses have relevance and are a check of reasonableness on each other, but we consider the quarterly analysis to be the more accurate and precise calculation. Thus, we have determined that the **market value for Bryson Ranch PID Improvement Area #1 Zone B “Upon Completion” with an Effective Date of September 1, 2026, for a total of 407 lots is (\$93,000/Lot).**

**INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSIONS**

Using the Discount Cash Flow Analysis to determine the net present value as of the expected substantial completion date (September 1, 2026), we have determined the following value for Bryson Ranch PID Improvement Area #1 (Zone A and Zone B) as shown in the table below:

INCOME APPROACH VALUE INDICATION	
<i>Fee Simple Interest, Complete September 1, 2026</i>	
<b>Bryson Ranch PID</b> <b><i>407 Improved Lots in IA #1 (Zone B)</i></b>	<b><i>\$37,725,000 (\$93,000/Lot Rounded)</i></b>

*Next, we will consider the market value of the 324.109 acres of land in the Remainder Area Zone A of Bryson Ranch PID which will consist of a total of 1,092 residential lots (Paper Lots) of various sizes.*

## VALUATION – PAPER LOTS IN REMAINDER AREA ZONE A

### Remainder Area Zone A (1,092 Paper Lots\* on 324.109-AC)

*\*Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

#### **Cost Approach**

The Cost Approach is the most appropriate method of valuing paper residential lots. We concluded the paper lot value by conducting the following steps:

- Estimate the value of the underlying land (*Sales Comparison Approach used here*) which is then added at the end to the development cost
- Gather hard and soft costs associated to develop the raw ground to paper lot status which includes engineering, zoning costs, and any infrastructure to the site
- Apply appropriate entrepreneurial incentive that a developer would expect to undertake the project
- Subtract depreciation from the project

#### **Income Approach**

Since paper lots are not yet improved to a state where they are available for sale to builders or other end users, the Income Approach is not applicable for the Remainder Area Zone A and was not developed.

#### **Sales Comparison Approach**

Sales of paper lots are relatively infrequent in the market. Our due diligence could not uncover sufficient reliable sales to develop the Sales Comparison Approach for the paper lots, so we did not develop this approach for the residential paper lots in the Remainder Area Zone A. Aspects of the Sales Comparison Approach were utilized to determine the market value of the vacant land prior to any development.

Use of the approaches for the valuation of the paper lots on 324.109 acres in the Remainder Area Zone A is summarized as follows:

<b><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Appropriate Since the Paper Lots will be Improved from an Undeveloped State</i>	<i>Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Not Appropriate Since the Land is Not Utilized to Generate Income and Land is Not Yet Developed</i>	<i>Not Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Cost Approach to Determine the Value of the Land Prior to Development</i>	<i>Partially Utilized</i>

## **COST APPROACH: PAPER LOTS IN REMAINDER AREA ZONE A**

The Cost Approach is based on the principle of substitution, which states that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct the equivalent improvements without undue delay. This approach is most beneficial when appraising a proposed or recently developed project. The methodology provides information that contrasts with information from the income capitalization and sales comparison approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction.

The Cost Approach include three basic elements:

1. Land Value – Raw Land Sales
2. Reproduction Cost – Engineering, Platting, Zoning, Remainder Area Improvements/Development Costs
3. Accrued Depreciation

Bryson Ranch PID has a total of 924.805-AC in size. Thus far in our analysis, the 650 improved single-family residential lots in Improvement Area #1 Zone A on 183.824-AC and 407 improved single-family residential lots in Improvement Area #1 Zone B on 165.082-AC has been separately valued. This leaves approximately 324.109-AC for the 1,092 paper lots in the Remainder Area Zone A and 251.830-AC for the 1,024 paper lots in the Remainder Area Zone B. We will first value the paper lots in Zone A.

*NOTE: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

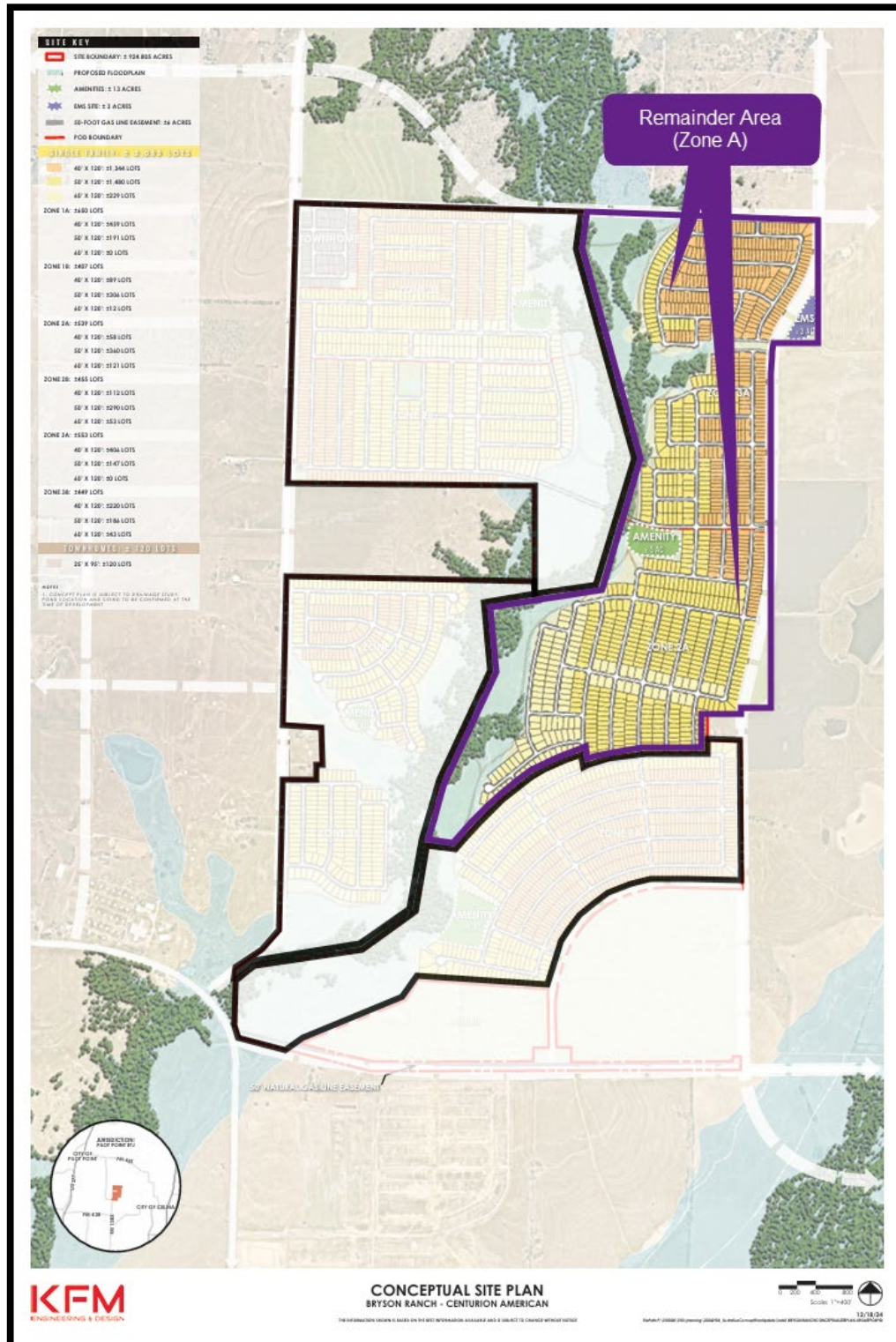
The first step in the Cost Approach is to develop a value opinion of the underlying land involved. The land valuation is really a separate appraisal of the land of the subject property, under the assumption that no improvement has been performed. Therefore, we have elected to treat the site valuation as a separate component of the appraisal process. After we reach an opinion of value for the subject site, that value will be transferred to the calculation of the Cost Approach in the following section of this report.

We have utilized the Sales Comparison Approach to determine the market value of the land. Based on research, buyers in the market typically rely heavily on the following unit of comparison for land valuation of over 100 acres:

***Sales Price Per Acre*** - This number is obtained by dividing the sale price by the overall acreage of the land

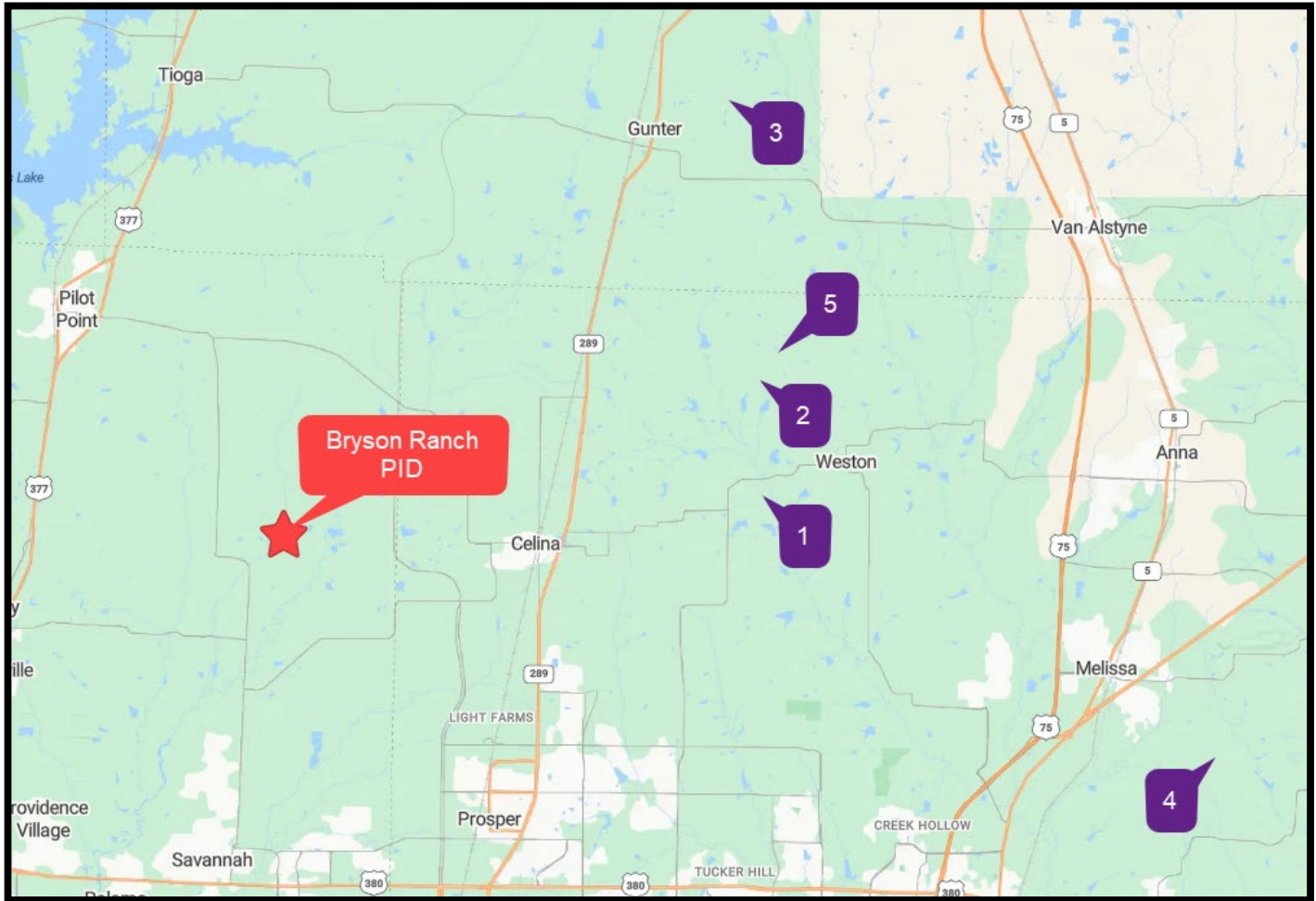
An exhibit of the Remainder Area Zone A is shown on the following page followed by a map of the subject property with similar, nearby, recent comparable sales is shown below, in addition to a summary of the land sales. Following the map and table there is an adjustment grid as well as an analysis explaining how we adjusted the comparable sales to arrive at a value indication for the subject site's land. Comparable sale data sheets follow the comparable sale map.

**BRYSON RANCH PID CONCEPT PLAN OF REMAINDER AREA  
KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**





**COMPARABLE LAND SALES MAP; PAPER LOT LAND (REMAINDER AREA)  
ZONE A**



**Subject: Bryson Ranch PID, Pilot Point, Denton County, TX 76258**

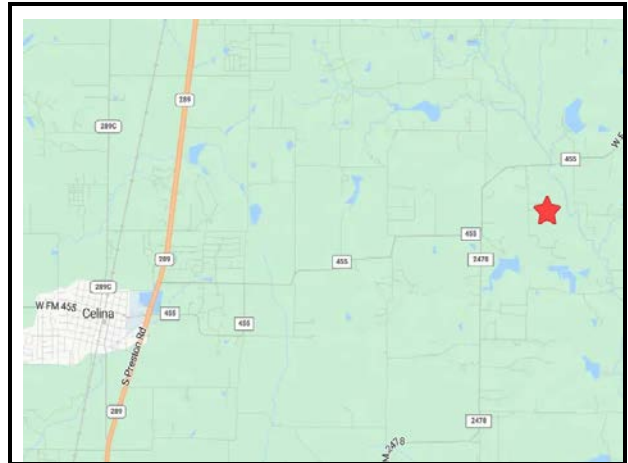
The land sales incorporated in this analysis occurred since 10/7/2022. A sufficient number of recent sales of comparable tracts were available near the subject's market area. Data on each of the sales, including sales price, was confirmed with sources considered to be reliable. Our five comparable sales are shown below:

SUMMARY OF VACANT LAND SALES - BRYSON RANCH PID RA (ZONE A)							
Sale	Location	City	Sale Date	Zoning	Sale Price	Size (AC)	\$/AC
1	115.63-AC at 8358 County Road 172	Celina	4/4/2024	None	\$9,828,721	115.63	\$85,001
2	124.07-AC at 6921 County Road 135	Celina	2/28/2024	None	\$12,400,000	124.07	\$99,944
3	119.80-AC on JC Maples Road	Gunter	11/14/2022	None	\$8,991,450	119.80	\$75,054
4	102.50-AC on County Road 412	McKinney	2/2/2023	None	\$7,377,500	102.50	\$71,976
5	60.04-AC on County Road 1104	Unincorporated	10/7/2022	None	\$4,800,000	60.04	\$79,947
<b>Subject</b>	<b>Bryson Ranch PID RA (Zone A)</b>	<b>Pilot Point</b>	<b>N/A</b>	<b>PD</b>	<b>N/A</b>	<b>324.109</b>	<b>N/A</b>

## LAND SALE COMPARABLE 1



Comparable 1 Aerial



Comparable 1 Map

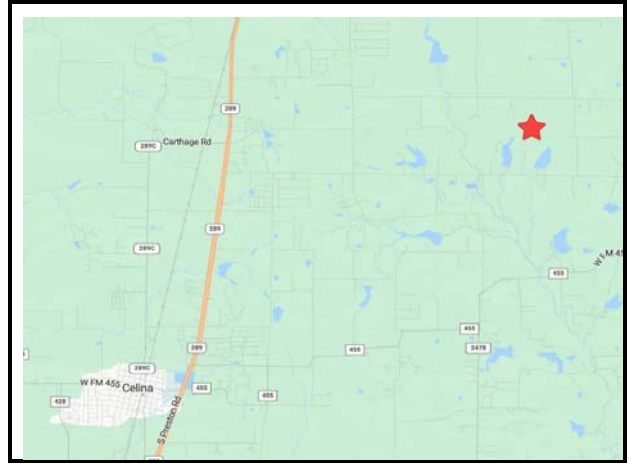
Land Sale Comparable 1				
Property Information				
Property Name	115.63-AC at 8358 County Road 172			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	5,036,843	SF	115.63	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X and A			
Available Utilities	Electric, Water, Sewer			
Transaction Information				
Sale Status	Closed			
Sale Date	4/4/2024			
Seller	James W. Magee Revocable Trust			
Buyer	Celina Honey Creek Ranch, LLC			
Sale Price	\$9,828,721			
Price per SF Land	\$1.95			
Price per Acre	\$85,001			
Comment	Sold for Land Value			



## LAND SALE COMPARABLE 2



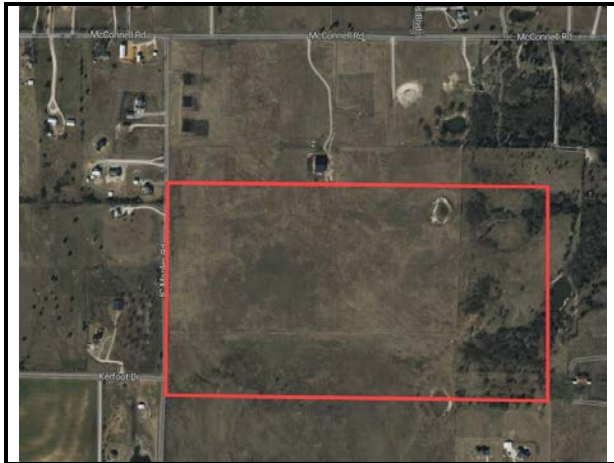
Comparable 2 Aerial



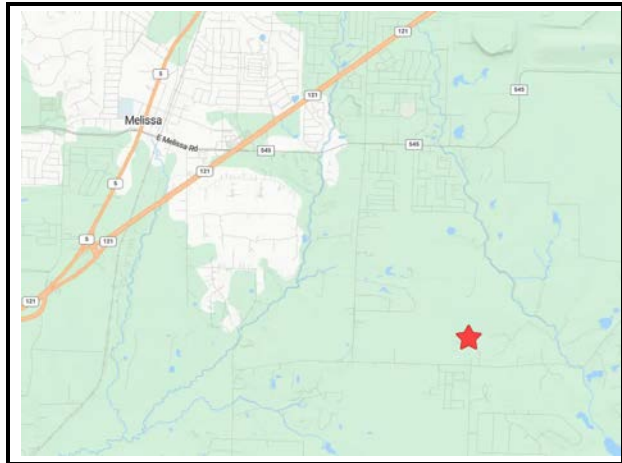
Comparable 2 Map

Land Sale Comparable 2				
Property Information				
Property Name	124.07-AC at 6921 County Road 135			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	5,404,489	SF	124.07	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X and A			
Available Utilities	Co-Op Water, Co-Op Electric, Septic			
Transaction Information				
Sale Status	Closed			
Sale Date	2/28/2024			
Seller	CC Creek Land Partners LLC			
Buyer	Celina 124 LLC			
Sale Price	\$12,400,000			
Price per SF Land	\$2.29			
Price per Acre	\$99,944			
Comment	Sold for Land Value, Electric Easement			

### LAND SALE COMPARABLE 3



Comparable 3 Aerial



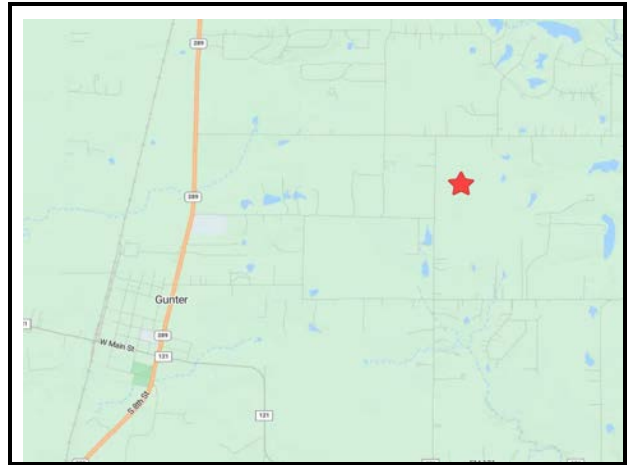
Comparable 3 Map

Land Sale Comparable 3				
Property Information				
Property Name	119.80-AC on JC Maples Road			
Property Class	Land			
County	Grayson			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	5,218,488	SF	119.80	Acres
Zoning Code	No City Zoning			
Shape	Rectangular			
Topography	Gently Sloping; Floodplain X			
Available Utilities	Co-Op Electric and Co-Op Water			
Transaction Information				
Sale Status	Closed			
Sale Date	11/14/2022			
Seller	Gunter Pride Estates			
Buyer	Gunter Independent School District			
Sale Price	\$8,991,450			
Price per SF Land	\$1.72			
Price per Acre	\$75,054			
Comment	Utility Easement			

## LAND SALE COMPARABLE 4



Comparable 4 Aerial



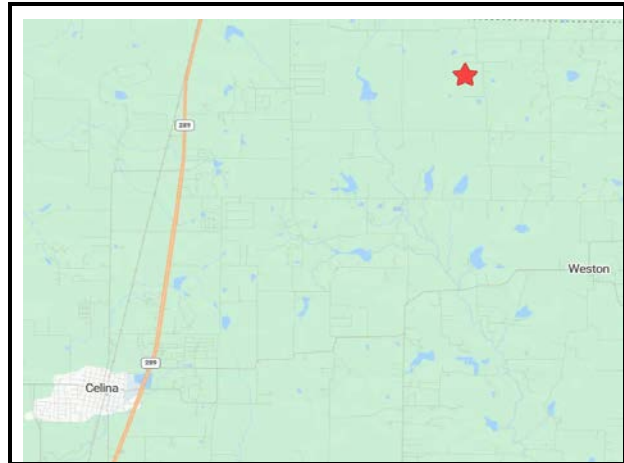
Comparable 4 Map

Land Sale Comparable 4				
Property Information				
Property Name	102.50-AC on County Road 412			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	4,464,900	SF	102.50	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X and A; Heavily Treed			
Available Utilities	Co-Op Electric and Co-Op Water			
Transaction Information				
Sale Status	Closed			
Sale Date	2/2/2023			
Seller	George Frank & Kathy R Kirby			
Buyer	Landcrowd Developers LLC			
Sale Price	\$7,377,500			
Price per SF Land	\$1.65			
Price per Acre	\$71,976			
Comment	No Easements			

## LAND SALE COMPARABLE 5



Comparable 5 Aerial



Comparable 5 Map

Land Sale Comparable 5				
Property Information				
Property Name	60.04-AC on County Road 1104			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	2,615,342	SF	60.04	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Level; Floodplain X			
Available Utilities	Electric and Water			
Transaction Information				
Sale Status	Closed			
Sale Date	10/7/2022			
Seller	The Christopher & Elizabeth Ostolski Revocable Trust			
Buyer	Estates in Celina LLC			
Sale Price	\$4,800,000			
Price per SF Land	\$1.84			
Price per Acre	\$79,947			
Comment	No Easements			

Bryson Ranch Public Improvement District

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	<b>Bryson Ranch PID RA (Zone A)</b>	115.63-AC at 8358 County Road 172	124.07-AC at 6921 County Road 135	119.80-AC on JC Maples Road	102.50-AC on County Road 412	60.04-AC on County Road 1104
	<b>Pilot Point</b>	<b>Celina</b>	<b>Celina</b>	<b>Gunter</b>	<b>McKinney</b>	<b>Unincorporated</b>
<i>Transactional Adjustments</i>						
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Property Rights		0%	0%	0%	0%	0%
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Financing Terms		0%	0%	0%	0%	0%
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Market Conditions		+9%	+10%	+15%	+14%	+15%
<b>ADJUSTED Price/AC:</b>		<b>\$92,652</b>	<b>\$109,938</b>	<b>\$86,312</b>	<b>\$82,052</b>	<b>\$91,939</b>
<i>Physical Adjustments</i>						
Location	Pilot Point, Denton County, North of Mobberly Road	0%	+4%	+5%	0%	+4%
Size	324.109-AC	-4%	-4%	-4%	-5%	-7%
Topography/Floodplain	Gently Sloping; Zone X and Zone A; Cleared	+3%	0%	-3%	+3%	-3%
Utilities	All Available	+4%	+8%	+8%	+8%	+8%
Easements/Encumbrances	None	0%	0%	0%	0%	0%
Land Use/Zoning	Planned Development	0%	0%	0%	0%	0%
<i>Total Net Physical Adj. After Financial Adj.</i>		+3%	+8%	+6%	+6%	+2%
<b>ADJUSTED Price/AC:</b>		<b>\$95,431</b>	<b>\$118,733</b>	<b>\$91,491</b>	<b>\$86,975</b>	<b>\$93,777</b>
<b>SUMMARY OF COMPARABLE VALUES</b>						
Value Range/AC		<b>\$86,975</b>	<b>to</b>	<b>\$118,733</b>		
Mean			<b>\$97,282/AC</b>			
Median			<b>\$93,777/AC</b>			
Unit Value Indication		<b>\$97,000/AC</b>				
Value Indication		<b>\$31,438,573</b>				
<b>Conclusion (Rounded)</b>		<b>31,440,000 (\$97,000/AC, \$2.23/SF)</b>				

## **ANALYSIS OF THE SALES – PAPER LOT LAND IN REMAINDER AREA ZONE A**

Our research of sales comparables leads us to the determination that there are ample comparable sales within the last three years involving similar land sales within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property's land that are utilized had unadjusted sales prices ranging from \$71,976 to \$99,944 per acre, and sizes ranging from approximately 60.04-AC to 124.07-AC.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### ***Financial Adjustments***

##### **Property Rights Conveyed**

This adjustment considers the difference in sales price of properties sold in fee simple estate or in leased fee estate and the effect of any existing leases on the sales price of the property. All the sales involved fee simple interests being transferred. Thus, no adjustments were applicable for this factor.

##### **Cash Equivalency**

All sales were cash or equivalent, thus an adjustment for this item was not necessary.

##### **Conditions of Sale**

This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress sale, reduced prices from family purchase, or purchase by adjacent landowners. All the sales were considered arms-length transactions, with no conditions perceived which would indicate a sale without profit motive, and no adjustments for Conditions of Sale were considered necessary.

##### **Expenditures After Purchase**

Immediately following the purchase of a property, a buyer will often spend money to cure a problem or to make the property useable. This expenditure needs to be accounted for in the adjustments. If a buyer pays an expense that would normally be a seller's responsibility, such as a real estate commission, this expense should be added to the price to determine the true price paid by the buyer for the property. Demolition of existing improvements that have no contributory value is another example of a cost paid by the buyer that would increase the effective price of the property. Based on our due diligence, all Sales were similar to the subject's land, thus Expenditures After Purchase adjustments are not required.

##### **Changing Market Conditions**

This adjustment accounts for changing market conditions over a period. These adjustments are necessary to correct for changes in value over time due to market factors such as supply and demand, and economic factors such as inflation. We have applied an adjustment of +4% year-over-year (YoY), which is a 0.33% month-over-month (MoM) positive adjustment for Market Conditions to Sales 1-5, which resulted in adjustments ranging from +9% to +15%.

## ***Physical Adjustments***

### **Location**

The type and density of surrounding development was examined for each sale. In addition, locations with proximity to business and retail centers were also considered. Properties located in close proximity to densely developed areas tend to sell for higher prices than properties which are in less developed locations. Bryson Ranch PID is located within the City of Pilot Point, however, is removed from the other city centers within the DFW metroplex. This location is in the northeast area of Denton County. The area surrounding the subject property is primarily rural along with a housing development being developed to the south of the subject. The neighborhood immediately surrounding the subject is mostly rural undeveloped land, which is considered favorable for the development of a residential subdivision; however, the subject is removed from the Dallas-Fort Worth CBD. We have made the following adjustments for Location:

- Sale 1: Similar; located in Celina with similar access to commercial developments and a similar distance from the DFW Metroplex; Adjusted 0%
- Sale 2: Inferior; located in the Celina with inferior access to commercial developments and slightly further from the DFW Metroplex; Adjusted +4%
- Sale 3: Inferior; located in the Gunter with inferior access to commercial developments and further removed from the DFW Metroplex; Adjusted +5%
- Sale 4: Similar; located in McKinney with similar access to commercial developments and a similar distance from the DFW Metroplex; Adjusted 0%
- Sale 5: Inferior; Located in the unincorporated area of Collin County, with inferior access to commercial developments and slightly further from the DFW Metroplex; Adjusted +4%

### **Size**

Typically, the larger the tract the lower the unit price. The converse also tends to be true. Land sales analyzed on an area-wide basis tend to indicate a  $\pm 2\%$  to  $\pm 10\%$  price premium for each halving/doubling of size, for tracts within the size range of those compared herein. A +3% doubling factor would appear reasonable for the size range of the sales utilized in this analysis. We have made the following adjustments for Size:

- Sale 1: Smaller; 115.63 acres; Adjusted -4%
- Sale 2: Smaller; 124.07 acres; Adjusted -4%
- Sale 3: Smaller; 119.80 acres; Adjusted -4%
- Sale 4: Smaller; 102.50 acres; Adjusted -5%
- Sale 5: Smaller; 60.04 acres; Adjusted -7%

### **Topography/Floodplain**

Topography conditions included are land contours, grades, drainage adequacies, and general physical usability. Land that is heavily wooded would likely be more costly to develop than a site that was cleared and ready for development. Bryson Ranch PID has gently sloping topography, is mostly cleared with trees lining the area around Mustang Creek, and is within Unshaded Zone X (outside the floodplain) and Zone A (within 100-year floodplain) according to Map 48121C0280G and 48121C0260G, effective April 18, 2011. The subject property has ample space in Unshaded Zone X that would not be detrimental to the development of the subject property. We have made the following adjustments for Topography/Floodplain:

- Sale 1: Inferior; has rolling topography, few trees, and within Unshaded Zone X and Shaded Zone A; Adjusted +3%
- Sale 2: Similar; has gently sloping topography, few trees, and within Unshaded Zone X and Shaded Zone A; Adjusted 0%



## *Bryson Ranch Public Improvement District*

- Sale 3: Superior; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted -3%
- Sale 4: Inferior; has gently sloping topography, many trees, and within Unshaded Zone X and Shaded Zone A; Adjusted +3%
- Sale 5: Superior; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted -3%

### **Utilities**

The availability of utilities is a major factor in the development of any property. If a site has no utility service or cannot acquire access, it is virtually impossible to develop. All utilities are available for the subject. We have made the following adjustments for Utilities:

- Sale 1: Inferior; has access to electricity, water, and sewer, but no gas; Adjusted +4%
- Sale 2: Inferior; has access to Co-Op electricity, Co-Op water, and septic, but no gas; Adjusted +8%
- Sale 3: Inferior; has access to Co-Op electricity and Co-Op water, but no sewer or gas; Adjusted +8%
- Sale 4: Inferior; has access to Co-Op electricity and Co-Op water, but no sewer or gas; Adjusted +8%
- Sale 5: Inferior; has access to electricity and water, but no sewer or gas; Adjusted +8%

### **Easements/Encumbrances**

Properties with easements and encumbrances, such as overhead powerlines or gas pipelines, restrict parcels from development. The subject has no detrimental easements. We have made the following adjustments for Easements/Encumbrances:

- Sale 1: Similar; no easements or encroachments; Adjusted 0%
- Sale 2: Similar; no easements or encroachments; Adjusted 0%
- Sale 3: Similar; no easements or encroachments; Adjusted 0%
- Sale 4: Similar; no easements or encroachments; Adjusted 0%
- Sale 5: Similar; no easements or encroachments; Adjusted 0%

### **Land Use/Zoning**

The residential paper lots in the Remainder Area are zoned Planned Development (PD) by the City of Pilot Point for single-family uses which will allow residential paper lots. At this step in the process, the land has entitlement rights for development which adds significant value above vacant land that is zoned for Agriculture within a city. If they vacant land is within an ETJ or county there are no restrictions on development therefore would be similar to Planned Development zoning.

All sales were sold as raw land that located in ETJs or unincorporated areas thus are similar to the subject property and no adjustment is made.

### **LAND VALUE CONCLUSION FOR 324.109-AC IN THE REMAINDER AREA (ZONE A)**

After adjustment, the land sales indicate a range of values for the subject site from \$86,975 to \$118,733 per acre, with an average of \$97,282/AC and a median of \$93,777/AC. Similar emphasis was given to all sales. Thus, the value of the subject is correlated in the middle portion of the ranges. **The subject site is valued at \$97,000/AC, totaling \$31,438,573 total value, and rounded to \$31,440,000,** for the land as shown in the chart on the following page:



*Bryson Ranch Public Improvement District*

LAND VALUE SUMMARY BRYSON RANCH PID RA ZONE A		
Land Area (Acres)	Land Value/Acre	Land Value
324.109	\$97,000	\$31,438,573
Rounded:		<b>\$31,130,000 (\$97,000/AC, \$2.23/SF)</b>

*Next, we will continue the Cost Approach to analyze the Development Costs associated within the Remainder Area Zone A.*

## COST APPROACH – PAPER LOTS IN REMAINDER AREA ZONE A (CONTINUED)

**Replacement cost** is the current cost of replacing the improvement with one having equal utility or able to perform the same economic function:

1. It could be the cost of acquiring an equally desirable substitute, or
2. The cost to replace, with a property having an equivalent utility, which may or may not be a replica, or
3. The replacing or remodeling of parts of a structure to maintain it in its highest and best use and operating condition.

This term generally is used to indicate: The present cost of replacing the improvements with improvements of equivalent utility, considering modern materials and construction methods.

**NOTE:** *The appraisers have been provided with detailed construction development costs provided by KFM Engineering & Design (Professional Engineer) who have worked with the developer on development costs necessary for the Water System, Wastewater System, Storm Drain System, Earthwork, Erosion Control, and Roadway & Street Paving. We have confirmed the utilized cost through discussions with the client and concluded they are reasonable and credible for developing Bryson Ranch PID Remainder Area based on our experience reviewing costs from other PIDs. Further, we have utilized an extraordinary assumption that the development costs are accurate as of the effective date of the report. Use of this extraordinary assumption has affected assignment results.*

Detailed costs for each area were provided by KFM Engineering & Design for Bryson Ranch PID. The portion concerning the Remainder Area Zone A totals **\$7,540,666** as shown on the chart below:

<b>Bryson Ranch PID Summary</b>				
<i>Cost Estimates</i>				
<b>Major Improvements - Public</b>	<b>Global Master</b>	<b>Zone A Master</b>	<b>Zone B Master</b>	<b>Total MI Costs</b>
1 Grading/Site Preparation (Earthwork/E&S)	\$ 298,093	\$ 135,665	\$ 392,408	\$ 1,289,565
2 Wet Utilities	\$ 2,396,747	\$ 309,510	\$ 722,858	\$ 17,719,761
3 Street Improvements	\$ 2,422,238	\$ 1,053,863	\$ 1,975,575	\$ 12,334,054
4 Sale of ROW	\$ 1,002,000	\$ 423,600	\$ 649,200	\$ 4,191,600
5 District Formation Costs	\$ 2,200,000	\$ -	\$ -	\$ 2,200,000
6 Other	\$ -	\$ -	\$ -	\$ -
7 Subtotal	\$ 8,319,077	\$ 1,922,638	\$ 3,740,040	\$ 37,734,979
8 Const. mmgt, other fees, and bonds	\$ 4,103,383	\$ 1,342,792	\$ 1,180,287	\$ 10,127,581
9 Contingency	\$ -	\$ -	\$ -	\$ 1,704,370
10 Total Direct Improvements	\$ 12,422,460	\$ 3,265,429	\$ 4,920,327	\$ 49,566,930

**Note:** *The Global Master category includes improvements aimed at enhancing each zone within the Bryson Ranch PID. To determine the value allocation for RA Zone A, the appraiser calculated a percentage on a per-lot basis. Since RA Zone A lots represent approximately 34% of the entire development ( $1,092 \div 3,173 = 0.34$ ), the appraiser allocated 34% of \$12,422,460, resulting in \$4,275,237.*

**Depreciation** is defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are:

**Physical Deterioration**

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or, is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

***Note: As the subject property is a newly proposed development, there is no physical deterioration to consider.***

**Functional Obsolescence**

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

***Note: The proposed development is considered to be of desirable size and functional design for demand from typical users in this market. There is no indication of functional obsolescence for this property.***

**External Obsolescence**

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is “*an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.*”

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized.

***Note: As the proposed subdivision is in an area in the growth cycle with demand for residential development spurred by high demand, there is no depreciation for external obsolescence.***

As indicated earlier, the proposed improvements represent the current Highest and Best Use of the site "as proposed." As such, the following is a discussion of cost and depreciation components used in arriving at a value for the subject via the Cost Approach.

### **Development Cost Estimate**

Base costs for the major building improvements are estimated from the owner's cost estimate and compared to the Marshal Valuation Service (MVS) Cost Guide.

### **Base Building Cost**

The client provided the appraisers with the contractor's construction cost estimate. The estimated building costs is \$7,540,666, which does not include total cost with contingencies and fees.

### **Entrepreneurial Incentive**

According to The Dictionary of Real Estate Appraisal, Fifth Edition, entrepreneurial incentive is defined as "the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement." Typically, the range of 10-20% of cost is used for this category with higher percentages are typical when a development involves more risk. In general, subdivision developers are categorized as higher risk than other real estate endeavors due to the high degree coordination that takes place over several years. Within the span of those years numerous market changes are likely to occur. We are using **15%** for the purpose of this analysis as residential development tends to be riskier and thus a higher profit is expected from participants totaling **\$1,131,100**.

### **Depreciation:**

Defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are as follows:

### **Physical Deterioration**

This is a loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

### **Short-Life Physical Deterioration**

The depreciation estimate for short-life items can be divided into two categories; "Curable" and "Incurable." *Curable physical deterioration*, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance. The subject property has no deferred maintenance. Therefore, no charge will be considered in our analysis. *Incurable Short-Life deterioration* is also attributable to normal wear and tear but is generally unfeasible or uneconomical to repair. Typically, this charge is estimated on an age/life method and is based on observed condition. The subject buildings are proposed and are considered to be in new condition with no physical deterioration.

### **Physical Deterioration: Incurable Long-Life**

Prior to calculating incurable long-life depreciation, the replacement cost new of short-life items is subtracted. The subject buildings are proposed and are considered to be in new condition with no physical deterioration.

### External Obsolescence

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is “an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.”

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized. There is not considered to be any measurable external obsolescence present.

### Cost Approach Assumptions

The following assumptions will affect our Cost Approach value conclusions:

1. Developer construction cost estimates provided by KFM Engineering & Design are accurate and reflect all associated costs (as of the effective date) to construct the development – *Utilizing Extraordinary Assumption*
2. Entrepreneurial profit is considered to be **15%** of the market rate profit a developer would expect to undertake the risk associated with a subdivision development such as the subject property. Typically, developer budget 30-40% for profit; however, after unexpected contingencies profits are often 15-25%.
3. The value of the underlying land as of the report date is **\$31,440,000**. We are not factoring in any increases prior to the Effective Date of September 1, 2026, for the Remainder Area Zone A.

Based on the forgoing analysis, the following chart recaps and illustrates the calculations used in forming an opinion of value via the Cost Approach. **Thus, the value conclusion utilizing the Cost Approach for Bryson Ranch PID RA Zone A for 1,092 lots is \$40,110,000 (\$36,700/Lot Rounded).**

Cost Approach - Bryson Ranch PID RA Zone A (1,092 Paper Lots)	
<b><u>Total Build Cost</u></b>	
<b>Development Costs</b>	\$ 7,540,666
<b><i>Plus: Entrepreneurial Incentive (15%)</i></b>	\$ 1,131,100
<b>Less Depreciation</b>	
Physical Curable/Incurable	\$ -
Functional Obsolescence	\$ -
External Obsolescence	\$ -
<b>Total Accrued Depreciation</b>	\$ -
<b><i>Plus: Land (324.109 Acres)</i></b>	\$ 31,440,000
<b>Indicated Total Value</b>	\$ 40,111,766
<b><i>Total Value Rounded (Zone A)</i></b>	<b>\$ 40,110,000</b>

## VALUATION – PAPER LOTS IN REMAINDER AREA ZONE B

### Remainder Area Zone B (1,024 Paper Lots\* on 251.830-AC)

*\*Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

#### **Cost Approach**

The Cost Approach is the most appropriate method of valuing paper residential lots. We concluded the paper lot value by conducting the following steps:

- Estimate the value of the underlying land (*Sales Comparison Approach used here*) which is then added at the end to the development cost
- Gather hard and soft costs associated to develop the raw ground to paper lot status which includes engineering, zoning costs, and any infrastructure to the site
- Apply appropriate entrepreneurial incentive that a developer would expect to undertake the project
- Subtract depreciation from the project

#### **Income Approach**

Since paper lots are not yet improved to a state where they are available for sale to builders or other end users, the Income Approach is not applicable for the Remainder Area and was not developed.

#### **Sales Comparison Approach**

Sales of paper lots are relatively infrequent in the market. Our due diligence could not uncover sufficient reliable sales to develop the Sales Comparison Approach for the paper lots, so we did not develop this approach for the residential paper lots in the Remainder Area. Aspects of the Sales Comparison Approach were utilized to determine the market value of the vacant land prior to any development.

Use of the approaches for the valuation of the paper lots on 251.830 acres in the Remainder Area Zone B is summarized as follows:

<b><i>Approach</i></b>	<b><i>Applicability to Subject</i></b>	<b><i>Use in Assignment</i></b>
<b>Cost Approach</b>	<i>Appropriate Since the Paper Lots will be Improved from an Undeveloped State</i>	<i>Utilized</i>
<b>Income (Subdivision Development) Approach</b>	<i>Not Appropriate Since the Land is Not Utilized to Generate Income and Land is Not Yet Developed</i>	<i>Not Utilized</i>
<b>Sales Comparison Approach</b>	<i>Aspects Used in Cost Approach to Determine the Value of the Land Prior to Development</i>	<i>Partially Utilized</i>

## **COST APPROACH: PAPER LOTS IN REMAINDER AREA ZONE B**

The Cost Approach is based on the principle of substitution, which states that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct the equivalent improvements without undue delay. This approach is most beneficial when appraising a proposed or recently developed project. The methodology provides information that contrasts with information from the income capitalization and sales comparison approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction.

The Cost Approach include three basic elements:

4. Land Value – Raw Land Sales
5. Reproduction Cost – Engineering, Platting, Zoning, Remainder Area Improvements/Development Costs
6. Accrued Depreciation

Bryson Ranch PID has a total of 924.805-AC in size. Thus far in our analysis, the 650 improved single-family residential lots in Improvement Area #1 Zone A on 183.824-AC, 407 improved single-family residential lots in Improvement Area #1 Zone B on 165.082-AC, and 324.109-AC for the 1,092 paper lots in the Remainder Area Zone A has been separately valued. This leaves 251.830-AC for the 1,024 paper lots in the Remainder Area Zone B.

*NOTE: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

The first step in the Cost Approach is to develop a value opinion of the underlying land involved. The land valuation is really a separate appraisal of the land of the subject property, under the assumption that no improvement has been performed. Therefore, we have elected to treat the site valuation as a separate component of the appraisal process. After we reach an opinion of value for the subject site, that value will be transferred to the calculation of the Cost Approach in the following section of this report.

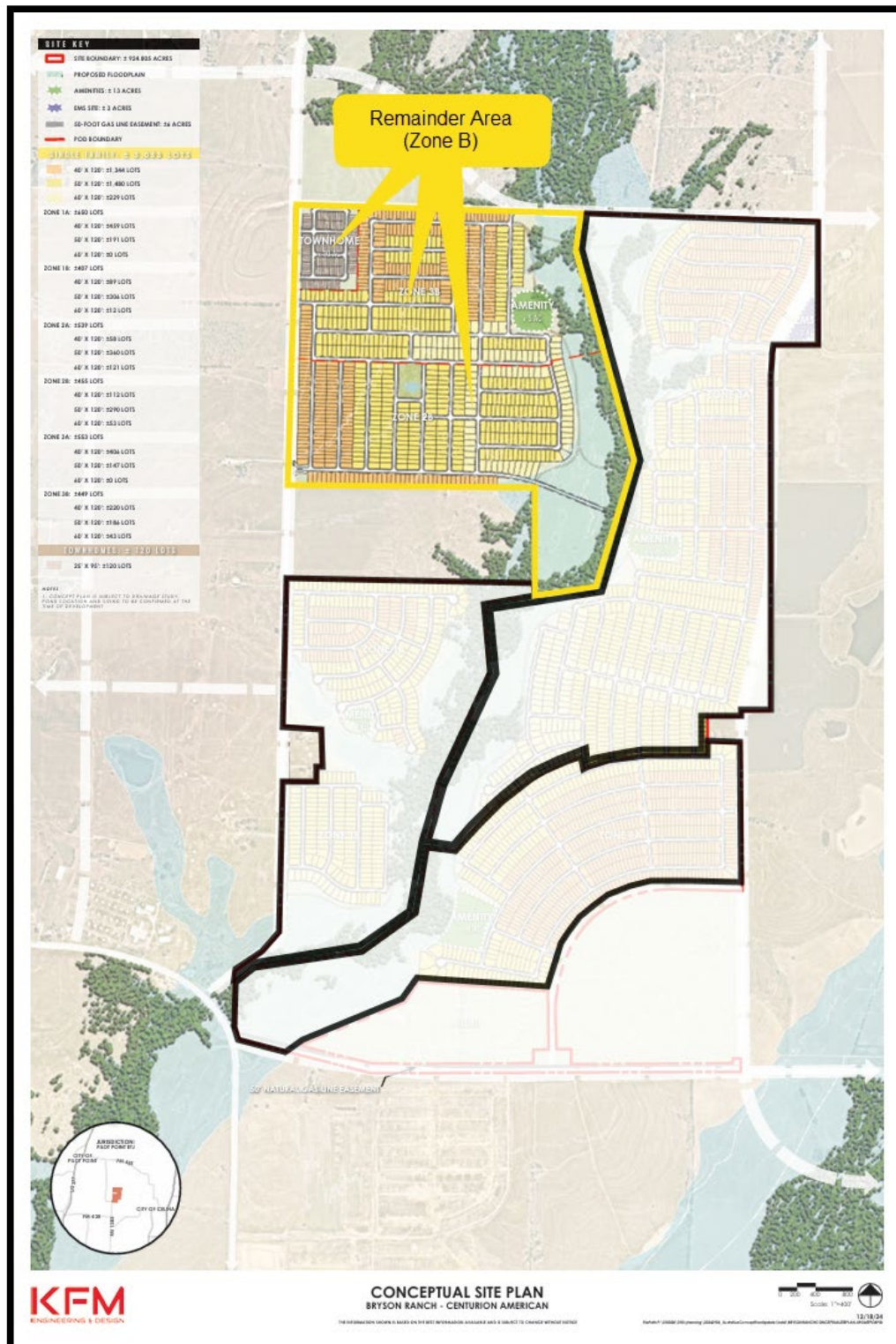
We have utilized the Sales Comparison Approach to determine the market value of the land. Based on research, buyers in the market typically rely heavily on the following unit of comparison for land valuation of over 100 acres:

***Sales Price Per Acre*** - This number is obtained by dividing the sale price by the overall acreage of the land

An exhibit of the Remainder Area Zone B is shown on the following page followed by a map of the subject property with similar, nearby, recent comparable sales is shown below, in addition to a summary of the land sales. Following the map and table there is an adjustment grid as well as an analysis explaining how we adjusted the comparable sales to arrive at a value indication for the subject site's land. Comparable sale data sheets follow the comparable sale map.

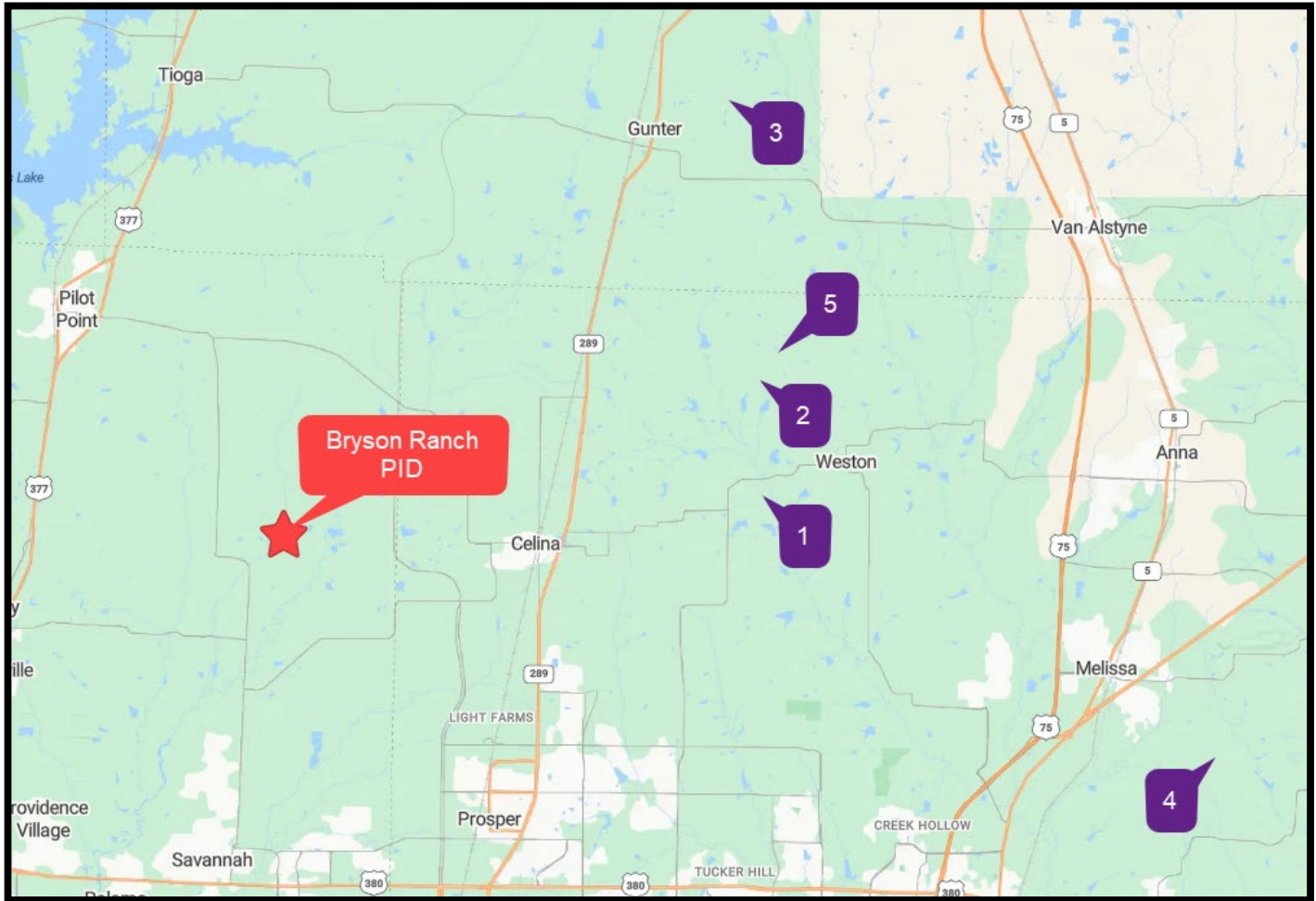


**BRYSON RANCH PID CONCEPT PLAN OF REMAINDER AREA  
KFM ENGINEERING & DESIGN (PROFESSIONAL ENGINEERS)**





**COMPARABLE LAND SALES MAP; PAPER LOT LAND (REMAINDER AREA)  
ZONE B**



**Subject: Bryson Ranch PID, Pilot Point, Denton County, TX 76258**

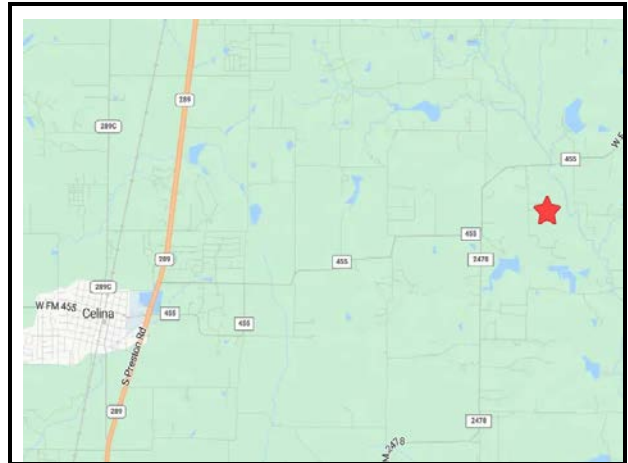
The land sales incorporated in this analysis occurred since 10/7/2022. A sufficient number of recent sales of comparable tracts were available near the subject's market area. Data on each of the sales, including sales price, was confirmed with sources considered to be reliable. Our five comparable sales are shown below:

SUMMARY OF VACANT LAND SALES - BRYSON RANCH PID RA (ZONE B)							
Sale	Location	City	Sale Date	Zoning	Sale Price	Size (AC)	\$/AC
1	115.63-AC at 8358 County Road 172	Celina	4/4/2024	None	\$9,828,721	115.63	\$85,001
2	124.07-AC at 6921 County Road 135	Celina	2/28/2024	None	\$12,400,000	124.07	\$99,944
3	119.80-AC on JC Maples Road	Gunter	11/14/2022	None	\$8,991,450	119.80	\$75,054
4	102.50-AC on County Road 412	McKinney	2/2/2023	None	\$7,377,500	102.50	\$71,976
5	60.04-AC on County Road 1104	Unincorporated	10/7/2022	None	\$4,800,000	60.04	\$79,947
<b>Subject</b>	<b>Bryson Ranch PID RA (Zone B)</b>	<b>Pilot Point</b>	<b>N/A</b>	<b>PD</b>	<b>N/A</b>	<b>251.830</b>	<b>N/A</b>

## LAND SALE COMPARABLE 1



Comparable 1 Aerial



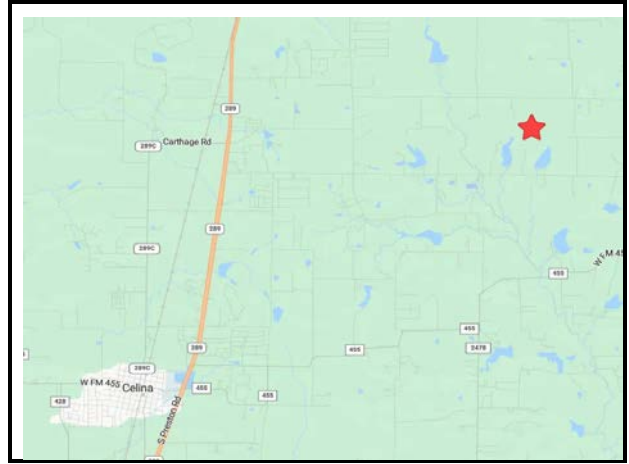
Comparable 1 Map

Land Sale Comparable 1				
Property Information				
Property Name	115.63-AC at 8358 County Road 172			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	5,036,843	SF	115.63	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X and A			
Available Utilities	Electric, Water, Sewer			
Transaction Information				
Sale Status	Closed			
Sale Date	4/4/2024			
Seller	James W. Magee Revocable Trust			
Buyer	Celina Honey Creek Ranch, LLC			
Sale Price	\$9,828,721			
Price per SF Land	\$1.95			
Price per Acre	\$85,001			
Comment	Sold for Land Value			

## LAND SALE COMPARABLE 2



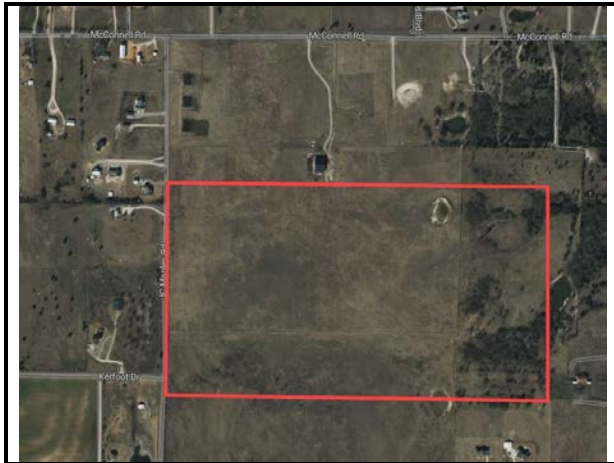
Comparable 2 Aerial



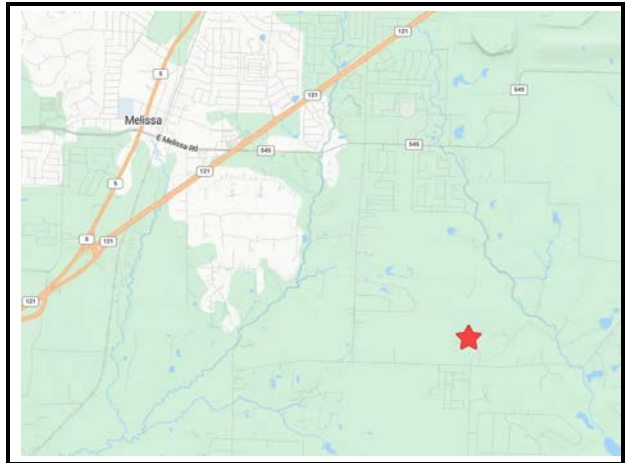
Comparable 2 Map

Land Sale Comparable 2				
Property Information				
Property Name	124.07-AC at 6921 County Road 135			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	5,404,489	SF	124.07	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X and A			
Available Utilities	Co-Op Water, Co-Op Electric, Septic			
Transaction Information				
Sale Status	Closed			
Sale Date	2/28/2024			
Seller	CC Creek Land Partners LLC			
Buyer	Celina 124 LLC			
Sale Price	\$12,400,000			
Price per SF Land	\$2.29			
Price per Acre	\$99,944			
Comment	Sold for Land Value, Electric Easement			

### LAND SALE COMPARABLE 3



Comparable 3 Aerial



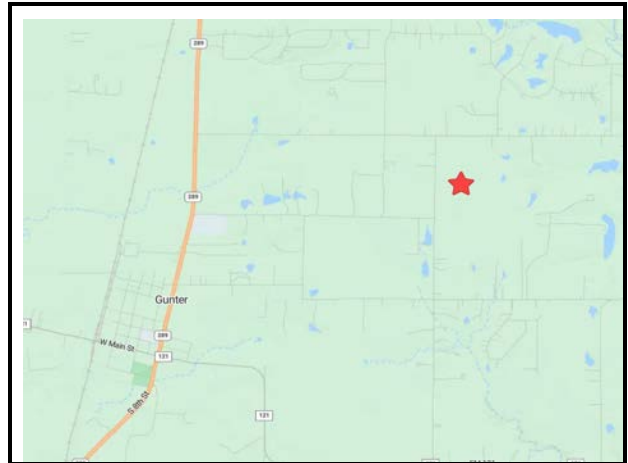
Comparable 3 Map

Land Sale Comparable 3				
Property Information				
Property Name	119.80-AC on JC Maples Road			
Property Class	Land			
County	Grayson			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	5,218,488	SF	119.80	Acres
Zoning Code	No City Zoning			
Shape	Rectangular			
Topography	Gently Sloping; Floodplain X			
Available Utilities	Co-Op Electric and Co-Op Water			
Transaction Information				
Sale Status	Closed			
Sale Date	11/14/2022			
Seller	Gunter Pride Estates			
Buyer	Gunter Independent School District			
Sale Price	\$8,991,450			
Price per SF Land	\$1.72			
Price per Acre	\$75,054			
Comment	Utility Easement			

## LAND SALE COMPARABLE 4



Comparable 4 Aerial



Comparable 4 Map

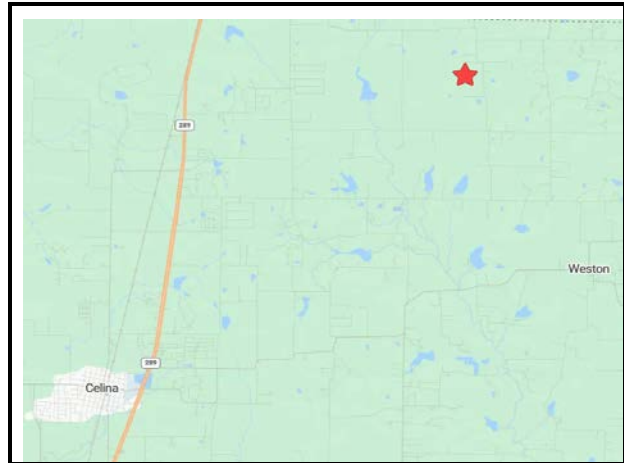
Land Sale Comparable 4				
Property Information				
Property Name	102.50-AC on County Road 412			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	4,464,900	SF	102.50	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X and A; Heavily Treed			
Available Utilities	Co-Op Electric and Co-Op Water			
Transaction Information				
Sale Status	Closed			
Sale Date	2/2/2023			
Seller	George Frank & Kathy R Kirby			
Buyer	Landcrowd Developers LLC			
Sale Price	\$7,377,500			
Price per SF Land	\$1.65			
Price per Acre	\$71,976			
Comment	No Easements			



## LAND SALE COMPARABLE 5



Comparable 5 Aerial



Comparable 5 Map

Land Sale Comparable 5				
Property Information				
Property Name	60.04- AC on County Road 1104			
Property Class	Land			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	2,615,342	SF	60.04	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Level; Floodplain X			
Available Utilities	Electric and Water			
Transaction Information				
Sale Status	Closed			
Sale Date	10/7/2022			
Seller	The Christopher & Elizabeth Ostolski Revocable Trust			
Buyer	Estates in Celina LLC			
Sale Price	\$4,800,000			
Price per SF Land	\$1.84			
Price per Acre	\$79,947			
Comment	No Easements			

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	<b>Bryson Ranch PID RA (Zone B)</b>	115.63-AC at 8358 County Road 172	124.07-AC at 6921 County Road 135	119.80-AC on JC Maples Road	102.50-AC on County Road 412	60.04-AC on County Road 1104
	<b>Pilot Point</b>	Celina	Celina	Gunter	McKinney	Unincorporated
<i>Transactional Adjustments</i>						
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Property Rights		0%	0%	0%	0%	0%
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Financing Terms		0%	0%	0%	0%	0%
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/AC		\$85,001	\$99,944	\$75,054	\$71,976	\$79,947
Market Conditions		+9%	+10%	+15%	+14%	+15%
<b>ADJUSTED Price/AC:</b>		\$92,652	\$109,938	\$86,312	\$82,052	\$91,939
<i>Physical Adjustments</i>						
Location	Pilot Point, Denton County, North of Mobberly Road	0%	+4%	+5%	0%	+4%
Size	251.83-AC	-3%	-3%	-3%	-4%	-6%
Topography/Floodplain	Gently Sloping; Zone X and Zone A; Cleared	+3%	0%	-3%	+3%	-3%
Utilities	All Available	+4%	+8%	+8%	+8%	+8%
Easements/Encumbrances	None	0%	0%	0%	0%	0%
Land Use/Zoning	Planned Development	0%	0%	0%	0%	0%
<i>Total Net Physical Adj. After Financial Adj.</i>		+4%	+9%	+7%	+7%	+3%
<b>ADJUSTED Price/AC:</b>		\$96,358	\$119,832	\$92,354	\$87,796	\$94,697
<b>SUMMARY OF COMPARABLE VALUES</b>						
Value Range/AC		\$87,796	to	\$119,832		
Mean			\$98,207/AC			
Median			\$94,697/AC			
Unit Value Indication	\$98,000/AC					
Value Indication	\$24,679,340					
<b>Conclusion (Rounded)</b>	<b>24,680,000 (\$98,000/AC, \$2.25/SF)</b>					

## **ANALYSIS OF THE SALES – PAPER LOT LAND IN REMAINDER AREA ZONE B**

Our research of sales comparables leads us to the determination that there are ample comparable sales within the last three years involving similar land sales within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property's land that are utilized had unadjusted sales prices ranging from \$71,976 to \$99,944 per acre, and sizes ranging from approximately 60.04-AC to 124.07-AC.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

### **Factors to be Considered and Summary of Adjustments**

#### ***Financial Adjustments***

##### **Property Rights Conveyed**

This adjustment considers the difference in sales price of properties sold in fee simple estate or in leased fee estate and the effect of any existing leases on the sales price of the property. All the sales involved fee simple interests being transferred. Thus, no adjustments were applicable for this factor.

##### **Cash Equivalency**

All sales were cash or equivalent, thus an adjustment for this item was not necessary.

##### **Conditions of Sale**

This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress sale, reduced prices from family purchase, or purchase by adjacent landowners. All the sales were considered arms-length transactions, with no conditions perceived which would indicate a sale without profit motive, and no adjustments for Conditions of Sale were considered necessary.

##### **Expenditures After Purchase**

Immediately following the purchase of a property, a buyer will often spend money to cure a problem or to make the property useable. These expenditures need to be accounted for in the adjustments. If a buyer pays an expense that would normally be a seller's responsibility, such as a real estate commission, this expense should be added to the price to determine the true price paid by the buyer for the property. Demolition of existing improvements that have no contributory value is another example of a cost paid by the buyer that would increase the effective price of the property. Based on our due diligence, all Sales were similar to the subject's land, thus Expenditures After Purchase adjustments are not required.

##### **Changing Market Conditions**

This adjustment accounts for changing market conditions over a period. These adjustments are necessary to correct for changes in value over time due to market factors such as supply and demand, and economic factors such as inflation. We have applied an adjustment of +4% year-over-year (YoY), which is a 0.33% month-over-month (MoM) positive adjustment for Market Conditions to Sales 1-5, which resulted in adjustments ranging from +9% to +15%.



## ***Physical Adjustments***

### **Location**

The type and density of surrounding development was examined for each sale. In addition, locations with proximity to business and retail centers were also considered. Properties located in close proximity to densely developed areas tend to sell for higher prices than properties which are in less developed locations. Bryson Ranch PID is located within the City of Pilot Point, however, is removed from the other city centers within the DFW metroplex. This location is in the northeast area of Denton County. The area surrounding the subject property is primarily rural along with a housing development being developed to the south of the subject. The neighborhood immediately surrounding the subject is mostly rural undeveloped land, which is considered favorable for the development of a residential subdivision; however, the subject is removed from the Dallas-Fort Worth CBD. We have made the following adjustments for Location:

- Sale 1: Similar; located in Celina with similar access to commercial developments and a similar distance from the DFW Metroplex; Adjusted 0%
- Sale 2: Inferior; located in Celina with inferior access to commercial developments and slightly further from the DFW Metroplex; Adjusted +4%
- Sale 3: Inferior; located in Gunter with inferior access to commercial developments and further removed from the DFW Metroplex; Adjusted +5%
- Sale 4: Similar; located in McKinney with similar access to commercial developments and a similar distance from the DFW Metroplex; Adjusted 0%
- Sale 5: Inferior; Located in the unincorporated area of Collin County, with inferior access to commercial developments and slightly further from the DFW Metroplex; Adjusted +4%

### **Size**

Typically, the larger the tract the lower the unit price. The converse also tends to be true. Land sales analyzed on an area-wide basis tend to indicate a  $\pm 2\%$  to  $\pm 10\%$  price premium for each halving/doubling of size, for tracts within the size range of those compared herein. A +3% doubling factor would appear reasonable for the size range of the sales utilized in this analysis. We have made the following adjustments for Size:

- Sale 1: Smaller; 115.63 acres; Adjusted -3%
- Sale 2: Smaller; 124.07 acres; Adjusted -3%
- Sale 3: Smaller; 119.80 acres; Adjusted -3%
- Sale 4: Smaller; 102.50 acres; Adjusted -4%
- Sale 5: Smaller; 60.04 acres; Adjusted -6%

### **Topography/Floodplain**

Topography conditions included are land contours, grades, drainage adequacies, and general physical usability. Land that is heavily wooded would likely be more costly to develop than a site that was cleared and ready for development. Bryson Ranch PID has gently sloping topography, is mostly cleared with trees lining the area around Mustang Creek, and is within Unshaded Zone X (outside the floodplain) and Zone A (within 100-year floodplain) according to Map 48121C0280G and 48121C0260G, each effective April 18, 2011. The subject property has ample space in Unshaded Zone X that would not be detrimental to the development of the subject property. We have made the following adjustments for Topography/Floodplain:

- Sale 1: Inferior; has rolling topography, few trees, and within Unshaded Zone X and Shaded Zone A; Adjusted +3%
- Sale 2: Similar; has gently sloping topography, few trees, and within Unshaded Zone X and Shaded Zone A; Adjusted 0%

## *Bryson Ranch Public Improvement District*

- Sale 3: Superior; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted -3%
- Sale 4: Inferior; has gently sloping topography, many trees, and within Unshaded Zone X and Shaded Zone A; Adjusted +3%
- Sale 5: Superior; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted -3%

### **Utilities**

The availability of utilities is a major factor in the development of any property. If a site has no utility service or cannot acquire access, it is virtually impossible to develop. All utilities are available for the subject. We have made the following adjustments for Utilities:

- Sale 1: Inferior; has access to electricity, water, and sewer, but no gas; Adjusted +4%
- Sale 2: Inferior; has access to Co-Op electricity, Co-Op water, and septic, but no gas; Adjusted +8%
- Sale 3: Inferior; has access to Co-Op electricity and Co-Op water, but no sewer or gas; Adjusted +8%
- Sale 4: Inferior; has access to Co-Op electricity and Co-Op water, but no sewer or gas; Adjusted +8%
- Sale 5: Inferior; has access to electricity and water, but no sewer or gas; Adjusted +8%

### **Easements/Encumbrances**

Properties with easements and encumbrances, such as overhead powerlines or gas pipelines, restrict parcels from development. The subject has no detrimental easements. We have made the following adjustments for Easements/Encumbrances:

- Sale 1: Similar; no easements or encroachments; Adjusted 0%
- Sale 2: Similar; no easements or encroachments; Adjusted 0%
- Sale 3: Similar; no easements or encroachments; Adjusted 0%
- Sale 4: Similar; no easements or encroachments; Adjusted 0%
- Sale 5: Similar; no easements or encroachments; Adjusted 0%

### **Land Use/Zoning**

The residential paper lots in the Remainder Area are zoned Planned Development (PD) by the City of Pilot Point for single-family uses which will allow residential paper lots. At this step in the process, the land has entitlement rights for development which adds significant value above vacant land that is zoned for Agriculture within a city. If they vacant land is within an ETJ or county there are no restrictions on development therefore would be similar to Planned Development zoning.

All sales were sold as raw land that located in ETJs or unincorporated areas thus are similar to the subject property and no adjustment is made.

### **LAND VALUE CONCLUSION FOR 251.830-AC IN THE REMAINDER AREA (ZONE B)**

After adjustment, the land sales indicate a range of values for the subject site from \$87,796 to \$119,832 per acre, with an average of \$98,207/AC and a median of \$94,697/AC. Similar emphasis was given to all sales. Thus, the value of the subject is correlated in the middle portion of the ranges. **The subject site is valued at \$98,000/AC, totaling \$24,679,340 total value, and rounded to \$24,680,000,** for the land as shown in the chart on the following page:

*Bryson Ranch Public Improvement District*

LAND VALUE SUMMARY BRYSON RANCH PID RA ZONE B		
Land Area (Acres)	Land Value/Acre	Land Value
251.830	\$98,000	\$24,679,340
Rounded:		<b>\$24,680,000 (\$98,000/AC, \$2.25/SF)</b>

*Next, we will continue the Cost Approach to analyze the Development Costs associated within the Remainder Area Zone B.*

## COST APPROACH – PAPER LOTS IN REMAINDER AREA ZONE B (CONTINUED)

**Replacement cost** is the current cost of replacing the improvement with one having equal utility or able to perform the same economic function:

1. It could be the cost of acquiring an equally desirable substitute, or
2. The cost to replace, with a property having an equivalent utility, which may or may not be a replica, or
3. The replacing or remodeling of parts of a structure to maintain it in its highest and best use and operating condition.

This term generally is used to indicate: The present cost of replacing the improvements with improvements of equivalent utility, considering modern materials and construction methods.

**NOTE:** *The appraisers have been provided with detailed construction development costs provided by KFM Engineering & Design (Professional Engineer) who have worked with the developer on development costs necessary for the Water System, Wastewater System, Storm Drain System, Earthwork, Erosion Control, and Roadway & Street Paving. We have confirmed the utilized cost through discussions with the client and concluded they are reasonable and credible for developing Bryson Ranch PID Remainder Area based on our experience reviewing costs from other PIDs. Further, we have utilized an extraordinary assumption that the development costs are accurate as of the effective date of the report. Use of this extraordinary assumption has affected assignment results.*

Detailed costs for each area were provided by KFM Engineering & Design for Bryson Ranch PID. The portion concerning the Remainder Area totals **\$8,929,340** as shown on the chart below:

<b>Bryson Ranch PID Summary</b>				
Cost Estimates				
Major Improvements - Public	Global Master	Zone A Master	Zone B Master	Total MI Costs
1 Grading/Site Preparation (Earthwork/E&S)	\$ 298,093	\$ 135,665	\$ 392,408	\$ 1,289,565
2 Wet Utilities	\$ 2,396,747	\$ 309,510	\$ 722,858	\$ 17,719,761
3 Street Improvements	\$ 2,422,238	\$ 1,053,863	\$ 1,975,575	\$ 12,334,054
4 Sale of ROW	\$ 1,002,000	\$ 423,600	\$ 649,200	\$ 4,191,600
5 District Formation Costs	\$ 2,200,000	\$ -	\$ -	\$ 2,200,000
6 Other	\$ -	\$ -	\$ -	\$ -
7 Subtotal	\$ 8,319,077	\$ 1,922,638	\$ 3,740,040	\$ 37,734,979
8 Const. mmgt, other fees, and bonds	\$ 4,103,383	\$ 1,342,792	\$ 1,180,287	\$ 10,127,581
9 Contingency	\$ -	\$ -	\$ -	\$ 1,704,370
10 Total Direct Improvements	\$ 12,422,460	\$ 3,265,429	\$ 4,920,327	\$ 49,566,930

**Note:** *The Global Master category includes improvements aimed at enhancing each zone within the Bryson Ranch PID. To determine the value allocation for RA Zone B, the appraiser calculated a percentage on a per-lot basis. Since RA Zone A lots represent approximately 34% of the entire development ( $1,024 \div 3,173 = 0.32$ ), the appraiser allocated 32% of \$12,422,460, resulting in \$4,009,013.*

**Depreciation** is defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are:

**Physical Deterioration**

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or, is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

***Note: As the subject property is a newly proposed development, there is no physical deterioration to consider.***

**Functional Obsolescence**

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

***Note: The proposed development is considered to be of desirable size and functional design for demand from typical users in this market. There is no indication of functional obsolescence for this property.***

**External Obsolescence**

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is “*an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.*”

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized.

***Note: As the proposed subdivision is in an area in the growth cycle with demand for residential development spurred by high demand, there is no depreciation for external obsolescence.***

As indicated earlier, the proposed improvements represent the current Highest and Best Use of the site "as proposed." As such, the following is a discussion of cost and depreciation components used in arriving at a value for the subject via the Cost Approach.

### **Development Cost Estimate**

Base costs for the major building improvements are estimated from the owner's cost estimate and compared to the Marshal Valuation Service (MVS) Cost Guide.

### **Base Building Cost**

The client provided the appraisers with the contractor's construction cost estimate. The estimated building costs is **\$8,929,340**, which does not include total cost with contingencies and fees.

### **Entrepreneurial Incentive**

According to The Dictionary of Real Estate Appraisal, Fifth Edition, entrepreneurial incentive is defined as "the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement." Typically, the range of 10-20% of cost is used for this category with higher percentages are typical when a development involves more risk. In general, subdivision developers are categorized as higher risk than other real estate endeavors due to the high degree coordination that takes place over several years. Within the span of those years numerous market changes are likely to occur. We are using **15%** for the purpose of this analysis as residential development tends to be riskier and thus a higher profit is expected from participants totaling **\$1,339,401**.

### **Depreciation:**

Defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are as follows:

### **Physical Deterioration**

This is a loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

### **Short-Life Physical Deterioration**

The depreciation estimate for short-life items can be divided into two categories; "Curable" and "Incurable." *Curable physical deterioration*, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance. The subject property has no deferred maintenance. Therefore, no charge will be considered in our analysis. *Incurable Short-Life deterioration* is also attributable to normal wear and tear but is generally unfeasible or uneconomical to repair. Typically, this charge is estimated on an age/life method and is based on observed condition. The subject buildings are proposed and are considered to be in new condition with no physical deterioration.

### **Physical Deterioration: Incurable Long-Life**

Prior to calculating incurable long-life depreciation, the replacement cost new of short-life items is subtracted. The subject buildings are proposed and are considered to be in new condition with no physical deterioration.

### External Obsolescence

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is “an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.”

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized. There is not considered to be any measurable external obsolescence present.

### Cost Approach Assumptions

The following assumptions will affect our Cost Approach value conclusions:

4. Developer construction cost estimates provided by KFM Engineering & Design are accurate and reflect all associated costs (as of the effective date) to construct the development – *Utilizing Extraordinary Assumption*
5. Entrepreneurial profit is considered to be **15%** of the market rate profit a developer would expect to undertake the risk associated with a subdivision development such as the subject property. Typically, developer budget 30-40% for profit; however, after unexpected contingencies profits are often 15-25%.
6. The value of the underlying land as of the report date is **\$8,929,340**. We are not factoring in any increases prior to the Effective Date of September 1, 2026, for the Remainder Area.

Based on the forgoing analysis, the following chart recaps and illustrates the calculations used in forming an opinion of value via the Cost Approach. **Thus, the value conclusion utilizing the Cost Approach for Bryson Ranch PID RA Zone B for 1,024 lots is \$34,950,000 (\$34,100/Lot Rounded).**

Cost Approach - Bryson Ranch PID RA Zones B (1,024 Paper Lots)	
<b><u>Total Build Cost</u></b>	
<b>Development Costs</b>	\$ 8,929,340
<b><i>Plus: Entrepreneurial Incentive (15%)</i></b>	\$ 1,339,401
<b>Less Depreciation</b>	
Physical Curable/Incurable	\$ -
Functional Obsolescence	\$ -
External Obsolescence	\$ -
<b>Total Accrued Depreciation</b>	\$ -
<b><i>Plus: Land (251.800 Acres)</i></b>	\$ 24,680,000
<b>Indicated Total Value</b>	\$ 34,948,741
<b><i>Total Value Rounded (Zone B)</i></b>	<b>\$ 34,950,000</b>

## RECONCILIATION AND FINAL VALUE CONCLUSION

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

*“Resolving the differences among various value indications is called reconciliation.... The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others...Final reconciliation relies on proper application of appraisal techniques and the appraiser’s judgment.”*

Three approaches to value are recognized in the appraisal profession (Sales Comparison Approach, Cost Approach, and Income Approach). All three approaches were analyzed and developed as part of the scope of work of this assignment. A summary of each approach follows:

### Cost Approach

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project.

Since the improved single-family residential lots in Bryson Ranch PID will be constructed in three phases each in two Zones over several years, the Cost Approach is not appropriate and thus was not utilized to value the improved lots in Improvement Area #1 (Zone A/B). This approach is most beneficial when appraising a proposed or recently built project and is typically used when developed units make up a substantial portion of the entire project.

We utilized the Cost Approach to value the 1,092 paper lots on ~324.109 acres in the Remainder Area Zone A and the 1,024 paper lots on ~251.830 acres in the Remainder Area Zone B. The Cost Approach utilizes aspects of the Sales Comparison Approach to determine the underlying value of the land. Cost figures provided by KFM Engineering & Design, Professional Engineers, were included, and we considered entrepreneurial incentive before adding in the value of the underlying land to determine the value of the property when major public infrastructure is included.

The first step in the cost approach is determining the land value for the subject property. In order to do the cost approach, the land value is determined using the Sales Comparison Approach of similar vacant land in the subject’s market area for this portion of the subject property. The Sales Comparison Approach for the subject’s land within Remainder Area Zone A was concluded at **\$31,440,000**. The development costs were calculated at **\$7,540,666**. **Thus, the value conclusion utilizing the Cost Approach for the Paper Lots in the Remainder Area Zone A of the Bryson Ranch PID is rounded to \$40,110,000 (\$36,700/Lot Rounded).**

The Sales Comparison Approach for the subject’s land within Remainder Area Zone B was concluded at **\$24,680,000**. The development costs were calculated at **\$8,929,340**. **Thus, the value conclusion utilizing the Cost Approach for the Paper Lots in the Remainder Area Zone B of the Bryson Ranch PID is rounded to \$34,950,000 (\$34,100/Lot Rounded).**

### Income (Subdivision Development) Approach

For the improved residential lots, the Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases the bulk of the lots at a discount. Income



### *Bryson Ranch Public Improvement District*

capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

Since our assignment is to determine the bulk sale value of 650 improved residential lots in Bryson Ranch PID Improvement Area #1 Zone A and 407 improved residential lots in Bryson Ranch PID Improvement Area #1 Zone B, as of the substantial completion date, the Income Approach is appropriate and was developed. **Through Discounted Cash Flow Analysis, we determined the market value of the 650 improved residential lots “Upon Completion” in Bryson Ranch PID Improvement Area #1 Zone A as of September 1, 2026, is \$54,092,000 (\$83,200/Lot).**

**Through Discounted Cash Flow Analysis, we determined the market value of the 407 improved residential lots “Upon Completion” in Bryson Ranch PID Improvement Area #1 Zone B as of September 1, 2026, is \$37,725,000 (\$93,000/Lot).**

**The Income (Subdivision Development) Approach was not utilized for the paper lots in the RA as this portion of the development is not yet developed and the land is not utilized to generate income.**

#### **Sales Comparison Approach**

For the improved lots within Improvement Area #1 Zone A and B, and the paper lots within the RA Zone A and B, the Sales Comparison Approach was not fully developed because finding highly similar and recent sales of improved groups of lots or subdivisions is not available in the market. Aspects of the Sales Comparison Approach were utilized in concluding the retail lot market values for use in the Income Approach for the improved lots within the Bryson Ranch PID.

### Final Value Conclusion Summary

As a result of our investigations, studies and analysis of the sale, cost, income, and expense data, interpreted within the context of all the factors in the marketplace which effect value, our reconciliation of the indicated values between the utilized approaches to value are listed in the table below. Each property type warranted only a single approach to be developed so our final values for each property type: improved residential lots, paper lots for residential land, commercial land, and multi-family land. Our final value conclusion for each of the property types is shown on the following page:

FINAL MARKET VALUE CONCLUSION BRYSON RANCH PID			
	<i>Cost</i>	<i>Sales</i>	<i>Income (Subdivision)</i>
<i>Fee Simple Interest, Complete September 1, 2026</i>			
<i>Improvement Area #1 (Zone A)</i>	N/A	N/A	\$54,092,000
<i>650 Improved Lots</i>			<i>(83,200/Lot Rounded)</i>
<i>Fee Simple Interest, Complete September 1, 2026</i>			
<i>Improvement Area #1 (Zone B)</i>	N/A	N/A	\$37,725,000
<i>407 Improved Lots</i>			<i>(93,000/Lot Rounded)</i>
<i>Fee Simple Interest, Complete September 1, 2026</i>			
<i>Remainder Area (Zone A)</i>	\$41,110,000	N/A	N/A
<i>1,092 Residential Paper Lots</i>	<i>(\$36,700/Lot Rounded)</i>		
<i>Fee Simple Interest, Complete September 1, 2026</i>			
<i>Remainder Area (Zone B)</i>	\$34,950,000	N/A	N/A
<i>1,024 Residential Paper Lots</i>	<i>(\$34,100/Lot Rounded)</i>		

### Exposure Time

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been at least 6-12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be between 6-12 months.

### Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the Effective Date of value. Market conditions are presently strong, and we expect no significant changes in the near term. It is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6-12 months.

**ADDENDA**

## ENGAGEMENT LETTER



Real Estate Brokerage \* Development \* Appraisals \* Property Tax Consulting  
1703 N. Peyco Dr. Arlington, Texas 76001  
Metro 817-467-6803 \* Fax 817-465-7464 \* [www.peycosouthwest.com](http://www.peycosouthwest.com)

**October 14, 2024**

Mr. R.R. "Tripp" Davenport, III  
Director  
FMSbonds, Inc.  
5 Cowboys Way, Ste. 300-25  
Frisco, Texas 75034  
[tdavenport@fmsbonds.com](mailto:tdavenport@fmsbonds.com)

**SUBJECT:** Proposal/Authorization for Valuation and Consulting Services of a residential master planned development known as the "Bryson Ranch Public Improvement District" located in Pilot Point, Denton County, Texas

Dear Mr. Davenport:

Upon your acceptance of this contract engagement, Peyco Southwest Realty, Inc. ("Peyco"), will prepare an appraisal of the Subject Property:

**Purpose of the Assignment** The purpose of the appraisal is to provide an opinion of the "As-Complete" and "As-If Improved" market value of the fee simple interest in the Subject Property outlined herein. We will assume that the City of Pilot Point will approve or has approved the proposed development and that all development entitlements are in place for the "Project" to proceed. Further, our valuation will also be based upon, and assume that:

- a)** Only limited specific offsite general infrastructure indicated is fully funded with cash or cash-equivalent (lines of credit, completion agreements, etc.) with special assessments levied on property within the Bryson Ranch Public Improvement District ("PID"), and
- b)** Improvement relating to the "Project" will be completed based on engineering plans provided to the appraisers

It is our understanding that the Appraisal Report will be included in the Preliminary and Final Official Statements for the sale of one or more series of Public Improvement District (PID) bonds for the Project, and we will provide our written consent to the inclusion of the Appraisal Report in the Preliminary and Final Official Statements. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity. We represent that we have not performed any services that require disclosure under this rule.

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In accordance with our correspondence, the scope of this assignment will require Peyco to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis, and preparation of the report. **The report will include an opinion of the fee simple market value of the following:**

- **Phase 1A and Phase 1B with approximately 1,057 improved residential lots to be sold in bulk in the Bryson Ranch PID. We will report the estimated retail value of the lots during the sellout period consisting of:**
  - 548 lots of 40-FF sizes,
  - 497 lots of 50-FF sizes, and
  - 12 lots of 60-FF sizes
- **Major Improvement Area (MIA) Entitled Paper Lots – estimated at 2,116 lots of various sizes on ~576.06-AC to be sold in bulk in the major improvement area.**

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

The appraisal will be communicated in an Appraisal Report-Standard Format Report. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions, a copy of which is attached as Attachment 1.

The total fee for this assignment will be \$17,000 which will be paid for by the Developer, but payment may be reimbursed to the developer as a qualified creation and issuance cost of the "Public Improvement District". Please note that the full fee must be received in our office before the commencement of this appraisal. The delivery date will be within 30 days from your signed acceptance of this letter agreement, receipt of the fee and receipt of requested documents from the developer, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. **We will require the full fee of \$17,000 prior to the commencement of this appraisal assignment.** If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

Two hard copies of the appraisal report will be provided upon request. Digital copies, in PDF format, will be delivered upon completion via email or other file transfer as client requests. Additionally, we confirm our permission to use the final appraisal report in the offer and sale of public securities secured by the special assessments levied on property within the PID for the "Project"; and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose. The 30-day delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment. Should, upon review of the draft Appraisal Report, the client requests material changes, or additions beyond the agreed to Scope of Work that materially affect the appraisal report and/or resulting values; the Client agrees to additional scope of work changes at our current hourly rates (\$300/hour).

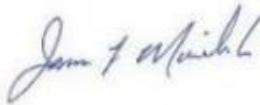
Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance, or wetlands. Therefore, unless we have been provided with appropriate third-party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment, and actions.

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In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our current hourly rates (\$300/hour) for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, Peyco and its partner companies may utilize, sell, and include such data (either in the aggregate or individually), in the Peyco database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available, as well as proprietary software programs, to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the contract engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,



James L. Maibach, C.P.M.  
TX-1323658  
State Certified General Real Estate Appraiser

AGREED TO AND ACCEPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2024.

BY:

FMS Bonds, Inc.



Authorized Signature

\_\_\_\_\_  
Name (printed)



#### ATTACHMENT 1: STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements, and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos or environmental contamination at the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state, and local laws, regulations, and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state, or local laws, regulations, or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena, or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in the appraisal report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the Subject Property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, if any, and we have assumed that the Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural, and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates, and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

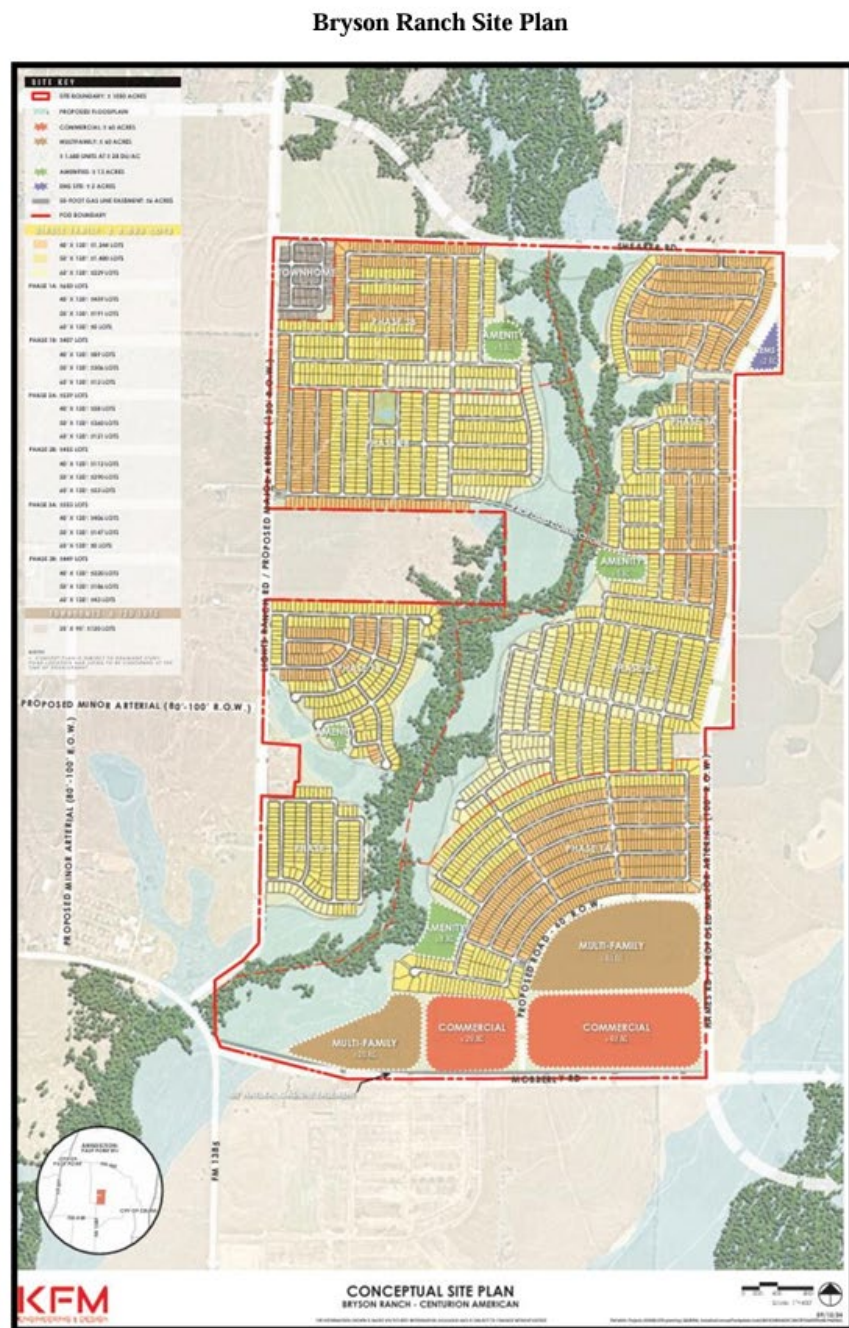
13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances, and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. Peyco and/or any of its officers, owners, managers, directors, agents, subcontractors, or employees (the "Peyco Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are nonexistent or minimal.
22. We are not a building or environmental inspector. Peyco does not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs, or alterations in a workmanlike manner.
24. Peyco is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Peyco is not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we



assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
27. As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.

*Bryson Ranch Public Improvement District*



**LEGAL DESCRIPTION  
BRYSON RANCH PID**

BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT METES AND BOUNDS DESCRIPTION

TRACT I: 507.933 Acres

BEING all of that certain tract of land situated in the M.E.P. & P. RR. Co. Survey, Abstract No. 316, in the J.W. Tenison Survey, Abstract No. 1271, in the M.E.P. & P. RR. Co. Survey, Abstract No. 944, in the J. Auldridge Survey, Abstract No. 21, in the A. Burton Survey, Abstract No. 95, in the M.E.P. & P. RR Co. Survey, Abstract No. 1504, and in the A.C. Warren Survey, Abstract No. 1388, Denton County, Texas, and being a portion of a called 843.984 acre tract of land described in the deed to Bryson Ranch, L.P., recorded in Instrument No. 2020-191494, Official Public Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found in Hames Road at the northeast corner of said 843.984 acre tract and the southeast corner of a called 20.807 acre tract of land described in the deed to Hames Properties LLC; recorded in Instrument No. 2021-227447, said Official Public Records;

THENCE with the east line of said 843.984 acre tract and with Hames Road, the following courses:

1. South 00° 15' 33" East, a distance of 1344.87 feet to a 1/2-inch iron rod found for corner;
2. South 89° 28' 36" West, a distance of 527.33 feet to a 1/2-inch iron rod found for corner;
3. South 00° 18' 36" West, a distance of 3954.05 feet to a 1/2-inch iron rod found for corner;
4. South 89° 18' 17" West, a distance of 318.20 feet to a 1-inch iron pipe found for corner;
5. South 00° 39' 20" East, a distance of 50.88 feet to a 1/2-inch iron rod found at the northeast corner of a called 2.46 acre tract of land described in deed to Bryson Ranch, L.P., recorded in Instrument No. 2021-83466, said Official Public Records;

THENCE South 89° 15' 08" West, with the north line of said 2.46 acre tract, a distance of 374.27 feet to a 1/2-inch iron rod found at the northwest corner of said 2.46 acre tract;

THENCE South 00° 30' 42" East, with the west line of said 2.46 acre tract, a distance of 290.16 feet to a 1/2-inch iron rod found at the southwest corner of said 2.46 acre tract;

THENCE North 89° 17' 02" East, with the south line of said 2.46 acre tract, a distance of 375.00 feet to a 1/2-inch iron rod found at the southeast corner of said 2.46 acre tract;

THENCE with the east line of said 843.984 acre tract and with Hames Road, the following courses:

1. South 00° 26' 24" East, a distance of 333.85 feet to a 1/2-inch iron rod found at the southwest corner of a called 349.490 acre tract of land described in deed to Frisco Main, LP., recorded in Instrument No. 2022-1358, said Official Public Records and at the northwest corner of a called 1878.903 acre tract of land described in deed to Talley

Ranch Management, LTD, recorded in Instrument No. 2004-156267, said Official Public Records;

2. South 00° 24' 18" East, a distance of 1020.18 feet to a 1/2-inch iron rod found;
3. South 00° 38' 35" East, a distance of 211.17 feet to a 1/2-inch iron rod with a cap stamped "RPLS 6677" set (hereinafter referred to as capped iron rod set);

THENCE over and across said 843.984 acre tract, the following courses:

1. South 89° 21' 25" West, a distance of 848.87 feet to a capped iron rod set at the beginning of a curve to the left;
2. With said curve to the left, having a radius of 1200.00 feet, a central angle of 89° 44' 30", an arc length of 1879.55 feet, a chord that bears South 44° 29' 10" West, a distance of 1693.23 feet to a capped iron rod set at the end of said curve;
3. South 00° 23' 05" East, a distance of 630.95 feet to a capped iron rod set;
4. North 89°32'12" East, a distance of 125.00 feet to a capped iron rod set;
5. South 00°23'05" East, a distance of 75.00 feet to a capped iron rod set;
6. North 89°32'12" East, a distance of 240.83 feet to a capped iron rod set;
7. North 89°51'39" East, a distance of 721.25 feet to a capped iron rod set;
8. North 89°51'39" East, a distance of 840.03 feet to a capped iron rod set;
9. North 00°38'35" West, a distance of 100.00 feet to a capped iron rod set;
10. North 89°51'39" East, a distance of 99.37 feet to a capped iron rod set;
11. South 00°22'00" East, a distance of 170.77 feet to the south line of said 843.984 acres;

THENCE along the south line of said 843.984 acre tract, the following courses:

1. South 89° 36' 55" West, a distance of 1697.73 feet;
2. South 89° 32' 07" West, a distance of 1760.87 feet;
3. North 75° 56' 03" West, a distance of 860.76 feet;

THENCE over and across said 843.984 acre tract, the following courses:

1. North 14° 03' 57" East, a distance of 83.72 feet to a capped iron rod set;
2. South 75° 22' 47" East, a distance of 710.43 feet to a capped iron rod set;
3. South 78° 37' 58" East, a distance of 78.90 feet to a capped iron rod set;

4. South 81° 57' 42" East, a distance of 96.05 feet to a capped iron rod set;
5. South 86° 45' 31" East, a distance of 94.63 feet to a capped iron rod set;
6. North 89° 32' 12" East, a distance of 711.22 feet to a capped iron rod set;
7. North 89° 32' 12" East, a distance of 936.90 feet to a capped iron rod set;
8. North 00°23'05" West, a distance of 75.00 feet to a capped iron rod set;
9. North 89°32'12" East, a distance of 125.00 feet to a capped iron rod set;
10. North 00° 23' 05" West, a distance of 631.03 feet to a capped iron rod set at the beginning of a curve to the right;
11. With said curve to the right, having a radius of 1260.00 feet, a central angle of 04° 33' 54", an arc length of 100.39 feet, a chord that bears North 01° 53' 52" East, a distance of 100.37 feet to a capped iron rod set at the end of said curve;
12. North 85° 49' 12" West, a distance of 1460.68 feet to a capped iron rod set;
13. South 16° 42' 02" West, a distance of 222.07 feet to a capped iron rod set;
14. South 66° 53' 35" West, a distance of 781.70 feet to a capped iron rod set;
15. South 68° 15' 25" West, a distance of 523.67 feet;
16. South 14° 03' 57" West, a distance of 83.72 feet to a capped iron rod set in the south line of said 843.984 acre tract and in the north line of Lot 1, Block A, Mobberly Multi-Family Addition, recorded in Instrument No. 2023-48, said Official Public Records;

THENCE with the south line of said 843.984 acre tract and the north line of Lot 1, Block A, Mobberly Multi-Family Addition, the following courses:

1. North 75° 56' 03" West, a distance of 116.04 feet to a capped iron rod set;
2. North 75° 56' 03" West, a distance of 506.68 feet to a capped iron rod set at the beginning of a non-tangential curve to the left;

THENCE with the west line of said 843.984 acre tract, the following courses:

1. With said curve to the left, having a radius of 618.04 feet, a central angle of 15° 10' 07", an arc length of 163.62 feet, a chord that bears North 17° 12' 29" West, a distance of 163.14 feet to a capped iron rod set at the end of said curve;
2. North 00° 35' 44" East, a distance of 480.40 feet to a point in Mustang Creek;

THENCE over and across said 843.984 acre tract with the meanders of said Mustang Creek, the following courses:

1. North 58° 02' 42" East, a distance of 302.77 feet;

2. North 81° 42' 29" East, a distance of 1142.93 feet;
3. North 53° 09' 38" East, a distance of 709.42 feet;
4. North 09° 51' 12" East, a distance of 1392.73 feet;
5. North 24° 20' 55" East, a distance of 1310.69 feet;
6. North 03° 33' 49" West, a distance of 778.15 feet;
7. North 81° 24' 52" East, a distance of 1206.16 feet;
8. North 16° 59' 37" East, a distance of 1432.32 feet;
9. North 15° 20' 07" West, a distance of 2295.51 feet;
10. North 04° 41' 46" East, a distance of 453.50 feet to a capped iron rod set in the north line of said 843.984 acre tract and in the south line of a called 81.177 acre tract of land described in deed to Aaron Bryan Thompson and Leslie Thompson, recorded in Instrument No. 2001-109382, said Official Public Records;

THENCE with the north line of said 843.984 acre tract, the following courses:

1. South 88° 08' 23" East, a distance of 885.75 feet to a 1/2-inch iron rod found at the southeast corner of said 81.177 acre tract and the southwest of said 20.807 acre tract;
2. South 87° 59' 44" East, a distance of 609.34 feet to a fence corner post found;
3. South 88° 37' 10" East, a distance of 1109.23 feet to the POINT OF BEGINNING and enclosing 507.933 acres (22,125,561 square feet) of land, more or less.

TRACT II: 416.872 Acres

BEING all of that certain tract of land situated in the J.W. Tenison Survey, Abstract No. 1271, in the M.E.P. & P. RR. CO. Survey, Abstract No. 949, in the M.E.P. & P. RR CO. Survey, Abstract No. 1504, in the J. Auldridge Survey, Abstract No. 21, in the A.C. Warren Survey, Abstract No. 1388, and in the A. Burton Survey, Abstract No. 95, Denton County, Texas, and being a portion of a called 843.984 acre tract of land described in the deed to Bryson Ranch, L.P., recorded in Instrument No. 2020-191494, Official Public Records of Denton County, Texas, all of a called 100.012 acre tract of land described in deed to Blue Star Land, L.P., recorded in Instrument No. 2019-136762, said Official Public Records, and all of a called 103.06 acre tract of land described in deed to 103AC Denton BSL, LLC, recorded in Instrument No. 2018-22798, said Official Public Records, and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found in Lights Ranch Road for the northwest corner of said 843.984 acre tract and the southwest corner of a called 41.534 acre tract of land described in the deed to Bellaire Partners, LLC; recorded in Instrument No. 2018-19557, said Official Public Records;

THENCE South 88° 14' 28" East, with the north line of said 843.984 acre tract and the south line of said 41.534 acre tract, a distance of 2640.93 feet to a 1/2-inch iron rod found in the north line of said 843.984 acre tract, at the southeast corner of said 41.534 acre tract and the southwest corner of a called 81.177 acre tract of land described in deed to Aaron Bryan Thompson and Leslie Thompson, recorded in Instrument No. 2001-109382, said Official Public Records;

THENCE South 88° 08' 23" East, with the north line of said 843.984 acre tract and the south line of said 81.77 acre tract, a distance of 434.43 feet to a point in the north line of said 843.984 acre tract and the south line of said 81.177 acre tract;

THENCE leaving the north line of said 843.984 acre tract and with the meanders of said Mustang Creek, the following courses:

1. South 04° 41' 46" West, a distance of 453.50 feet;
2. South 15° 20' 07" East, a distance of 2295.51 feet;
3. South 16° 59' 37" West, a distance of 1432.32 feet;
4. South 81° 24' 52" West, a distance of 1206.16 feet;
5. South 03° 33' 49" East, a distance of 778.15 feet;
6. South 24° 20' 55" West, a distance of 1310.69 feet;
7. South 09° 51' 12" West, a distance of 1392.73 feet;
8. South 53° 09' 38" West, a distance of 709.42 feet;
9. South 81° 42' 29" West, a distance of 1142.93 feet;
10. South 58° 02' 42" West, a distance of 302.77 feet a capped iron rod set for the most southerly southwest corner of said tract;

THENCE North 00° 35' 44" East, a distance of 111.77 feet to a 1/2-inch iron rod with a cap stamped "RPLS 6677" set (hereinafter referred to as capped iron rod set) in Lights Ranch Road;

THENCE with the west line of said 843.984 acre tract and with Lights Ranch Road, the following courses:

1. North 54° 38' 49" East, a distance of 383.65 feet to a capped iron rod set;
2. North 43° 05' 49" East, a distance of 260.04 feet to a capped iron rod set;
3. North 00° 41' 39" East, a distance of 643.26 feet to a 1/2-inch iron rod found;
4. North 00° 51' 24" East, a distance of 1006.69 feet to a 1/2-inch iron rod found at the southwest corner of a called 1.416 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4900, said Official Public Records;

THENCE South 88° 29' 20" East, leaving the west line of said 843.984 acre tract and with the south line of said 1.416 acre tract, a distance of 366.91 feet to a fence corner post found at the southeast corner of said 1.416 acre tract;

THENCE North 01° 39' 10" East, with the east line of said 1.416 acre tract, a distance of 165.70 feet to a fence corner post found at the northeast corner of said 1.416 acre tract, in the south line of a called 2.00 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4911, said Official Public Records;

THENCE South 87° 54' 03" East, with the south line of said 2.00 acre tract, a distance of 53.37 feet to a fence corner post found at the southeast corner of said 2.00 acre tract;

THENCE North 00° 51' 16" East, with the east line of said 2.00 acre tract, passing a 1/2-inch iron rod found at the northeast corner of said 2.00 acre tract and the southeast corner of a called 4.00 acre tract of land described in deed to Craig M. Larson and Andrea D. Larson, Trustees, or their successors in interest, under the Craig M. Larson and Andrea D. Larson Living Trust, recorded in Instrument No. 2023-4912, said Official Public Records, at a distance of a 205.22 feet, continuing with the east line of said 4.00 acre tract of land, for a total distance of 410.48 feet to a fence post found at the northeast corner of said 4.00 acre tract;

THENCE North 87° 20' 54" West, with the north line of said 4.00 acre tract, a distance of 422.65 feet to a 1/2-inch iron rod found (Bent) at the northwest corner of said 4.00 acre tract and at the southwest corner of said 100.012 acre tract;

THENCE with the west line of said 100.012 acre tract and with Lights Ranch Road, the following courses:

1. North 01° 02' 30" East, passing a 1/2-inch iron rod found at a distance of 872.84 feet, for a total distance of 1291.05 feet to a point;
2. North 01° 30' 05" East, a distance of 317.21 feet to a Mag Nail found at the northwest corner of said 100.012 acre tract and the southwest corner of a called 62.559 acre tract of land described in deed to Lights Ranch Estates LLC, recorded in Instrument No. 2021-101771, said Official Public Records;

THENCE South 88° 40' 54" East, with the north line of said 100.012 and the south line of said 62.559 acre tract, a distance of 2670.92 feet to a 1/2-inch capped iron rod found stamped "PEISER & MANKIN" at the northeast corner of said 100.012 acre tract and the southeast corner of said 62.559 acre tract;

THENCE North 00° 48' 31" East, with the east line of said 62.559 acre tract, passing a 5/8-inch iron rod at a distance of 137.09 feet, for a total distance of 1034.89 feet to a 5/8-inch iron rod found at the northeast corner of said 62.559 acre tract and the southeast corner of a called 103.06 acre tract described in deed to 103AC Denton BSL, LLC, recorded in Instrument No. 2018-22798, said Official Public Records;

THENCE North 89° 12' 36" West, with the north line of said 62.559 acre tract and the south line of said 103.06 acre tract, a distance of 2658.60 feet to a PK nail found at the northwest corner of



said 62.559 acre tract and at the southwest corner of said 103.06 acre tract, in Lights Ranch Road;

THENCE North 01° 28' 27" East, with the west line of said 103.06 acre tract, a distance of 1724.79 feet to a Mag Nail found at the northwest corner of said 103.06 acre tract;

THENCE North 01° 12' 06" East, with the west line of said 843.984 acre tract, a distance of 1304.86 feet to the POINT OF BEGINNING and enclosing 416.872 acres (18,158,942 square feet) of land, more or less.

### **ASSUMPTIONS AND LIMITING CONDITIONS**

This report is subject to the following assumptions and limiting conditions:

- 1) The value assumes of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise described herein. No responsibility is assumed by the appraiser for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.
- 2) The information contained herein has been gathered from sources deemed to be reliable, but the appraiser assumes no responsibility for its accuracy. Correctness of estimates, opinions, dimensions, sketches, and other exhibits that have been furnished and have been used in this report are not guaranteed.
- 3) The value rendered herein is based on preliminary analyses of the subject and market area. The market value is expressed in terms of the current purchasing power of the dollar.
- 4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser have been reasonably relied upon in good faith but have not been analyzed for their legal implications. We urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.
- 5) Appraisers assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.
- 6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser, and in any event, only in its entirety.
- 7) The appraiser, by reason of this report, is not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made, therefore.
- 8) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.
- 9) No subsoil data or analysis based on engineering core borings or other tests were furnished to us. We have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for engineering, which might be required to discover such factors.
- 10) Any construction and physical condition of the improvements described herein are based on the building construction plans and specifications and construction budgets if provided. No liability is assumed by the appraiser for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. We urge the user of this report to retain an expert in this field as this is any considered "to-be-built" improvements.

- 11) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser site visit. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde, foam insulation or other hazardous substance or environmental conditions may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto as to cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. We urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.
- 12) We have made no survey of the property and assume no responsibility in connected with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
- 13) We accept no responsibility for issues requiring expertise in other fields. Such factors include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic items such as soils and seismic stability; civil, mechanical, electrical, structural, and other engineering and environmental matters. Such issues may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
- 14) The projections of income, expenses, terminal values, or future sales prices are not predictions of the future; rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly changing. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumptions of the future investment decisions are based.
- 15) The client or user of this report agrees to notify the appraiser of any error, omission or inaccurate data contained in the report within 15 days of receipt and return the report and all copies thereof to the appraiser for correction prior to any use.
- 16) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, and specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.
- 17) We have assumed no extreme fluctuations in the economic cycles will occur over the dates analyzed herein.
- 18) The appraisal report and value conclusions assume the satisfactory development proceeds in a workmanlike manner.

- 19) The conclusions in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, existing trends, interviews with parties knowledgeable and experienced in the market, data obtained from public records, and research conducted by third parties. Such data is not always completely reliable. The appraisers are not responsible for these and other future occurrences that could not have reasonably been foreseen on the Effective Date of this assignment. In addition, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we hold the opinion that our finding is reasonable based on current market conditions, we do not represent that these estimates will be achieved, as they are forecasts and subject to risk and uncertainty. Additionally, we assume competent and effective management and market for the duration of the projected holding period of this property.
- 20) Prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to risk and uncertainty. Many events could occur that may substantially alter the outcome of our estimates such as changes in the economy, interest rates, capitalization rates, the behavior of consumers, investors, and lenders, and changes in title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
- 21) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan. However, it is based on a hypothetical assumption that access to the south tract is achievable in accordance with all applicable regulations, and any building is to be constructed according to the approved plans and specifications provided by a licensed general contractor.
- 22) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since we have no direct evidence relating to the issue of compliance, we did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.
- 23) In addition to the preceding assumptions and limiting conditions, this appraisal is subject to the following extraordinary assumptions and/or hypothetical conditions:

## EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary Assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by the engineering plans published by KFM Engineering & Design as of September 12, 2024 for 650 improved residential lots in IA #1 Zone A, 407 improved lots in IA #1 Zone B, 1,092 residential paper lots in RA Zone A, and 1,024 residential paper lots in in RA Zone B, all of which is within Bryson Ranch PID.
- All information relative to the property located within Bryson Ranch PID including land areas, lot totals, lot sizes, and other pertinent data that was provided by MM Bryson Ranch LLC (Owner/Developer), KFM Engineering & Design (Professional Engineers and Surveyor), the City of Pilot Point, Denton County, and the Denton Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected completion date of September 1, 2026; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

### The use of these Extraordinary Assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A Hypothetical Condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

- According to FEMA Flood Map 48121C0280G and 48121C0260G, each effective April 18, 2011, the subject property lies within two flood designations: Zone X and Zone AE. Zone X is an area determined to be outside the 0.2% annual chance of floodplain. Zone AE is an area subject to inundation by a 1% annual chance of flood. The area designated at risk of flood hazard runs through the center of the subject property. The owner of the subject property, MM Bryson Ranch, LLC, is expected to remedy the floodplain issue on the subject property and will attain a Letters of Map Revision (LOMR), which will need to be sent to FEMA for approval of changes in order to make the subject property fully developable as proposed. **Thus, this appraisal report has the Hypothetical Condition that the subject will be constructed as proposed based off the utilization of a Letters of Map Revision (LOMR) to ensure the construction process is completed in accordance with FEMA's suggestions and as a result, the completed construction will not be impacted by being located in a flood zone.**

## **ENVIRONMENTAL ASSUMPTIONS**

This report is subject to the following environmental assumptions:

- 1) There is a safe, lead-free, adequate supply of drinking water.
- 2) The subject property is free of soil contamination.
- 3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.
- 4) There are no uncontained PCB's on or near the property.
- 5) The radon level is at or below EPA recommended levels.
- 6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled and sealed.
- 7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.
- 8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.
- 9) There is no flaking or peeling of lead-based paint on the property.
- 10) The property is free of air pollution.
- 11) There are no wetlands/flood plains on the subject property (unless otherwise stated in the report).
- 12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).

## DEFINITIONS

### **Fee Simple Estate**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

### **Leased Fee Interest**

The ownership interest held by the lessor includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

### **Leasehold Interest**

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

### **Market Rent**

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

### **Market Value**

*Market value* means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The value conclusions expressed within this report are in terms of cash (\$US).

**Extraordinary assumptions** are assignment-specific assumptions as of the Effective Date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

**Hypothetical condition** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the Effective Date of the assignment results but is used for the purpose of analysis.

### **Prospective Opinion of Value**

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a valued opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

### **Prospective Market Value “As Completed” and “As Stabilized”**

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an Effective Date that is subsequent to the date of the Appraisal Report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed - reflects the property’s market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4\* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)

### **Retrospective Value Opinion**

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a valuable opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

### **Neighborhood**

- (1) A group of complementary land users; a congruous grouping of inhabitants, buildings, or business enterprises.
- (2) A developed residential super pad within a master-planned community usually has a distinguishing name and entrance.

### **Depreciation**

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the Effective Date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset’s life; calculated using a variety of standard techniques.

The three major types of accrued depreciation are:

#### *Physical Deterioration*

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.



*Functional Obsolescence*

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

*External Obsolescence*

According to the Dictionary of Real Estate Appraisal, Sixth Edition, external obsolescence is “*A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.*”

**Paper Lot**

Consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

**Definition Sources:**

- Office of the Comptroller of the Currency (12 CFR Part 34)
- Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition, copyright 2015.
- The Appraisal Foundation: USPAP (Uniform Standards of Professional Appraisal Practice) 2018-2019 edition

**JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER**

**EDUCATION:**

Graduate North Quincy High School, Quincy, Massachusetts, 1976  
Bachelor of Science in Business Administration (with Honors)  
Northeastern University, Boston Massachusetts, 1981  
Major: Accounting Minor: Marketing

**TECHNICAL TRAINING:**

Institute of Real Estate Management Courses:  
#303 - Leasing and Management of Shopping Center and Retail Space  
#400 - Managing Real Estate as an Investment  
#500 - Problem-Solving & Decision-Making for the Property Manager  
#800 - Ethics in Real Estate Management  
University of Texas at Arlington: Real Estate Courses:  
RE 001 Real Estate Finance; RE 004 Real Estate Mathematics;  
RE 101 Principles of Real Estate; RE 301 Texas Real Estate Law: Contracts;  
RE 501 Texas Real Estate Law; RE 701 Property Management  
East Texas Baptist University:  
Uniform Standards of Professional Appraisers and Code of Ethics. The Appraisal Foundation:  
USPAP Update  
Texas Association of Property Tax Professionals, Inc.:  
Principles of Property Tax Consulting; A Survey of Texas Property Tax Law  
Other: USPAP-97 Instructor's Workshop, USPAP Instructor 1997  
TREC Licensed Instructor – Commercial Investment Course, CEI 1998  
Continuing Education Institute:  
Deceptive Trade Practices Act; Let's Talk-Not Fight; Property Taxes: Rights, Remedies and Responsibilities; USPAP Update  
Institute for Real Estate Professionals, Inc.  
Preparing & Presenting an Ethical Ad Valorem Property Tax Valuation; Texas Property Tax Law 2007  
Texas Association of Realtors:  
Tarrant County Appraisal Review Board Member (1991-1992)

**PROFESSIONAL AFFILIATIONS:**

Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-G since 1992  
Institute of Real Estate Management (IREM)- Certified Property Manager, CPM Designation No. 14942 since 1993  
Texas Real Estate Broker's License, No. 375882 since 1989  
Texas Dept. of Licensing & Regulations - Licensed Property Tax Consultant, License #1360 since inception  
Texas Property Tax Arbitrator #32020394139 since 2006  
Tarrant Appraisal Review Board Member 1991-1992 Appointment  
City of Arlington - Planning and Zoning – Commissioner 1997-2003 (Appointed by Mayor and City Council)  
American Planning Association – Member 1997 to 2003  
Greater Arlington Chamber of Commerce - Board of Directors 1995 to 2001 – Reappointed 2003 to 2006 – Reappointed 2008 to 2014  
– Chairman of the Board 2022, now servicing as Chairman of the Chamber Foundation Board  
City of Arlington Parks & Recreation – Board of Directors, Appointed 2003 to 2007  
Levitt Pavilion – Board of Directors since 2014

**EXPERIENCE:**

Active field appraiser, property manager, developer, broker, and tax consultant of all types of real property since June, 1986.  
Appeared in Texas State Court as an expert witness on real estate values on numerous occasions (1990s, 2000s, 2020s). A property manager and developer for nineteen years at Peyco Properties, Inc. and twenty-one years through Peyco Southwest Realty, Inc. (formerly Southwest Real Estate Services, Inc.), involved in real estate development, leasing, management, rent analysis and consulting services through the DFW metroplex and Colorado. President and founder of Peyco Southwest Realty, Inc. (Southwest Real Estate Services, Inc.), a full-service brokerage company, real estate appraisal, and ad valorem property tax representation firm.



## **Certified General Real Estate Appraiser**


**Appraiser: James Lawrence Maibach**

**License #: TX 1323658 G**

**License Expires: 09/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
**Certified General Real Estate Appraiser**

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

  
**Chelsea Buchholtz**  
Executive Director

**LESLIE TOLLIVER – STATE CERTIFIED GENERAL REAL ESTATE APPRAISER**

**EDUCATION:**

MBA – Masters in Business Administration – *University of Phoenix* (3.95 GPA)

Bachelor of Science in Business Administration - *University of Phoenix*

Graduate *Owings Mills High School*, Owings Mills, Maryland, 1988

**TECHNICAL TRAINING:**

*Appraisal Institute* – 300 hours of qualifying education for the Certified General Appraiser license

*University of Texas in Arlington* – 180 hours of qualifying education for the Texas Real Estate License

*Southern Methodist University* – qualifying education for the Texas Comptroller Arbitrator registry

**PROFESSIONAL AFFILIATIONS:**

*Texas Appraiser Licensing and Certification Board* – State Certified Residential Appraiser No. TX-1361274

*Texas Real Estate Commission* – Real Estate Broker License, No. 0468343

**EXPERIENCE:**

- 7 Years' experience as a fee appraiser for residential and commercial properties for *Peyco Southwest Realty*, *Aloft Appraisals*, and *G.S. Zachary Company*
  - Residential appraisals – area of expertise is in north Texas region; FHA certified
  - Commercial appraisals - throughout the states of Texas and Oklahoma
- 24 Years' experience as a residential and commercial real estate broker for multiple firms
  - *Savage Realty Investments* – Founding President
    - Negotiated contracts for clients in over \$50 million dollars of real estate transactions
    - Managed and trained over 25 Real Estate Agents
  - *Fathom Realty* – Broker Team Leader
    - Trained and mentored Real Estate Agents and assisted them with contracts and client transactions
- 24 Years' experience as a Property Tax Consultant
  - Valued properties, prepared cases, and appeared before Appraisal Review Boards to dispute the tax valuations of residential, commercial, and business personal property throughout the nation. Major clientele base included national accounts such as: Sonic restaurants, Church's Chicken restaurants, and Chuck-E-Cheese restaurants
- 9 Years' experience as a Real Estate Arbitrator on the *Texas Comptroller* registry
  - Act as an Arbitrator for real estate cases involving property tax disputes on residential, commercial, and business personal property taxes throughout Texas
  - Made binding valuation determinations for the disputed properties
- 16 Years' experience as a Real Estate Instructor at the *University of Texas in Arlington*
  - Adjunct instructor, teaching real estate classes to students pursuing a Real Estate Agent license in Texas
- 6 Years' experience as a Real Estate Arbitrator Instructor at the *University of Texas in Arlington*
  - Adjunct instructor, teaching continuing education classes to existing Arbitrators on the Texas Comptroller's registry
  - Trained and mentored many Arbitrators
- 3 Year's expectancy as a Real Estate Acquisition and Valuation Analyst for multiple firms
  - *KeyGlee* – Provided valuation of residential real estate for wholesaling to real estate investors
  - *Hyperion Homes* – Provided valuation of residential real estate for rent-to-own clients



## **Certified General Real Estate Appraiser**

**Appraiser: Leslie Elizabeth Tolliver**

**License #: TX 1381494 G**

**License Expires: 09/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
**Certified General Real Estate Appraiser**

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

A blue ink signature of Chelsea Buchholtz, the Executive Director of TALCB, is located on the right side of the certificate.

**Chelsea Buchholtz  
Executive Director**

**BROOKE CLOCK – LICENSED RESIDENTIAL APPRAISER**

**TECHNICAL TRAINING:**

McKissock Learning Appraisal Courses:

- Advanced Residential Applications and Case Studies
- Residential Report Writing and Case Studies
- Statistics, Modeling and Finance
- Appraisal Subject Matter Electives
- Residential Appraiser Site Valuation and Cost Approach
- Residential Market Analysis and Highest and Best Use
- Residential Sales Comparison and Income Approaches
- Basic Appraisal Procedures
- 2020-2021 National USPAP Course
- Short Sales and Foreclosures
- Fair Housing
- Characteristics of Real Estate Title Insurance

**APPRAISAL EXPERIENCE:**

April 2024 – Present

Licensed Residential Appraiser with Peyco Southwest Realty, Arlington, TX

- Written Reports on Commercial Industrial, Commercial Office, Vacant Land.
- Property Tax Consultant.
- Business Personal Property.
- April 2023-April 2024

Licensed Residential Appraiser with RSDS Appraisal Diversity, Irving, TX

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

March 2022-February 2023

Real Estate Appraiser Trainee with Aloft Appraisal

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

April 2021-February 2022

Real Estate Appraiser Trainee with ASI, Inc.

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

January 2009 – August 2021

Licensed Real Estate Agent with Elite Real Estate

- Real Estate Agent with a focus on lead generation, appointment setting, and follow-up. Concentrating on client's needs and providing solutions to assist in closing transactions. Proficient at negotiating deals, listing properties, and finding buyers.
- Develop Broker Price Opinions for lenders in real estate transactions.



## Licensed Residential Real Estate Appraiser

Appraiser: **Brooke Marie Clock**

License #: **TX 1350743 L**

License Expires: **03/31/2025**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

  
Chelsea Buchholtz  
Commissioner

**BRANDON L. LAWSON – APPRAISER TRAINEE**

**EDUCATION:**

Bachelor of Arts - Communication, 2021 - University of Arkansas (3.97 GPA)

Master of Arts - Communication, 2023 - University of Arkansas (4.0 GPA)

Graduate *Arlington Martin High School*, Arlington, Texas, 2017

**TECHNICAL TRAINING:**

- *McKissock* – 79 hours of qualifying education for the Appraiser Trainee license
- 2024-2025 15 Hour National USPAP Course (QE) – 15 hours
- General Appraiser Sales Comparison Approach – 30 hours
- Business Practices and Ethics – 6 hours
- The Discounted Cash Flow Model: Concepts, Issues, and Apps. – 5 hours
- Artificial Intelligence, Blockchain, and the Metaverse: Implications for Valuation – 7 hours
- Subdivision Valuation – 7 hours
- *Champions School of Real Estate* - 180 hours of qualifying education for the Texas Real Estate License
- Real Estate Brokerage – 30 hours

**PROFESIONAL AFFILIATIONS:**

*Texas Appraiser Licensing and Certification Board* – Appraisal Trainee No. TX-1343865

Texas Real Estate Commission – Real Estate Sales Agent License, No. 818543

Associate Member, Appraisal Institute – since 2023

**APPRAISER EXPERIENCE**

July 2023-Present

Appraiser Trainee with *Peyco Southwest Realty*, Arlington TX

- Commercial Appraisals – throughout that state of Texas





## Appraiser Trainee

Trainee: **Brandon L Lawson**

Authorization #: **TX 1343865 Trainee**

Expires: **11/30/2025**

Review the list of the above Trainee's Supervisors on the License Holder Search at [www.talcb.texas.gov](http://www.talcb.texas.gov).

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

  
**Chelsea Buchholtz**  
Commissioner

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## **APPENDIX F**

### **FORM OF CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT**

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**BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B IMPROVEMENT  
AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT**

**THIS BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT** (this “Agreement”), dated as of April 10, 2025 is by and between the **CITY OF PILOT POINT, TEXAS**, a home rule municipality of the State of Texas (the “City”), and **MM BRYSON RANCH, LLC**, a Texas limited liability company, (the “Developer”).

**ARTICLE I  
DEFINITIONS**

The following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“**Act**” means the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended.

“**Actual Costs**” means the costs of the Zone B Improvement Area #1 Projects actually paid or incurred for construction and installation of the Zone B Improvement Area #1 Projects in accordance with the Service and Assessment Plan.

“**Administrator**” means, initially, P3Works, LLC., or any other individual or entity designated by the City to administer the District.

“**Annual Service Plan Update**” means the annual update to the Service and Assessment Plan conducted by the Administrator pursuant to the Service and Assessment Plan.

“**Authorized Improvements**” means improvements authorized by Section 372.003 of the Act, including, but not limited to, the Zone B Improvement Area #1 Projects as listed in Section III of the Service and Assessment Plan.

“**Bond Ordinance**” means the ordinance adopted by the City Council on April 10, 2025 authorizing the issuance of the Bonds pursuant to the Indenture.

“**Bonds**” means the City’s bonds designated "City of Pilot Point, Texas, Special Assessment Revenue Bonds, Series 2025 (Bryson Ranch Public Improvement District Zone B Improvement Area #1 Project)".

“**Budgeted Costs**” means the anticipated, agreed upon costs of the Zone B Improvement Area #1 Projects as shown in Exhibit B-1 of the Service and Assessment Plan.

“**Certification for Payment**” means a certificate, substantially in the form of **Exhibit A** hereto or otherwise agreed to by the Developer and a City Representative, executed by a Person approved by a City Representative, provided no more frequently than once per month, delivered

to a City Representative and the Trustee, specifying the amount of work performed related to the Zone B Improvement Area #1 Projects and the Actual Costs thereof, and requesting payment for such Actual Costs of such Zone B Improvement Area #1 Project from money on deposit in an account of the Project Fund.

**“City Inspector”** means an individual employed by or an agent of the City whose job is, in part or in whole, to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

**“City Manager”** means the City Manager of the City, or its designee.

**“City Representative”** means the City Manager, or any other official or agent of the City later authorized by the City to undertake the action referenced herein.

**“Closing Date”** means the date of the initial delivery of and payment for the Bonds, and is April 30, 2025.

**“Closing Disbursement Request”** means the certificate, substantially in the form of **Exhibit B** hereto or otherwise approved by the Developer and a City Representative executed by a City Representative or a Person approved by a City Representative, delivered to a City Representative and the Trustee at the time of the Closing Date, specifying the costs incurred in the establishment, administration, and operation of the District or issuing the Bonds, and requesting payment for such costs from money on deposit in the Cost of Issuance Account of the Project Fund.

**“Construction Contracts”** means the contracts for the construction of a Zone B Improvement Area #1 Project. **“Construction Contract”** means any one of the Construction Contracts.

**“Cost”** means the Budgeted Costs or the cost of a Zone B Improvement Area #1 Project as reflected in a Construction Contract, if greater than the Budgeted Costs.

**“Costs of Issuance Account”** means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

**“Cost Overrun”** means, with respect to each Zone B Improvement Area #1 Project, the Actual Cost, as appropriate, of such Zone B Improvement Area #1 Project in excess of the Budgeted Cost.

**“Development Agreement”** means that certain Bryson Ranch Development Agreement, executed by and between the City and Centurion American Acquisitions, LLC effective May 23, 2024, as assigned to Developer, and as may be amended from time to time.

**“District”** shall mean the Bryson Ranch Public Improvement District created October 24, 2024.

**“Final Completion”** means the time at which the construction of a Zone B Improvement Area #1 Project (or specified segment, section or part thereof) has progressed to the point where such Zone B Improvement Area #1 Project (or a specified segment, section or part thereof) is sufficiently complete in accordance with the Construction Contracts related thereto so that such Zone B Improvement Area #1 Project (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended and is in compliance with existing City or Mustang SUD standards for dedication to the City or Mustang SUD, as applicable.

**“Indenture”** means that certain Indenture of Trust between the City and Wilmington Trust, National Association, as trustee, dated as of April 1, 2025 relating to the Bonds.

**“Major Improvements”** means the Authorized Improvements which benefit all of the property within the District, as more particularly described in Section III.A of the Service and Assessment Plan and as allocated to Zone B Improvement Area #1 as shown on Exhibit B-2 of the Service and Assessment Plan.

**“Mustang SUD”** means Mustang Special Utility District.

**“Mustang SUD Inspector”** means an individual employed by or an agent of Mustang SUD whose job is, in part or in whole, to inspect infrastructure to be owned by Mustang SUD for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

**“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.

**“Plans”** means the plans, specifications, schedules and related construction contracts for the Zone B Improvement Area #1 Projects, respectively, approved pursuant to the applicable standards, ordinances, procedures, policies and directives of the City or Mustang SUD, as applicable, the Development Agreement, and any other applicable governmental entity.

**“Project Fund”** means the fund, including the accounts created and established under such fund, where monies from the proceeds of the sale of the Bonds and any funds received from the Developer, excluding those deposited in other funds in accordance with the Indenture, shall be deposited, and the fund by such name created under the Indenture.

**“Service and Assessment Plan”** means the Bryson Ranch Public Improvement District Service and Assessment Plan adopted by City ordinance on April 30, 2025 by the City Council prepared pursuant to the Act.

**“Shared Improvements”** means those Authorized Improvements that confer a special benefit to a portion of the property within the first construction phase of the District, including Zone B Improvement Area #1, as further described in Section III.B of the Service and Assessment Plan and as allocated to Zone B Improvement Area #1 as shown on Exhibit B-3 of the Service and Assessment Plan.

**“Zone B Improvements”** means the Authorized Improvements which benefit all of the property within Zone B of the District, as more particularly described in Section III.F of the Service and Assessment Plan.

**“Zone B Improvement Area #1”** means approximately 165.042 acres located within the District, as further identified and depicted in Exhibit A-3 of the Service and Assessment Plan.

**“Zone B Improvement Area #1 Improvements”** means the Authorized Improvements which only benefit property within Zone B Improvement Area #1 of the District, as described in Section III.D of the Service and Assessment Plan.

**“Zone B Improvement Area #1 Projects”** means, collectively, the (i) pro rata portion of the Major Improvements allocable to Zone B Improvement Area #1, (ii) the pro rata portion of the Shared Improvements allocable to Zone B Improvement Area #1, (iii) the pro rata portion of the Zone B Improvements allocable to Zone B Improvement Area #1, and (iv) the Zone B Improvement Area #1 Improvements, as more particularly described in Section III of the Service and Assessment Plan.

**“Zone B Improvement Area #1 Projects Account”** means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

## **ARTICLE II RECITALS**

### **Section 2.01. The District and the Zone B Improvement Area #1 Projects.**

(a) The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of the Zone B Improvement Area #1 Projects.

(b) The City has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Ordinance and the Indenture, the proceeds of which Bonds shall be used, in part, to finance all or a portion of the Zone B Improvement Area #1 Projects in accordance with the terms and limitations of the Development Agreement, this Agreement, and the Service and Assessment Plan.

(c) All Zone B Improvement Area #1 Projects are eligible to be financed with proceeds of the Bonds, to the extent specified herein.

(d) The proceeds from the issuance and sale of the Bonds and funds received from the Developer concurrently with the closing of the Bonds shall be deposited in accordance with the Indenture.

(e) The Developer will undertake, oversee, or ensure the construction and development of the Zone B Improvement Area #1 Projects for acquisition and acceptance by the City or Mustang SUD, as applicable, in accordance with the terms and conditions contained in the Development Agreement and this Agreement.



Section 2.02. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

### **ARTICLE III FUNDING**

#### **Section 3.01. Bonds.**

(a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds.

(b) The projects to be partially financed with the proceeds of the Bonds are the Zone B Improvement Area #1 Projects. The payment of costs from the proceeds of the Bonds for such Zone B Improvement Area #1 Projects shall be made from the Zone B Improvement Area #1 Projects Account of the Project Fund established under the Indenture.

(c) The City's obligation with respect to the payment of the Zone B Improvement Area #1 Projects shall be limited to the lesser of the Actual Costs or Budgeted Costs, and shall be payable solely from amounts on deposit for the payment of such costs as provided herein and in the Indenture. The Developer agrees and acknowledges that it is responsible for all Cost Overruns and all expenses related to the Zone B Improvement Area #1 Projects, qualified, however, by the distribution of Cost Underrun (as defined in Section 4.04 hereof) monies, as detailed in Section 4.04.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment.

(e) The Developer acknowledges that any lack of availability of amounts in the funds or accounts established in the Indenture to pay the Costs of the Zone B Improvement Area #1 Projects shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Zone B Improvement Area #1 Projects required by this Agreement, the Development Agreement, or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject.

(f) Section 3.02 Accounts. All disbursements from the Zone B Improvement Area #1 Projects Account and the Costs of Issuance Account of the Project Fund shall be made by the City in accordance with provisions of the Development Agreement, the Service and Assessment Plan, this Agreement, and the Indenture.

## **ARTICLE IV CONSTRUCTION OF THE ZONE B IMPROVEMENT AREA #1 PROJECTS**

### **Section 4.01. Duty of Developer to Construct.**

(a) All Zone B Improvement Area #1 Projects shall be constructed by or at the direction of the Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Zone B Improvement Area #1 Projects in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ, at all times, adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Zone B Improvement Area #1 Projects to be acquired and accepted by the City or Mustang SUD, from the Developer, as provided in this Agreement.

(b) The Developer shall not be relieved of its obligation to construct or cause to be constructed each Zone B Improvement Area #1 Project and, upon completion, inspection, and acceptance, convey each such Zone B Improvement Area #1 Project to the City or Mustang SUD, in accordance with the terms hereof, even if there are insufficient funds in the Project Fund or other funds or accounts created under the Indenture to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with respect to the Zone B Improvement Area #1 Projects required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Zone B Improvement Area #1 Projects shall not require competitive bidding pursuant to Section 252.022(a)(9) of the Texas Local Government Code, as amended.

Section 4.03. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City or Mustang SUD with respect to the Zone B Improvement Area #1 Projects.

Section 4.04. Remaining Funds After Completion of a Zone B Improvement Area #1 Project. Upon the Final Completion of a Zone B Improvement Area #1 Project and payment of all outstanding invoices for such Zone B Improvement Area #1 Project, if the Actual Cost of such Zone B Improvement Area #1 Project is less than the Budgeted Cost (a "Cost Underrun"), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Zone B Improvement Area #1 Project. The City shall promptly confirm to the Administrator that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Zone B Improvement Area #1 Projects and shall include an update reflecting such change in the subsequent Annual Service Plan Update. Any Cost Underrun

for any Zone B Improvement Area #1 Project is available to pay Cost Overruns on any other Zone B Improvement Area #1 Project.

Section 4.05. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as “change orders”) required for the construction of the Zone B Improvement Area #1 Projects. Developer or its contractors may approve and implement any change orders, even if such change order would increase the Cost of a Zone B Improvement Area #1 Project, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such change orders except to the extent amounts are available, or become available, pursuant to Section 4.04. If any change order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under Section 4.01, then such revisions made by an engineer must be submitted to the City for approval by the City’s engineer prior to execution of the change order.

## **ARTICLE V ACQUISITION, CONSTRUCTION, AND PAYMENT**

Section 5.01. Payment Requests for Disbursements at Closing. In order to receive disbursement from the Costs of Issuance Account of the Project Fund at closing of the Bonds related to costs of issuance of the Bonds or costs incurred in the creation of the District, the Developer shall execute a Closing Disbursement Request, substantially in the form of **Exhibit B** hereto or otherwise acceptable and agreed to by the City, to be delivered to the City no less than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. In order to receive disbursement for a Zone B Improvement Area #1 Project from the Zone B Improvement Area #1 Projects Account of the Project Fund at closing of the Bonds, the Developer shall execute a Certification for Payment, substantially in the form of **Exhibit A** hereto or otherwise agreed to by the City, to be delivered to the City no later than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Closing Disbursement Request or a Certification for Payment, as applicable, to the Trustee for disbursement to be made from the Costs of Issuance Account of the Project Fund, or the Zone B Improvement Area #1 Projects Account of the Project Fund.

Section 5.02. Certification for Payment for a Zone B Improvement Area #1 Project.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on a Zone B Improvement Area #1 Project until a Certification for Payment is received from the Developer. Upon receipt of a Certification for Payment substantially in the form of **Exhibit A** hereto (and all accompanying documentation required by the City) from the Developer, the City Inspector (for a City owned Zone B Improvement Area #1 Project) and/or the Mustang SUD Inspector (for a Mustang SUD owned Zone B Improvement Area #1 Project) shall conduct a review in order to confirm that such request is complete, that the work with respect to such Zone B Improvement Area #1 Project identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, the Development Agreement, and to verify and

approve the Actual Cost of such work specified in such Certification for Payment (collectively, the “Developer Compliance Requirements”). The City Inspector and/or the City Representative shall also conduct such review as is required in his discretion to confirm the matters certified in the Certification for Payment. The Developer agrees to cooperate with the City Inspector, the Mustang SUD Inspector, and/or City Representative in conducting each such review and to provide the City Inspector and/or City Representative with such additional information and documentation as is reasonably necessary for the City Inspector, the Mustang SUD Inspector, and/or City Representative to conclude each such review.

(b) Within fifteen (15) business days of receipt of any Certification for Payment, the City Representative shall either (i) approve and execute the Certification for Payment and forward the same to the Administrator for approval and delivery to the Trustee for payment to the Developer in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certification for Payment, give written notification to the Developer of the City Representative’s disapproval, in whole or in part, of such Certification for Payment, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certification for Payment. If a Certification for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certification for Payment is approved and shall deliver such partially approved Certification for Payment to the Administrator for approval in accordance with Section 5.03 hereof and delivery to the Developer in accordance with Section 5.02(c) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial disapproval.

(c) If the City Representative disapproves the Certification for Payment, the disapproval must be in writing, stating the reason(s) for disapproval. The disapproval may be appealed to the City Council by the Developer in writing within thirty (30) days after Developer’s receipt of the City’s disapproval pursuant to Section 5.02(b) of this Agreement. Disapproval of the Certification for Payment by the City Council shall be attempted to be resolved by half-day mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator’s fee being paid by Developer. The Certification for Payment shall not be forwarded to the Trustee for payment until the dispute is resolved by the City and the Developer.

(d) The Developer shall deliver the approved or partially approved Certification for Payment to the Trustee for payment and the Trustee shall make such payment from the Project Fund in accordance with Section 5.03 below.

#### Section 5.03. Payment for a Zone B Improvement Area #1 Project.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the Zone B Improvement Area #1 Projects Account of the Project Fund, pursuant to the terms of the Certification for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Zone B Improvement Area #1 Project, unless a Cost Overrun amount has been approved for a particular Zone B Improvement Area #1 Project. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Budgeted Amount plus the approved Cost Overrun amount.

(b) Approved Certifications for Payment that await reimbursement shall not accrue interest.

(c) Notwithstanding any other provisions of this Agreement, when payment is made, the Trustee shall make payment (i) directly to the general contractor or supplier of materials or services, or (ii) jointly to Developer (or any permitted assignee of such Developer) and the general contractor or supplier of materials or services, as indicated in an approved Certification for Payment, out of available and appropriate funds in the Project Fund. If the request for payment results in ninety percent (90%) or more of the Budgeted Costs for such Zone B Improvement Area #1 Project identified in such request for payment being paid, then Trustee shall hold the payment until work with respect to that Zone B Improvement Area #1 Project has been completed and accepted by the City. If an unconditional lien release related to the items referenced in the Certification for Payment is attached to such Certification for Payment, the Trustee shall make such payment to the Developer or any permitted assignee of the Developer. In the event the Developer provides a general contractor's or supplier of materials' unconditional lien release for a portion of the work covered by a Certification for Payment, the Trustee will make such payment directly to the Developer or any permitted assignee of the Developer to the extent of such lien release.

(d) Withholding Payments.

Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto, including the withholding of any payment that may be associated with the exercise of such remedy, so long as such delay in performance shall not subject the Zone B Improvement Area #1 Project to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Zone B Improvement Area #1 Project is contested, the Developer shall post or cause delivery of a surety bond in the amount reasonably determined by the City or City may decline to accept the Zone B Improvement Area #1 Projects until such mechanics or materialman's lien and/or judgment is satisfied.

## **ARTICLE VI**

### **OWNERSHIP AND TRANSFER OF A ZONE B IMPROVEMENT AREA #1 PROJECT**

Section 6.01. Zone B Improvement Area #1 Project to be Owned by the City or Mustang SUD – Title Evidence. If required by the City or Mustang SUD, the Developer shall furnish to the City or Mustang SUD, as applicable, a preliminary title report for land with respect to a Zone B Improvement Area #1 Project to be acquired and accepted by the City or Mustang SUD, as applicable, from the Developer, and not previously dedicated or otherwise conveyed to the City or Mustang SUD, as applicable, for review and approval at least thirty (30) calendar days prior to the transfer of title of a Zone B Improvement Area #1 Project to the City or Mustang SUD, as applicable. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's clean title or use and enjoyment of any part of the property or easement covered by the preliminary title report. Mustang SUD is expected to follow its standard procedures to approve the title report. In the event the City

or Mustang SUD, as applicable, does not approve the preliminary title report, the City or Mustang SUD, as applicable, shall not be obligated to accept title to the Zone B Improvement Area #1 Project until the Developer has cured such objections to title to the reasonable satisfaction of the City, or Mustang SUD, as applicable.

Section 6.02. Zone B Improvement Area #1 Project Constructed on City Land or Developer Land. If the Zone B Improvement Area #1 Project is on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance by the City) of the Zone B Improvement Area #1 Project. If the Zone B Improvement Area #1 Project is on land owned by the Developer, the Developer hereby grants to the City a nonexclusive easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance by the City) of the Zone B Improvement Area #1 Project. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City or Mustang SUD title to property and/or easements related to the Zone B Improvement Area #1 Project as required by the Development Agreement or as should, in the City's reasonable judgment, be granted to provide for convenient access to and routine and emergency maintenance of such Zone B Improvement Area #1 Project. The provisions for inspection and acceptance of such Zone B Improvement Area #1 Project otherwise provided herein shall apply.

## **ARTICLE VII REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 7.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the City as follows:

(a) Organization. The Developer consists of one limited liability company duly formed, organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to fulfill its obligations in this Agreement and the Development Agreement and to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. The Developer 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 by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Zone B Improvement Area #1 Projects in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Zone B Improvement Area #1 Projects.

(e) Requests for Payment. The Developer represents and warrants that (i) it will not request payment from the Project Fund for the acquisition construction or installation of any improvements that are not part of the costs associated with the Zone B Improvement Area #1 Projects, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certification for Payments.

(f) Financial Records. For a period of two years after completion of the Zone B Improvement Area #1 Projects, the Developer covenants to maintain proper books of record and account for the construction of the Zone B Improvement Area #1 Projects and all Costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agents at any reasonable time during regular business hours on reasonable notice.

(g) Plans. The Developer represents that it has obtained or will obtain approval of the Plans from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Developer further agrees that, subject to the terms hereof, the Zone B Improvement Area #1 Projects have been or will be constructed in full compliance with such Plans and any change orders thereto consistent with the Act, this Agreement and the Development Agreement. Developer shall provide as-built plans for all Zone B Improvement Area #1 Projects to the City.

(h) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the initial purchaser of the Bonds, the City Manager and the City Representative related to the status of construction of the Zone B Improvement Area #1 Projects within the District, the anticipated completion dates for future improvements and any other matter that the initial purchaser of the Bonds or City Representative deems material to the investment quality of the Bonds.

(i) Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to the Continuing Disclosure Agreement executed by the Developer in connection with the Bonds.

(j) Tax Certificate. The City will deliver a certificate relating to the Bonds (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the "Tax Certificate") containing covenants and agreements designed to satisfy the requirements of 26 U.S. Code Sections 103 and 141 through 150, inclusive, and the federal income tax regulations issued thereunder relating to the use of the proceeds of the Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of 26 U.S. Code Section 148 (collectively, "Bond Proceeds").

The Developer 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 Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of that

date, and (ii) the Developer will make reasonable inquiries to ensure such truth, correctness and completeness. The Developer 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 (including, but not limited to, the use of the Zone B Improvement Area #1 Projects) 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 Bonds for federal income tax purposes.

(k) Financial Resources. The Developer represents and warrants that it has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement, the Service and Assessment Plan and the Development Agreement.

Section 7.02. Indemnification and Hold Harmless. THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY INSPECTOR, THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSES OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE ZONE B IMPROVEMENT AREA #1 PROJECTS ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE ZONE B IMPROVEMENT AREA #1 PROJECTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE ZONE B IMPROVEMENT AREA #1 PROJECTS; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER'S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEEES AND/OR TRUSTEES, REGARDING OR RELATED TO THE ZONE B IMPROVEMENT AREA #1 PROJECTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE ZONE B IMPROVEMENT AREA #1 PROJECTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE SOLE OR PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF ANY INDEMNIFIED PARTY, DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE



INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND THE INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY THE INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND DEVELOPER SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT AND THE EXPRESS NEGLIGENCE TEST, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

Section 7.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Project Fund and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture. Prior to the acceptance of all the Zone B Improvement Area #1 Projects, the City agrees not to modify or supplement the Indenture without the approval of the Developer if as a result or as a consequence of such modification or supplement: (a) the amount of monies that would otherwise have been available under the Indenture for disbursement for the Costs of the Zone B Improvement Area #1 Projects is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer are or may be increased or otherwise adversely affected in any manner, or (c) the rights of the Developer are or may be modified, limited, restricted or otherwise substantially adversely affected in any manner.

Section 7.04. No Reduction of Assessments. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

## **ARTICLE VIII TERMINATION**

Section 8.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Zone B Improvement Area #1 Projects not accepted by the City or other appropriate entity and use all or any portion of funds on deposit in the Project

Fund or other amounts transferred to the Project Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments for the Costs of a Zone B Improvement Area #1 Project hereunder, except as otherwise may be provided in such written consent.

Section 8.02. City's Election for Cause.

(a) The City, upon notice to Developer and the passage of the cure period identified in subsection (b) below, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(b) If any such breach or default described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such breach or default to the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice). Upon receipt of such notice, Developer agrees to promptly meet and confer with the City Inspector and other appropriate City staff and consultants as to available options to assure timely completion, subject to the terms of this Agreement, of the Zone B Improvement Area #1 Projects. The City shall allow the Developer a minimum of forty-five (45) days to eliminate or to mitigate such breach or default to the reasonable satisfaction of the City ("Cure Period"). The Cure Period may be extended, at the sole discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such breach or default. If at the end of the Cure Period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the reasonable satisfaction of the City, the City may then terminate this Agreement. Upon termination of this Agreement, the City shall (i) provide written notice of such termination to the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) and (ii) instruct the Trustee to cease making payments for the Actual Costs and/or Budgeted Costs, as appropriate, of Zone B Improvement Area #1 Projects, provided that the Developer shall receive payment of the Actual Costs or Budgeted Costs, as appropriate, of any Zone B Improvement Area #1 Projects that were accepted by the City at the time of termination, so long as the Developer has complied with the requirements of the Development Agreement, this Agreement and the Indenture.

(c) If this Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to the Zone B Improvement Area #1 Projects not accepted by the City and use all or any portion of the funds on deposit in the Project Fund or other amounts transferred to the Project Fund and the Developer shall have no claim or right to any further payments for the Zone B Improvement Area #1 Projects hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer. The City shall have no obligation to perform any work related to a Zone B Improvement Area #1 Project or to incur any expense or cost in excess of the remaining balance of the Project Fund.

Section 8.03. Termination Upon Redemption or Defeasance of Bonds. This Agreement will terminate automatically and with no further action by the City or the Developer upon the redemption or defeasance of all outstanding Bonds (including any refunding bonds issued to fund the Bonds) issued under the Indenture.

Section 8.04. Construction of the Zone B Improvement Area #1 Projects Upon Termination of this Agreement. Notwithstanding anything to the contrary contained herein, upon the termination of this Agreement pursuant to this Article VIII, the Developer shall perform its obligations with respect to the Zone B Improvement Area #1 Projects in accordance with this Agreement and the Development Agreement.

Section 8.05. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty or by other cause beyond the reasonable control of the party (financial inability excepted) (“Force Majeure”), then the specified time for performance shall be extended by the amount of the delay actually so caused. The extension of time to perform allowed by this Section 8.05 shall not apply unless, within ten (10) business days of the occurrence of an event of Force Majeure, the party needing additional time to perform notifies the other party of the event of Force Majeure and the amount of additional time reasonably required as a result of the occurrence of the event of Force Majeure.

## **ARTICLE IX MISCELLANEOUS**

Section 9.01. Limited Liability of City. The Developer agrees that any and all obligations of the City arising out of or related to this Agreement are special obligations of the City, and the City’s obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Project Fund and from no other source. Neither the City, the City Inspector, City Representative nor any other City employee, officer, official or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 9.02. Audit. The City Inspector, City Representative or a finance officer of the City shall have the right, during normal business hours and upon the giving of three business days’ prior written notice to a Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Zone B Improvement Area #1 Projects and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City: Attn: City Manager  
City of Pilot Point  
102 E Main Street  
Pilot Point, Texas 76258

With a copy to: Attn: Brenda McDonald, City Attorney  
Brenda N. McDonald, PLLC  
6490 Fortune Road  
Fort Worth, Texas 76116

And to: Attn: Bond Counsel  
Robert Dransfield  
Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201

To the Developer: Attn: Mehrdad Moayed  
MM Bryson Ranch, LLC  
1800 Valley View Lane, Suite 300  
Farmers Branch, Texas 75234

With a copy to: Attn: Travis Boghetich  
Boghetich Law, PLLC  
1800 Valley View Lane, Suite 360  
Farmers Branch, Texas 75234

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

The City shall advise the Developer of the name and address of any person who is to receive any notice or other communication pursuant to this Agreement.

Section 9.04. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 9.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Any receivables due under this Agreement may be assigned by the Developer without the consent of, but upon written notice to the City pursuant to Section 9.03 of this Agreement. The obligations, requirements, or covenants of this Agreement shall be able to be assigned to an affiliate or related entity of the Developer, or any lien holder on the Property, without prior written consent of the City. The obligations, requirements, or covenants of this Agreement shall not be assigned by the Developer to a non-affiliate or non-related entity of the Developer without prior written consent of the City Manager, (which consent shall not be unreasonably withheld if assignee demonstrates financial ability to perform), except pursuant to a collateral assignment to any person or entity providing construction

financing to the Developer for a Zone B Improvement Area #1 Project, provided such person or entity expressly agrees to assume all obligations of the Developer hereunder if there is a default under such financing and such Person elects to complete the Zone B Improvement Area #1 Project. No such assignment shall be made by the Developer or any successor or assignee of the Developer that results in the City being an “obligated person” within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned and may not otherwise amend the terms of this Agreement. The City may assign by a separate writing certain rights as described in this Agreement and in the Indenture, to the Trustee and the Developer hereby consents to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City’s or the Developer’s rights or duties to perform their respective obligations under other agreements, use regulations, ordinances or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Development Agreement. To the extent there is a conflict between this Agreement and the Development Agreement, the Development Agreement shall control. To the extent there is a conflict between this Agreement and the Indenture, the Indenture shall control.

Section 9.07. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party’s right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 9.08. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 9.09. Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

Section 9.10. Amendment. Except as otherwise provided in Section 9.05, upon agreement by the parties, this Agreement may be amended, from time to time in a manner consistent with the Act, the Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its

execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be thirty (30) years or upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture. If the Developer defaults under this Agreement or the Development Agreement, this Agreement and the Development Agreement shall not terminate with respect to the costs of the Zone B Improvement Area #1 Projects that have been approved by the City pursuant to a Certification for Payment prior to the date of termination based on such default.

Section 9.14 No Waiver of Powers or Immunity. The City does not waive or surrender any of its governmental powers, immunities, or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 9.15 Statutory Verifications.

The Developer makes the following representation and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Developer 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 Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

(a) Not a Sanctioned Company. The Developer 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 Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Developer 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 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 Developer 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 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 Developer 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 Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

Section 9.16. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Developer’s participation in the execution of this 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 City hereby confirms receipt of the Form 1295 from the Developer, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Developer and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City 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 Developer; and, neither the City nor its consultants have verified such information.

**[EXECUTION PAGES FOLLOW]**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of \_\_\_\_\_, 2025.

**CITY OF PILOT POINT, TEXAS**

By: \_\_\_\_\_  
Name: Elisa Beasley  
Title: Mayor

ATTEST:

\_\_\_\_\_  
Name: Lenette Cox  
Title: City Secretary

(City Seal)

APPROVED AS TO FORM:

\_\_\_\_\_  
Attn: Brenda McDonald, City Attorney



**DEVELOPER:**

MM Bryson Ranch, LLC  
a Texas limited liability company

By: MMM Ventures, LLC  
a Texas limited liability company  
Its Manager

By: 2M Ventures, LLC  
a Delaware limited liability company  
Its Manager

By: \_\_\_\_\_  
Name: Mehrdad Moayed  
Its: Manager

**Exhibit A**  
**CERTIFICATION FOR PAYMENT FORM – ZONE B IMPROVEMENT AREA #1**  
**PROJECTS**

CERTIFICATION FOR PAYMENT NO. \_\_\_\_\_

The undersigned is a lawfully authorized representative for MM Bryson Ranch, LLC, (the “Developer”) and requests payment from the Zone B Improvement Area #1 Projects Account of the Project Fund from Wilmington Trust, National Association (the “Trustee”) in the amount of \_\_\_\_\_ for labor, materials, fees, and/or other general costs related to the construction and installation of the following Zone B Improvement Area #1 Projects related to the Bryson Ranch Public Improvement District (the “Zone B Improvement Area #1 Projects”):

*[insert specific Zone B Improvement Area #1 Project this request is for here]*

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Bryson Ranch Public Improvement District Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement.

In connection to the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certification for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Zone B Improvement Area #1 Project(s) has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Zone B Improvement Area #1 Project(s) below is a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said Zone B Improvement Area #1 Project(s) identified above, and such costs are (i) in compliance with the Bryson Ranch Public Improvement District Construction, Funding and Acquisition Agreement, and (ii) consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Bryson Ranch Public Improvement District Construction, Funding and Acquisition Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture (as defined in the Bryson Ranch Public Improvement District Construction, Funding and Acquisition Agreement) for the payment hereby requested have been satisfied.

6. The work with respect to the Zone B Improvement Area #1 Project(s) identified above (or its completed segment, portion or segment) has been completed and the City or Mustang Special Utility District has inspected or may begin inspection of the Zone B Improvement Area #1 Project(s). If this request for payment results in ninety percent (90%) or more of the Budgeted Costs for the Zone B Improvement Area #1 Project(s) identified above being paid, then the work with respect to the Zone B Improvement Area #1 Project(s) have been completed and the City has inspected and accepted the Zone B Improvement Area #1 Project(s).

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

**Payments requested are as follows:**

<b>Payee / Description of Zone B Improvement Area #1 Project</b>	<b>Total Cost of Zone B Improvement Area #1 Project</b>	<b>Budgeted Cost of Zone B Improvement Area #1 Project</b>	<b>Amount to be paid from the Project Fund</b>

Attached hereto, are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments.

Pursuant to the Bryson Ranch Public Improvement District Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement, after receiving this Certification for Payment, the City is authorized to inspect the Zone B Improvement Area #1 Project (or completed segment, portion or segment) and confirm that said work has been completed in accordance with all applicable governmental laws, rules, and Plans.

I hereby declare that the above representations and warranties are true and correct.

**MM BRYSON RANCH, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

### **APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Certification for Payment. After reviewing the Certification for Payment, the City approves the Certification for Payment and shall include said payments in the City Certification submitted to the Trustee directing payments to be made from appropriate Project Fund account. The City's approval of the Certification for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Bryson Ranch Public Improvement District Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Indenture, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in the Zone B Improvement Area #1 Projects.

### **CITY OF PILOT POINT, TEXAS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **EXHIBIT B**

### **FORM OF CLOSING DISBURSEMENT REQUEST**

The undersigned is an agent for MM Bryson Ranch, LLC, (the “Developer”) and requests payment from:

the Costs of Issuance Account of the Project Fund (as defined in the Bryson Ranch Public Improvement District Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement) from Wilmington Trust, National Association (the “Trustee”) in the amount of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) for costs incurred in the establishment, administration, and operation of the Bryson Ranch Public Improvement District (the “District”), as follows:

<b>Closing Costs Description</b>	<b>Cost</b>	<b>PID Allocated Cost</b>
<b>TOTAL</b>		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the above itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Bryson Ranch Public Improvement District Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Indenture, or the Service and Assessment Plan.
5. All conditions set forth in the Indenture (as defined in the Bryson Ranch Public Improvement District Zone B Improvement Area #1 Construction, Funding, and Acquisition Agreement) for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

**Payments requested hereunder shall be made as directed below:**

- a. X amount to Person or Account Y for Z goods or services.
- b. Etc.

I hereby declare that the above representations and warranties are true and correct.

**MM BRYSON RANCH, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### **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 of the Project Fund upon delivery of the Bonds. The City's approval of the Closing Disbursement Request shall not have the effect of estopping or preventing the City from asserting claims under the Bryson Ranch Public Improvement District Improvements Area #1 Construction, Funding and Acquisition Agreement, the Indenture, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in a Zone B Improvement Area #1 Project.

#### **CITY OF PILOT POINT, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**CITY OF PILOT POINT, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(BRYSON RANCH PUBLIC IMPROVEMENT DISTRICT ZONE B IMPROVEMENT AREA #1 PROJECT)**



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