

**NEW ISSUE**

**NOT RATED**

**THE BONDS ARE INITIALLY OFFERED ONLY TO “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933) AND “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933). SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”**

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



**\$5,950,000\***  
**CITY OF TOMBALL, TEXAS,**  
**(a municipal corporation of the State of Texas located in Harris County)**  
**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**  
**(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)**

**Sale Date: April 21, 2025**

**Dated Date: Closing Date (defined below)**

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

The City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates Public Improvement District) (the “Bonds”), are being issued by the City of Tomball, Texas (the “City”). Interest on the Bonds will accrue from the Closing Date (defined below). The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of \$25,000 and in integral multiples of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, 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, New York, New York (“DTC”). 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 to be adopted by the City Council of the City (the “City Council”), and an Indenture of Trust (the “Indenture”), by and between the City and the Trustee. See “SECURITY FOR THE BONDS.” ***Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.***

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the costs of the Authorized Improvements Project Costs, (ii) funding a reserve fund for payment of principal of and interest on the Bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds. See “PLAN OF FINANCE” and “APPENDIX B – Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of revenue from the Assessments levied against Assessed Property in the District, in accordance with a Service and Assessment Plan, and other assets 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.” The Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. 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 A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY ASSETS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its counsel, Olson & Olson LLP, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by Coats Rose, P.C., counsel to the Developer. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about May 21, 2025 (the “Closing Date”).



\* Preliminary, subject to change.

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

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

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

\$5,950,000\*

CITY OF TOMBALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT PROJECT)

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

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

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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 (“CGS”) and managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CGS and is not intended to create a database and does not serve in any way as a substitute for the CGS database. 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 are subject to extraordinary optional redemption as described herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”
- (c) The Bonds maturing on and after September 15, 20 \_\_, are also subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20 \_\_, at the redemption prices set forth herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”
- (d) The Bonds are also subject to mandatory sinking fund redemption as described herein under “DESCRIPTION OF THE BONDS – Redemption Provisions.”

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\* Preliminary, subject to change.

**CITY OF TOMBALL, TEXAS  
CITY COUNCIL**

| <u>Name</u>       | <u>Position</u>    | Term Expires<br><u>(May)</u> |
|-------------------|--------------------|------------------------------|
| Lori Klein Quinn  | Mayor              | 2025                         |
| John F. Ford      | Council Position 1 | 2026                         |
| Paul Garcia       | Council Position 2 | 2027                         |
| Dane Dunagin      | Council Position 3 | 2025                         |
| Lisa A. Covington | Council Position 4 | 2027                         |
| Randy Parr        | Council Position 5 | 2025                         |

**CITY MANAGER**  
David Esquivel

**ASSISTANT CITY MANAGER**  
Jessica Rogers

**DIRECTOR OF FINANCE**  
Bragg Farmer

**CITY SECRETARY**  
Vacant

**ASSISTANT CITY SECRETARY**  
Shannon Bennett

**ADMINISTRATOR**  
P3Works, LLC

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

**BOND COUNSEL**  
Bracewell LLP

**UNDERWRITER'S COUNSEL**  
Orrick, Herrington & Sutcliffe LLP

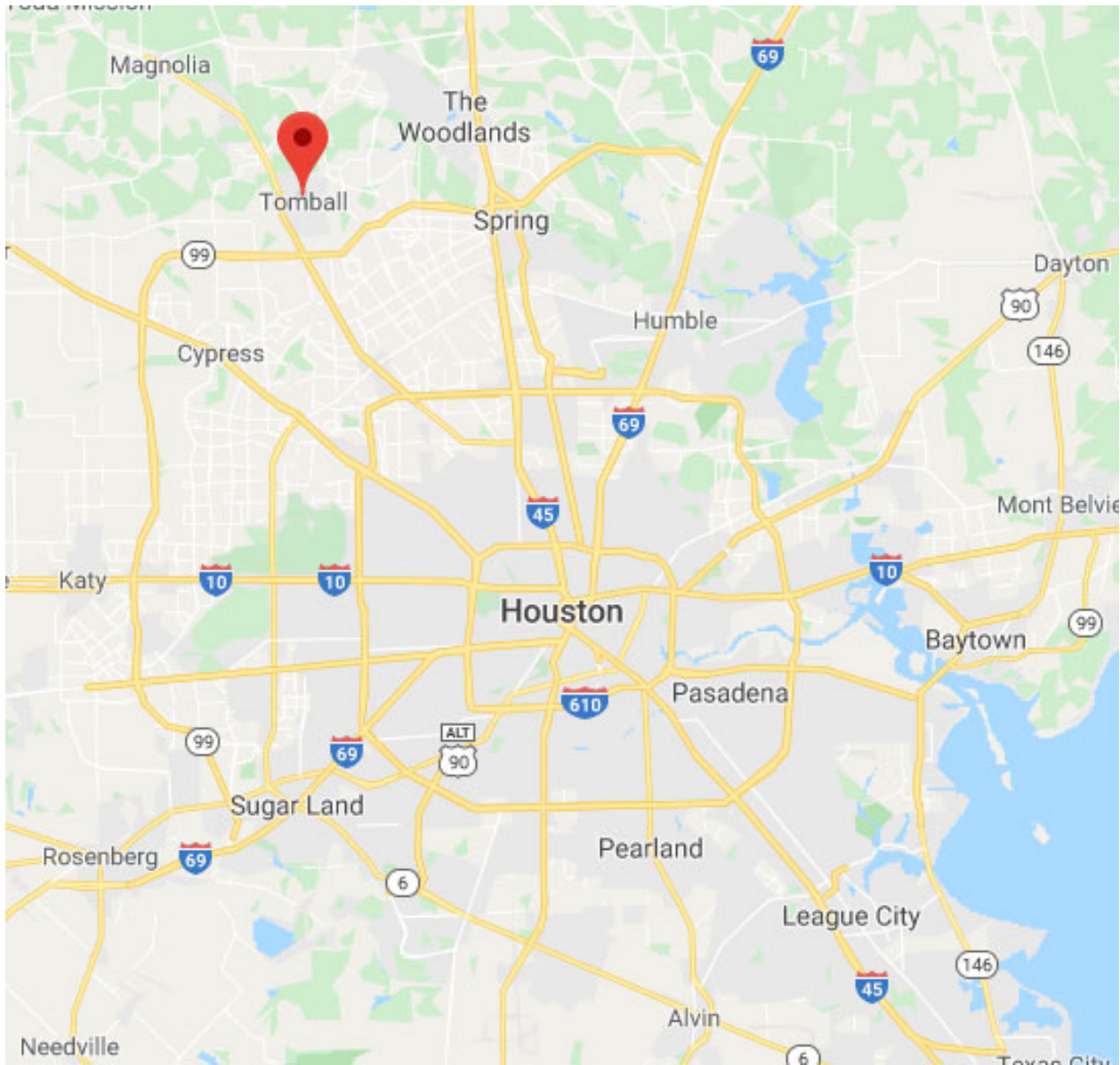
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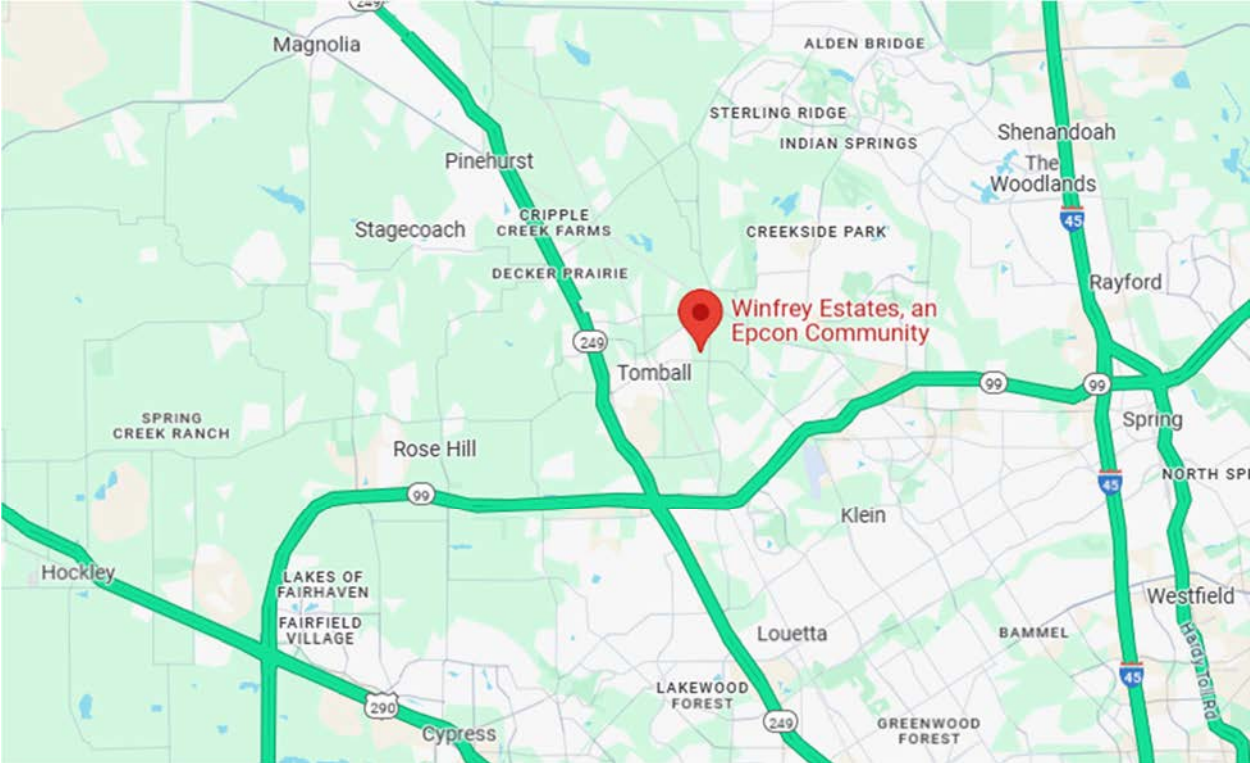
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jason.hughes@hilltopsecurities.com

**REGIONAL LOCATION MAP OF THE DISTRICT**



**AREA LOCATION MAP OF THE DISTRICT**



**BOUNDARIES AND CONCEPT PLAN OF THE DISTRICT**



## USE OF LIMITED OFFERING MEMORANDUM

*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 (THE "RULE" OR "RULE 15C2-12"), THIS DOCUMENT CONSTITUTES AN "OFFICIAL STATEMENT" OF THE CITY WITH RESPECT TO THE BONDS THAT HAS BEEN "DEEMED FINAL" BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.*

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

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO "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." EACH PROSPECTIVE INITIAL PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS ARE SET FORTH UNDER "BONDHOLDERS' RISKS." EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

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

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

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

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

UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR THE DEVELOPER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF THEIR EXPECTATIONS (OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED) CHANGE, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE – THE CITY” AND “– THE DEVELOPER,” RESPECTIVELY.

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.

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, THE RULE.

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## TABLE OF CONTENTS

|  |   |
|--|---|
| <p>INTRODUCTION ..... 1</p> <p>PLAN OF FINANCE ..... 2</p> <p style="padding-left: 20px;">Development Plan ..... 2</p> <p style="padding-left: 20px;">Lot Purchase and Sale Agreements ..... 2</p> <p style="padding-left: 20px;">The Reimbursement Obligation..... 2</p> <p style="padding-left: 20px;">The Bonds ..... 3</p> <p>LIMITATIONS APPLICABLE TO INITIAL PURCHASERS ..... 3</p> <p>DESCRIPTION OF THE BONDS ..... 4</p> <p style="padding-left: 20px;">General Description..... 4</p> <p style="padding-left: 20px;">Redemption Provisions..... 4</p> <p>BOOK-ENTRY ONLY SYSTEM ..... 6</p> <p>SECURITY FOR THE BONDS..... 8</p> <p style="padding-left: 20px;">General ..... 8</p> <p style="padding-left: 20px;">Pledged Revenues..... 9</p> <p style="padding-left: 20px;">Collection and Enforcement of</p> <p style="padding-left: 40px;">Assessments ..... 10</p> <p style="padding-left: 40px;">Unconditional Levy of Assessments ..... 11</p> <p style="padding-left: 40px;">Perfectured Security Interest..... 11</p> <p style="padding-left: 40px;">Pledged Revenue Fund..... 12</p> <p style="padding-left: 40px;">Bond Fund..... 13</p> <p style="padding-left: 40px;">Project Fund ..... 13</p> <p style="padding-left: 40px;">Redemption Fund ..... 14</p> <p style="padding-left: 40px;">Bond Reserve Account of the Reserve Fund ..... 14</p> <p style="padding-left: 40px;">Delinquency and Prepayment Reserve Account of the Reserve Fund ..... 15</p> <p style="padding-left: 40px;">Administrative Fund..... 15</p> <p style="padding-left: 40px;">Bonds Deemed Paid ..... 16</p> <p style="padding-left: 40px;">Events of Default..... 17</p> <p style="padding-left: 40px;">Immediate Remedies for Default..... 17</p> <p style="padding-left: 40px;">Restriction on Owner’s Actions ..... 18</p> <p style="padding-left: 40px;">Application of Revenues and Other Moneys After Event of Default ..... 18</p> <p style="padding-left: 40px;">Investment of Funds ..... 19</p> <p style="padding-left: 40px;">Against Encumbrances ..... 19</p> <p style="padding-left: 40px;">Additional Obligations; Other Obligations or Other Liens ..... 20</p> <p>SOURCES AND USES OF FUNDS* ..... 21</p> <p>DEBT SERVICE REQUIREMENTS FOR THE BONDS ..... 22</p> <p>OVERLAPPING TAXES AND DEBT..... 23</p> <p style="padding-left: 20px;">Homeowners’ Association Dues ..... 24</p> <p>ASSESSMENT PROCEDURES..... 24</p> <p style="padding-left: 20px;">General ..... 24</p> <p style="padding-left: 20px;">Assessment Methodology..... 25</p> <p style="padding-left: 20px;">Collection and Enforcement of Assessment Amounts ..... 27</p> <p style="padding-left: 20px;">Assessment Amounts..... 28</p> | <p style="padding-left: 20px;">Prepayment of Assessments ..... 28</p> <p style="padding-left: 20px;">Priority of Lien ..... 29</p> <p style="padding-left: 20px;">Foreclosure Proceedings..... 29</p> <p>THE CITY ..... 30</p> <p style="padding-left: 20px;">Location and Size ..... 30</p> <p style="padding-left: 20px;">Population..... 30</p> <p style="padding-left: 20px;">City Government ..... 30</p> <p style="padding-left: 20px;">Transportation and Utilities ..... 30</p> <p style="padding-left: 20px;">Water and Wastewater Systems ..... 30</p> <p style="padding-left: 20px;">Education and Health Care ..... 31</p> <p style="padding-left: 20px;">City Regulation of Oil and Gas Wells ..... 31</p> <p>THE DISTRICT ..... 31</p> <p style="padding-left: 20px;">General ..... 31</p> <p style="padding-left: 20px;">Powers and Authority of the City ..... 32</p> <p style="padding-left: 20px;">Collection and Delinquency History of the District..... 32</p> <p>THE AUTHORIZED IMPROVEMENTS ..... 33</p> <p style="padding-left: 20px;">General ..... 33</p> <p style="padding-left: 20px;">The Authorized Improvements..... 33</p> <p style="padding-left: 20px;">Ownership and Maintenance of Improvements..... 34</p> <p>THE DEVELOPMENT ..... 34</p> <p style="padding-left: 20px;">Overview ..... 34</p> <p style="padding-left: 20px;">Status of the District ..... 35</p> <p style="padding-left: 20px;">Lot Purchase and Sale Agreements ..... 35</p> <p style="padding-left: 20px;">Development Agreement..... 36</p> <p style="padding-left: 20px;">Photographs of the District..... 37</p> <p style="padding-left: 20px;">Clubhouse..... 37</p> <p style="padding-left: 20px;">Model Home..... 38</p> <p style="padding-left: 20px;">Finished Home ..... 38</p> <p style="padding-left: 20px;">Zoning/Permitting ..... 39</p> <p style="padding-left: 20px;">Private Improvements and Amenities..... 39</p> <p style="padding-left: 20px;">Schools ..... 39</p> <p style="padding-left: 20px;">Environmental ..... 39</p> <p style="padding-left: 20px;">Traffic Impact Analysis..... 39</p> <p style="padding-left: 20px;">Flood Zone ..... 39</p> <p style="padding-left: 20px;">Utilities ..... 40</p> <p style="padding-left: 20px;">Mineral Rights, Groundwater, Easements, and Other Third-Party Rights ..... 40</p> <p>THE DEVELOPER ..... 40</p> <p style="padding-left: 20px;">General ..... 40</p> <p style="padding-left: 20px;">Description of the Developer..... 40</p> <p style="padding-left: 20px;">History and Financing of the District ..... 41</p> <p>APPRAISAL ..... 42</p> <p>THE PID ADMINISTRATOR..... 43</p> <p>BONDHOLDERS’ RISKS ..... 44</p> <p style="padding-left: 20px;">Deemed Representations and Acknowledgment by Investors ..... 44</p> <p style="padding-left: 20px;">Assessment Limitations..... 45</p> |
|--|---|

|  |    |   |   |
|--|----|---|---|
| Direct and Overlapping Indebtedness,<br>Assessments and Taxes .....  | 46 | ENFORCEABILITY OF REMEDIES .....  | 59  |
| Depletion of Reserve Fund;<br>Delinquency and Prepayment<br>Reserve Account Not Fully Funded .....   | 46 | NO RATING .....   | 59  |
| Bondholders' Remedies and<br>Bankruptcy .....  | 47 | CONTINUING DISCLOSURE.....  | 59  |
| Judicial Foreclosures .....  | 48 | The City.....   | 59  |
| No Acceleration.....   | 48 | The City's Compliance with Prior<br>Undertakings .....                    | 60  |
| Bankruptcy Limitation to Bondholders'<br>Rights .....  | 48 | The Developer .....   | 60  |
| State Law Requiring Notice of<br>Assessment; Failure of Developer<br>or Homebuilders to Deliver<br>Required Notice Pursuant to Texas<br>Property Code..... | 49 | The Developer's Compliance with Prior<br>Undertakings .....               | 60  |
| Potential Future Changes in State Law<br>Regarding Public Improvement<br>Districts .....   | 49 | UNDERWRITING .....  | 60  |
| Limited Secondary Market for the<br>Bonds.....   | 49 | REGISTRATION AND QUALIFICATION OF<br>BONDS FOR SALE.....                  | 60  |
| No Credit Rating .....   | 49 | LEGAL INVESTMENTS AND ELIGIBILITY TO<br>SECURE PUBLIC FUNDS IN TEXAS..... | 61  |
| Adverse Developments Affecting the<br>Financial Services Industry .....  | 50 | INVESTMENTS .....   | 61  |
| General Risks of Real Estate Investment<br>and Development.....  | 50 | Legal Investments.....  | 61  |
| Risks Related to the Current Residential<br>Real Estate Market .....   | 51 | Investment Policies.....  | 62  |
| Competition .....  | 52 | Additional Provisions .....   | 63  |
| Hazardous Substances .....   | 52 | INFORMATION RELATING TO THE<br>TRUSTEE.....                               | 63  |
| Regulation .....   | 53 | SOURCES OF INFORMATION .....  | 64  |
| Availability of Utilities.....   | 53 | General .....   | 64  |
| Flood Plains.....  | 53 | Source of Certain Information .....                                       | 64  |
| Risk from Weather Events.....  | 53 | Experts.....  | 64  |
| Exercise of Third-Party Property Rights .....  | 53 | Updating of Limited Offering<br>Memorandum .....                          | 64  |
| Tax-Exempt Status of the Bonds .....   | 53 | FORWARD-LOOKING STATEMENTS .....  | 65  |
| Dependence Upon Developer and<br>Homebuilders .....  | 54 | AUTHORIZATION AND APPROVAL .....  | 65  |
| Use of Appraisal .....   | 54 | APPENDIX A  | General Information Regarding<br>the City and Surrounding Areas |
| Risks Related to Exposure to the Oil<br>and Gas Industry.....  | 55 | APPENDIX B  | Form of Indenture   |
| TAX MATTERS .....  | 55 | APPENDIX C  | Form of Service and Assessment<br>Plan                          |
| Tax Exemption .....  | 55 | APPENDIX D  | Form of Opinion of Bond Counsel                                 |
| Collateral Tax Consequences .....  | 56 | APPENDIX E-1  | Form of Disclosure Agreement<br>of Issuer                       |
| Tax Accounting Treatment of Original<br>Issue Premium .....  | 56 | APPENDIX E-2  | Form of Disclosure Agreement<br>of Developer                    |
| Tax Accounting Treatment of Original<br>Issue Discount .....   | 56 | APPENDIX F  | Appraisal   |
| Tax Legislative Changes .....  | 57 |   |   |
| LEGAL MATTERS .....  | 57 |   |   |
| Legal Proceedings .....  | 57 |   |   |
| Legal Opinions .....   | 58 |   |   |
| Litigation – The City .....  | 58 |   |   |
| Litigation – The Developer .....   | 58 |   |   |

**PRELIMINARY LIMITED OFFERING MEMORANDUM**

**\$5,950,000\***

**CITY OF TOMBALL, TEXAS,**

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

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**

**(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)**

**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 Tomball, Texas (the “City”), of its \$5,950,000\* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates Public Improvement District) (the “Bonds”).

INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED INITIALLY TO AND ARE BEING SOLD ONLY TO “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. THE LIMITATION OF THE INITIAL OFFERING TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFERS IN ANY SECONDARY MARKET FOR THE BONDS. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” 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”), an ordinance to be adopted by the City Council (the “City Council”) of the City (the “Bond Ordinance”), an Indenture of Trust (the “Indenture”), by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from Assessments levied pursuant to a separate ordinance adopted previously by the City Council (the “Assessment Ordinance”) against Assessed Property located within the Winfrey Estates Public Improvement District (the “District”), all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.”

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

Set forth herein are brief descriptions of the City, the District, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement, the Developer, and the Administrator, together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number 214-418-1588. The form of the Indenture appears in APPENDIX B and the form of Service and Assessment Plan appears in APPENDIX C. The information provided under this caption “INTRODUCTION” is

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\* Preliminary, subject to change.

intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

## PLAN OF FINANCE

### Development Plan

In July 2021, CHTA Development, Inc., a Texas corporation (the “Developer”), acquired approximately 34.4945 acres within the City (the “Property”), consisting of all of the property within the District, using proceeds of the Acquisition Loan (defined herein) and cash on hand. See “THE DEVELOPER – Description of the Developer” and “– History and Financing of the District.”

The Developer has developed the District as a 55+ active adult community in a single phase consisting of 113 52’ single-family residential lots, a 2,700 square foot amenity center, a pool with restrooms, a pickleball court, and a bocci ball court (collectively, the “Development”), as reflected on the map on page iv. The Developer completed development of the public improvements benefiting the property within the District (the “Authorized Improvements”) in March 2024 and the Authorized Improvements were accepted by the City on November 2, 2023. See “THE AUTHORIZED IMPROVEMENTS” and “THE DEVELOPMENT – Overview.”

The total cost of the Authorized Improvements was \$6,545,983. A portion of such costs in the amount of \$37,000 has been paid previously to the Developer from the Assessments. A portion of the cost of the Authorized Improvements in the approximate amount of \$4,872,542\* is expected to be paid to the Developer from proceeds of the Bonds. The remaining portion in the approximate amount of \$1,636,441\* has been paid by the Developer and will not be reimbursed by the City. Pursuant to the Development Agreement, in addition to the Authorized Improvements, the Developer was responsible for paying for the Private Improvements (defined herein) in the approximate amount of \$2,342,693 and the Amenities (defined herein) in the approximate amount of \$650,000, without reimbursement by the City. The Developer has paid all costs of the Authorized Improvements, the Private Improvements, and the Amenities using proceeds of the Acquisition and Development Loan (defined herein) and cash on hand. See “THE AUTHORIZED IMPROVEMENTS,” “THE DEVELOPMENT – Private Improvements and Amenities,” and “THE DEVELOPER – History and Financing of the District.”

### Lot Purchase and Sale Agreements

The Developer is under contract to sell all 113 lots in the District, consisting of 56 lots to be sold to ROC Homes Texas, Ltd. (“ROC Homes”), and 57 lots to be sold to KL LB BUY 4 LLC doing business as New Home Co. (“New Home” and, together with ROC Homes, the “Homebuilders”). The Homebuilders began purchasing lots upon substantial completion of the Authorized Improvements. As of March 31, 2025, 92 lots have been purchased by the Homebuilders. The Developer received a combined earnest money deposit from the Homebuilders equal to \$623,500. See “THE DEVELOPMENT – Lot Purchase and Sale Agreements.”

ROC Homes and the Developer are under common ownership. See “THE DEVELOPMENT – Lot Purchase and Sale Agreements” and “THE DEVELOPER – Description of the Developer.”

### The Reimbursement Obligation

The City and the Developer entered into the Amended and Restated Winfrey Estates Public Improvement District Reimbursement Agreement, effective July 17, 2023 (as amended, the “Reimbursement Agreement”), to finance a portion of the Authorized Improvements Project Costs in an amount not to exceed \$6,261,000 (the “Reimbursement Obligation”). Upon issuance of the Bonds and payment of the portion of the Authorized Improvements Project Costs from proceeds of the Bonds pursuant to the terms of the Reimbursement Agreement, the Reimbursement Agreement will terminate.

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\* Preliminary, subject to change.

## The Bonds

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the costs of the Authorized Improvements Project Costs, (ii) funding a reserve fund for payment of principal of and interest on the Bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account of the Reserve Fund, (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds. See “SECURITY FOR THE BONDS,” “SOURCES AND USES OF FUNDS,” “THE AUTHORIZED IMPROVEMENTS,” and “APPENDIX B – Form of Indenture.”

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of revenue from the Assessments levied against the Assessed Property, all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.”

**The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”), or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State, or any other political subdivision of the State is pledged to the payment of the Bonds.**

### LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, and “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Initial Purchaser”) 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 for an indefinite period of time and does not intend at this time to dispose of all or any part of the Bonds. However, the Investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

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

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Authorized Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information, and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor

whatsoever for or in connection with the Investor's decision to purchase the Bonds except for gross negligence, fraud, or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.

6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City to the Trustee 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 full faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.

8. The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Closing Date 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 and Paying Agent/Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons. Beneficial ownership of the Bonds may be acquired in principal denominations of \$25,000 and in integral multiples of \$1,000 in excess thereof ("Authorized Denominations"). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM."

### **Redemption Provisions**

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

The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

*Extraordinary Optional Redemption.* Notwithstanding any provision in the Indenture to the contrary, but subject to the City's ability to make a notice of redemption conditional upon certain circumstances, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture or any other transfers to the Redemption Fund under the terms of the Indenture, including from transfers of Foreclosure Proceeds).

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

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

**\$ Term Bonds maturing September 15, 20**

| <u>Redemption Date</u>          | <u>Sinking Fund Installment Amount</u> |
|---------------------------------|--|
| September 15, 20__              | \$                                     |
| September 15, 20__              |  |
| September 15, 20__ <sup>†</sup> |  |

**\$ Term Bonds maturing September 15, 20**

| <u>Redemption Date</u>          | <u>Sinking Fund Installment Amount</u> |
|---------------------------------|--|
| September 15, 20__              | \$                                     |
| September 15, 20__              |  |
| September 15, 20__              |  |
| September 15, 20__              |  |
| September 15, 20__ <sup>†</sup> |  |

<sup>†</sup> Stated maturity.

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

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

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

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

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

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

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

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

### **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 The Depository Trust Company (“DTC”), New York, New York, 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 information in this section concerning DTC and DTC’s book-entry-only 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 takes any responsibility for the accuracy or completeness thereof.*

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and



municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations 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 for the Bonds 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest, and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payable 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, 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 all other 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, the Trustee, or the Paying Agent/Registrar. Under such circumstances, in the event that a successor 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

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

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

## **SECURITY FOR THE BONDS**

### **General**

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER ASSETS 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 ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY ASSETS OF THE CITY OTHER THAN THE

PLEGGED REVENUES AND OTHER ASSETS COMPRISING THE TRUST ESTATE. SEE “APPENDIX B – Form of Indenture.”

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Pledged Revenues and other assets comprising the Trust Estate, consisting primarily of revenues from the Assessments levied against the Assessed Property within the District, all to the extent and upon the conditions described in the Indenture. The District contains approximately 34.4945 acres. Other than Non-Benefited Property (defined in the Service and Assessment Plan), all of the property within the District has been assessed. In accordance with the PID Act, the City caused the preparation of a Service and Assessment Plan, which describes the special benefit received by the property within the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the 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 of Assessments due in a given year. The determination by the City of the special assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C – Form of Service and Assessment Plan.”

### **Pledged Revenues**

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of law to finance the Authorized Improvements by levying Assessments upon Assessed Property in the District benefitted thereby. For a description of the assessment methodology and the amounts of Assessments levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.” The City covenants in the Indenture that it will take and pursue all actions permissible under the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State or of the United States (collectively, the “Applicable Laws”) to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “– Pledged Revenue Fund,” “APPENDIX B – Form of Indenture,” and “APPENDIX C – Form of Service and Assessment Plan.”

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

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

“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) third-party administrative costs relating to paying and redeeming Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Amended and Restated Service and Assessment Plan, the PID Act, and any Indenture, with respect to the Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with 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, with respect to each Assessed Property, each annual payment of the Assessments as shown on the Assessment Roll and related to the Bonds and the Authorized Improvements, including (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in the Indenture.

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

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

“Assessment” means an assessment levied against Assessed Property, for the Authorized Improvements Project Costs and imposed pursuant to an Assessment Ordinance and the provisions of the Indenture, as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions in the Service and Assessment Plan and in the PID Act.

“Assessment Roll” means the Assessment Roll for the Assessed Property in the District attached as Appendix F-1 to the Service and Assessment Plan, as updated, modified, or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of the Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Assessment against each Assessed Property.

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

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

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

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

“Trust Estate” means (i) the Pledged Revenues and all moneys and investments held in the Pledged Funds and Accounts, including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired, and (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 under the Indenture by the City or by anyone on its behalf or with its written consent.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the Assessed Property, superior to all other liens or claims, except liens and claims for State of Texas (the “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. Pursuant to the PID Act, the Assessment Lien was effective from the date of adoption of the Assessment Ordinance on July 17, 2023, 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.”

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

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

The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any

delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

### **Unconditional Levy of Assessments**

The City has imposed Assessments on Assessed Property within the District to pay the principal of and interest on the Bonds scheduled for payment from the Trust Estate as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments are effective from the date, and strictly in accordance with the terms, of the Assessment Ordinance and the Service and Assessment Plan. Each Assessment may be paid in full or in part at any time 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 for each parcel of Assessed Property within the District and allocated to the Bonds begins to accrue on the date specified in the Service and Assessment Plan and bears interest at the rate of interest on the Bonds plus the 0.50% Additional Interest charged on Assessments pursuant to Section 372.018 of the PID Act. Each Annual Installment, including the interest on the unpaid amount of Assessments, will be determined by September 30 of each year and billed in October of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.003(b)(14) of the PID Act, a portion of the Annual Installment assessed and collected each year while the Bonds are Outstanding and unpaid shall be used to pay the Annual Collection Costs. The portion of each Annual Installment of an Assessment used to pay the Annual Collection Costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the levy after an annual review in any year pursuant to Section 372.015(d) of the PID Act. The amount collected to pay Annual Collection Costs shall be due as part of the Annual Installment in the manner set forth in the Assessment Ordinance and shall be billed in October of each year and shall be delinquent if not paid by February 1 of the following year. Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.

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

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien against the Assessed Property within the District, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien was effective from the date of adoption 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."

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." There are currently no properties within the District that claimed a homestead exemption prior to the levy of the Assessments.

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

### **Perfecting 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, and execution and delivery of the Indenture, without physical delivery or transfer of control of the Trust

Estate, the filing of the Indenture or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under the Indenture is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code, and enable a filing to perfect the security interest in said pledge to occur. See “APPENDIX B – Form of Indenture.”

### **Pledged Revenue Fund**

On or before February 1 of each year (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2026, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt, that portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund and the Delinquency and Prepayment Account, respectively) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as otherwise provided below with respect to Additional Interest, Prepayments, and Foreclosure Proceeds, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (i) *first*, to the Bond Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year;
- (ii) *second*, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement;
- (iii) *third*, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement; and
- (iv) *fourth*, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

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

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

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

Notwithstanding the above described flow of funds, the Trustee shall deposit (a) Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account (up to the Delinquency and Prepayment Reserve Requirement); (b) Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and (c) Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Fund to restore any transfers from the applicable account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to

the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds attributable to Annual Collection Costs shall be deposited to the Administrative Fund, and any Foreclosure Proceeds attributable to Delinquent Penalties and Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

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

Assessments representing Delinquent Penalties and Interest shall be deposited first, to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met, and second, to the Administrative Fund.

### **Bond Fund**

No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds.

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

### **Project Fund**

Money on deposit in the Improvement Account and Cost of Issuance Account of the Project Fund shall be used for the purposes described in "PLAN OF FINANCE – The Bonds."

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

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

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

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

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

### **Redemption Fund**

Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds pursuant to the optional redemption, extraordinary option redemption, and mandatory sinking fund redemption provisions of the Indenture.

The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds an amount sufficient to redeem Bonds pursuant to the extraordinary optional redemption provisions of the Indenture. If after such transfer, there are insufficient funds to pay the Redemption Price of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

The Trustee shall cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to the Indenture, an amount sufficient to redeem Bonds pursuant to the optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption provisions of the Indenture at the written direction of the City.

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

Pursuant to the Indenture, a Bond Reserve Account has been created within the Reserve Fund for the benefit of the Bonds, held by the Trustee and funded with proceeds of the Bonds in the amount of the Bond Reserve Account Requirement. As of the Closing Date, the Bond Reserve Account Requirement is equal to \$\_\_\_\_\_.

The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account an amount equal to not less than the Bond Reserve Account Requirement. Except as provided below with respect to amounts in excess of the Bond Reserve Account Requirement, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

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

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

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

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

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\* To be completed upon pricing.



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

Whenever Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to redemption; provided, however, no such transfer from the Bond Reserve Account shall cause the amount on deposit therein to be less than the Bond Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Bonds, there are insufficient funds to pay the Redemption Price of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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

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

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

### **Administrative Fund**

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

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Certificate solely for the purposes set

forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. THE ADMINISTRATIVE FUND SHALL NOT BE PART OF THE TRUST ESTATE AND IS NOT SECURITY FOR THE BONDS.

### **Bonds Deemed Paid**

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption of said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) upon (a) the deposit of cash sufficient to pay principal and interest when due, the Trustee shall execute a certificate prepared by Bond Counsel or the City's financial advisor, that such deposit is wholly 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, of (b) upon the deposit of Defeasance Securities, and any cash, the Trustee shall have received a report by a verification agent selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on 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 less than all of the Bonds are being paid or redeemed, if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency providing 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 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, only upon receipt by the Trustee of (i) a report by a verification agent, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) an opinion of Bond Counsel stating that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those

currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

### **Events of Default**

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

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

### **Immediate Remedies for Default**

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

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

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

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

No Owner shall have any right to institute any action, suit, or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as required by the Indenture, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers thereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right thereunder except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request, and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond 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 therein and in the Bonds.

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

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

All moneys, securities, funds, and Pledged Revenues and 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 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:

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

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

In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds 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 shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

### **Investment of Funds**

Money in any Fund established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in the Indenture. Such investments shall be valued each year in terms of current market value as of September 30 and on each Interest Payment Date (for the purpose of determining excess funds pursuant to the Indenture). For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested.

Obligations purchased as an investment of moneys in any Fund shall be deemed to be part of such Fund or Account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts.

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

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 in the Indenture for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee thereunder, 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 the Indenture.

### **Against Encumbrances**

Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance, or charge upon the Pledged Revenues, 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, the City shall not issue any bonds, notes, or other evidences of indebtedness, other than Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

**Additional Obligations; Other Obligations or Other Liens**

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

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

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

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**SOURCES AND USES OF FUNDS\***

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

|   |    |
|---|----|
| Sources of Funds:   |    |
| Principal Amount  | \$ |
| TOTAL SOURCES   | \$ |
| Use of Funds:   |    |
| Deposit to Improvement Account of the Project Fund                        | \$ |
| Deposit to Costs of Issuance Account of the Project Fund                  |    |
| Deposit to Bond Reserve Account of the Reserve Fund                       |    |
| Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund |    |
| Deposit to Administrative Fund  |    |
| Underwriter's Discount <sup>(1)</sup>                                     |    |
| TOTAL USES  | \$ |

<sup>(1)</sup> Includes the fee of counsel to the Underwriter.

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\* To be completed upon pricing.

**DEBT SERVICE REQUIREMENTS FOR THE BONDS\***

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

| <b><u>Year Ending<br/>(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   |                         |                        |                     |
| <b>Total</b>                                 |                         |                        |                     |

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\* To be completed upon pricing.



## OVERLAPPING TAXES AND DEBT

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

The District is located within the corporate limits of the City. The City, Harris County, Harris County Department of Education, Harris County Flood Control District, Harris County Hospital District, Lone Star College System, Port of Houston Authority, Tomball Independent School District (“Tomball ISD”), and Harris County Emergency Service District #8 may each levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or assessments levied by any other taxing authorities.

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

| Taxing Entity  | Tax Year 2024<br>Ad Valorem<br>Tax Rate <sup>(1)</sup> |
|--|--|
| The City   | \$0.336365   |
| Harris County  | 0.385290   |
| Harris County Department of Education  | 0.004799   |
| Harris County Flood Control District   | 0.048970   |
| Harris County Hospital District  | 0.163480   |
| Lone Star College System   | 0.107600   |
| Port of Houston Authority  | 0.006150   |
| Tomball ISD  | 1.062900   |
| Harris County Emergency Service District #8  | <u>0.097754</u>  |
| Total Current Tax Rate   | \$2.213308   |
| <br>Estimated Average Annual Assessment in<br>the District as a Tax Rate Equivalent                            | <br><u>\$0.950000</u> <sup>(2)</sup>                   |
| <br><b>Estimated Total Tax Rate and Average Annual Assessment<br/>in the District as a Tax Rate Equivalent</b> | <br><b><u>\$3.163308</u></b> <sup>(2)</sup>            |

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

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

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As noted above, the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within the District as of March 12, 2025, and City debt to be secured by the Assessments:

| Taxing or Assessing Entity            | Gross<br>Outstanding Debt<br>as of March 12, 2025 | Estimated<br>Percentage<br>Applicable <sup>(1)</sup> | Direct and Estimated<br>Overlapping Debt <sup>(1)</sup> |
|---------------------------------------|---|--|---|
| The City (the Bonds)                  | \$ 5,950,000 <sup>(2)</sup>                       | 100.00000%   | \$ 5,950,000 <sup>(2)</sup>                             |
| The City (General Obligation)         | 64,330,000  | 0.63148%   | 406,232   |
| Harris County                         | 2,171,789,039                                     | 0.00350%   | 76,096  |
| Harris County Department of Education | 28,960,000  | 0.00348%   | 1,008   |
| Harris County Flood Control District  | 968,445,000                                       | 0.00358%   | 34,644  |
| Harris County Hospital District       | 59,315,000  | 0.00355%   | 2,108   |
| Lone Star College District            | 471,170,000                                       | 0.00707%   | 33,311  |
| Port of Houston Authority             | 406,509,397                                       | 0.00355%   | 14,450  |
| Tomball ISD                           | 902,780,000                                       | 0.13430%   | 1,212,458   |
|                                       | <b><u>\$5,079,248,436</u></b>                     |  | <b><u>\$7,730,307</u></b>                               |

<sup>(1)</sup> Based on certified valuations for Tax Year 2024 for the taxing entities and the Appraisal. See “APPRAISAL,” “APPENDIX C – Form of Service and Assessment Plan,” and “APPENDIX F – Appraisal.”

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

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 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. None of the property in the District is currently subject to an agricultural valuation.

### Homeowners’ Association Dues

In addition to the Assessments and overlapping taxes and assessments referenced above, the Developer anticipates that each lot owner in the District will pay a property owner’s association fee monthly to a homeowner’s association (the “HOA”). Such fee is currently \$250 per month.

## ASSESSMENT PROCEDURES

### General

As required by the PID Act, when the City determines to defray a portion of the costs of the Authorized Improvements through Assessments, it must adopt a resolution generally describing the Authorized Improvements and the land within the District to be subject to Assessments to pay the costs therefor. The City caused to be prepared the Assessment Roll, which shows the land within District assessed, the amount of the benefit to and the Assessment against each lot or parcel of land, and the number of Annual Installments into which the Assessment is divided. The Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the Assessed Property and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Authorized Improvements and funding the same with Assessments. The City Council adopted the Assessment Ordinance and levied the Assessments on July 17, 2023. Upon such adoption, the Assessments became legal, valid, and binding liens upon the property against which the Assessments were made. Upon the issuance of the Bonds, the Service and Assessment Plan will be updated to reflect the sale of the Bonds.

Pursuant to the PID Act, the costs of the Authorized Improvements to be defrayed through Assessments may be assessed by the City against the assessable property in the District so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on

Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within the District is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C – Form of Service and Assessment Plan.”

### **Assessment Methodology**

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

Method of Apportionment of Assessments. As set forth in the Service and Assessment Plan, the City Council has determined to allocate the cost of the Authorized Improvements entirely to the Assessed Property by spreading the entire Assessment across all Assessed Property based on the ratio of the Estimated Buildout Value of each Assessed Property within the District to the Estimated Buildout Value (as defined in the Service and Assessment Plan) for all Assessed Property within the District.

Method of Allocation of Assessments. As set forth in the Service and Assessment Plan, at the time of the levy of the Assessments the Assessed Property consisted of a single parcel (the “Initial Parcel”). The City Council initially allocated 100% of the Assessments to the Initial Parcel. The Assessments have been or will be reallocated subsequently as described below. See “APPENDIX C – Form of Service and Assessment Plan.”

#### Method of 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 the newly divided Assessed Properties

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

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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 (as defined in the Service and Assessment Plan) 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 (as defined in the Service and Assessment Plan)

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

E = the number of Lots with the same Lot Type

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

The sum of the Assessments for all newly subdivided Parcels 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 Parcel or Lot, 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 will not exceed the Maximum Assessment, shown on Exhibit E to the Service and Assessment Plan for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to Section VI.B of the Service and Assessment Plan.

*True-up of Assessments if Maximum Assessment Exceeded.* Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the owner must partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the owner to pay such Assessments.

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The following table provides the initial allocation of Assessments to the Assessed Property in the District.

**Expected Allocation of Assessments <sup>(1)</sup>**

| Planned Lot Type | Planned Number of Lots <sup>(2)</sup> | Estimated   | Total                                   | Maximum                           | Total                   | Estimated  | Tax Rate                                  |
|------------------|---------------------------------------|---|---|-----------------------------------|-------------------------|--|---|
|                  |                                       | Buildout Value per Lot with Completed Home <sup>(2)</sup> | Estimated Buildout Value <sup>(3)</sup> | Assessment per Lot <sup>(4)</sup> | Assessment per Lot Type | Average Annual Installments per Lot <sup>(5)</sup> | Equivalent per \$100/AV (Completed Homes) |
| 52' x 110'       | 113                                   | \$478,776   | \$54,101,688                            | \$52,655                          | \$5,950,000             | \$4,548  | \$0.950000                                |

<sup>(1)</sup> Preliminary, subject to change. Derived from information in the Service and Assessment Plan.

<sup>(2)</sup> Provided by the Developer.

<sup>(3)</sup> Obtained from the Service and Assessment Plan.

<sup>(4)</sup> Pursuant to the Service and Assessment Plan, the Maximum Assessment that can be levied on a Lot within the District is the amount calculated pursuant to the assessment methodology described in Section V.A of, and shown in Exhibit E to, the Service and Assessment Plan. See “OVERLAPPING TAXES AND DEBT – Overlapping Taxes” and “APPENDIX C – Form of Service and Assessment Plan.”

<sup>(5)</sup> Derived from information in the Service and Assessment Plan.

**Collection and Enforcement of Assessment Amounts**

Pursuant to 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. Pursuant to 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.”

The City covenants in the Indenture 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 Parcel. Annual Collection Costs shall be allocated among all Assessed Property in proportion to the amount of the Annual Installments for the Parcels.

The City covenants, agrees, and warrants in the Indenture that, for so long as any Bonds are Outstanding, 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 Law, and, to the extent permitted by Applicable Law, to cause no reduction, abatement, or exemption in the Assessments.

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

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

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

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

Annual Installments will be paid to the City or its agent. Annual Installments are billed in 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 Received</u> | <u>Cumulative Penalty</u> | <u>Cumulative Interest</u> | <u>Total</u> |
|------------------------------|---------------------------|----------------------------|--------------|
| February                     | 6%                        | 1%                         | 7%           |
| March                        | 7%                        | 2%                         | 9%           |
| April                        | 8%                        | 3%                         | 11%          |
| May                          | 9%                        | 4%                         | 13%          |
| June                         | 10%                       | 5%                         | 15%          |
| July                         | 12%                       | 6%                         | 18%          |

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

**Assessment Amounts**

*Assessment Amounts.* The maximum amounts of the Assessments have been established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each parcel consisting of payment of (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest. The Annual Installments for the District may not exceed the amounts shown on the Assessment Roll. The Assessments were levied against the Parcels comprising the Assessed Property as indicated on the Assessment Roll. See “APPENDIX C – Form of Service and Assessment Plan.”

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

The Bonds are secured by a first lien on and pledge of the Trust Estate, including revenue from the Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C – Form of Service and Assessment Plan.”

**Prepayment of Assessments**

*Voluntary Prepayments.* Pursuant to the PID Act and the Indenture, the owner of any Assessed Property may voluntarily prepay (a “Prepayment”) 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 Prepayments.* If (i) Assessed Property is transferred to a person or entity that is exempt from the payment of the Assessment under applicable law, or (ii) an owner of Assessed Property causes the Assessed Property to become Non-Benefited Property, the Owner of such Assessed Property shall pay to the City the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs, prior to any such transfer or act (a “Mandatory Prepayment”), in accordance with the Service and Assessment Plan.

### **Priority of Lien**

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

### **Foreclosure Proceedings**

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

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

The City covenants in the Indenture 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 B – Form of Indenture. See also “APPENDIX E-1 – Form of Disclosure Agreement of Issuer” for a description of the expected timing of certain events with respect to collection of the delinquent Assessments.

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## THE CITY

### Location and Size

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. According to the United States Census Bureau, the City covers approximately 12.32 square miles.

### Population

The Federal Decennial Census information is provided below. The City estimates its 2025 population to be 15,445.

| <u>Federal Decennial Census</u> |             |             |             |             |             |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| <u>1970</u>                     | <u>1980</u> | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2020</u> |
| 2,734                           | 3,996       | 6,370       | 9,089       | 10,753      | 12,341      |

### City Government

The City 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 was incorporated on July 18, 1933, and first adopted the City's Home Rule Charter on January 17, 1987. The City operates under a Council-City Manager form of government with a City Council comprised of the Mayor and five Council members elected to serve three-year terms. The Mayor is the official head of City government, and the City Manager acts as the chief administrative officer. The City provides a number of services, including water, sanitary sewer collection and treatment, gas service, police, fire, maintaining streets and drainage, municipal court, a community center, and parks.

The current members of the City Council and their respective expiration of terms of office, as well as the principal administrators of the City, are noted on page i. See "APPENDIX A – General Information Regarding the City and Surrounding Areas" for more information.

### Transportation and Utilities

The City is served by a Burlington Northern system affiliate, with rail spur connections available, and is also served by an Arrow-Trailways bus line. Commercial air service is afforded by the George Bush Intercontinental Airport, William P. Hobby Airport and David Wayne Hooks Memorial Airport, approximately 25 miles, 40 miles and 2 miles from the City, respectively. FM 2920, a four-lane highway, connects the City to Interstate 45 and State Highway 290.

Electricity is supplied by CenterPoint and natural gas by the City. The City supplies potable water from six water wells, five of which are currently in operation, and also provides two wastewater collection and treatment facilities.

### Water and Wastewater Systems

The City provides water and wastewater services to an area of approximately 19 square miles. A thorough analysis of historical and projected populations was completed in 2018, and is currently in the process of being updated and finalized, to provide the basis for projecting future utility demands.

The City's water distribution system currently consists of approximately 215 miles of water line, two (2) elevated storage tanks, the Pine Street Water Plant, and the FM 2920 Water Plant. Water is supplied by the City's five groundwater wells, and the distribution system operates on a single pressure plane. Recommendations in the Water Master Plan for improvements to the distribution system to ensure our water system accommodates growth were minimal and indicated no major improvements in the five-year forecast. To ensure adequate supply, the City has been upsizing and replacing current water lines, as well as installing new lines, to improve connectivity and reduce dead-end water lines.



The Wastewater Master Plan served as a guide for 5-year, 10-year, and 25-year improvements to the wastewater collection and treatment system infrastructure, as well as guidance for ongoing inflow and infiltration reduction efforts. The City's wastewater collection systems consist of two wastewater treatment plants with the collection system divided between the North and South service areas for each plant, and approximately 81 miles of gravity wastewater lines, nine miles of force mains, and ten lift stations. Recommendations in the Wastewater Master Plan for improvements to the collection system to ensure adequate service indicated no major improvements in the five-year forecast. The City has completed a rehabilitation project to one of the basins to limit the amount of infiltration in the collection system, as well as critical improvements to both treatment plants.

Based on the studies completed, the City is more than capable of providing the water and wastewater services needed by the District, and the City does not anticipate any issue with service. The City is currently providing water and wastewater services to the entire District.

### **Education and Health Care**

The City is served by the schools of Tomball ISD. According to its website, Tomball ISD spans 83 square miles in northwest Harris County and southwest Montgomery County, and over 18,000 students in grades pre-kindergarten through 12 across 20 campuses. Tomball ISD operates two comprehensive high schools, an accelerated high school, six middle schools, 11 elementary schools, a special programs center and an early childcare center. See "THE DEVELOPMENT – Schools."

Higher education facilities in the area include Lone Star College – Tomball which is a 145-acre campus offering Associate of Applied Science and Associate of Arts Degrees. Other colleges and universities within commuting distance include Houston Baptist University, Prairie View A&M University, Rice University, St. Thomas University, Sam Houston State University, Texas A&M University, Texas Southern University, and the University of Houston.

The City is served by the non-profit acute general care hospital, Tomball Regional Hospital. Tomball Regional Hospital includes complete diagnostic facilities, a cardiac care unit, 24-hour emergency room, outpatient surgery center, a birthing center, a sports medicine center, home health care and the Texas Wound and Lymphedema Center. Also included with the hospital is The Heritage Retirement Community, which offers independent assisted living, comprehensive living and an Adult Daybreak Center. The City is also served by the for-profit long-term acute care hospital Kindred Hospital. The facility provides intensive care services, endoscopy suites, in-house radiology with CT, hyperbaric oxygen chambers, and 24-hour in-house physician coverage.

### **City Regulation of Oil and Gas Wells**

In 2008, the City enacted an ordinance prohibiting, without a permit, the drilling or deepening of any well, or the conducting of any seismic activity, within 1,000 feet of any residence, building, or other structure intended for human occupancy. This applies to wells drilled after September 2, 2008, and does not apply to any fully drilled wells in existence prior to September 2, 2008. Accordingly, there are several producing wells within the City limits; although, none in the District. See "THE DEVELOPMENT – Existing Mineral and Groundwater Rights, Easements, and Other Third-Party Rights."

## **THE DISTRICT**

### **General**

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 2022-10 of the City adopted on April 18, 2022 (the "Creation Resolution") in accordance with the PID Act for the purpose of undertaking and financing, in phases, the costs of certain public improvements within the District, including the Authorized Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the property within the District. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii-iv hereof.

**Powers and Authority of the City**

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City’s extraterritorial jurisdiction. The 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 reimburse a developer for the costs of, the financing, acquisition, construction, or improvement of the Authorized Improvements. See “THE AUTHORIZED IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, reimbursement, acquisition or purchase of certain improvements within the District, which include: (i) design, construction and other allowed costs related to street and roadway improvements, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, construction and other allowed costs related to improvement of parks and open space, together with any ancillary structures, features or amenities such as trails, playgrounds, walkways, lighting and any similar items located therein; (iii) design, construction and other allowed costs related to sidewalks and landscaping and hardscaping, fountains, lighting and signage; (iv) design, construction and other allowed costs related to gas, water, wastewater and drainage (including detention) improvements and facilities; (v) design, construction and other allowed costs related to projects similar to those listed in subsections (i) - (iv) above authorized by the PID Act, including similar off-site projects that provide a benefit to the property within the District; (vi) special supplemental services for improvement and promotion of the district; (vii) payment of costs associated with operating and maintaining the public improvements listed in subparagraphs (i) - (v) above; and (viii) payment of costs associated with developing and financing the public improvements listed in subparagraphs (i) - (v) above, and costs of establishing, administering and operating the District. The City has determined to finance a portion of the costs thereof through the issuance of the Bonds, and to provide for the payment of debt service on the Bonds from the Trust Estate. See “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

**Collection and Delinquency History of the District**

The City levied the Assessments on July 17, 2023. The initial Annual Installments were due and payable on or before January 31, 2024.

The following table shows the collection and delinquency history of the Assessments in the District as of March 1, 2025.

**Collection and Delinquency of Assessments in the District**

| Assessments                    | Annual              | Parcels       | Delinquent       | Delinquent        | Delinquent       | Delinquent        | Annual                          |
|--------------------------------|---------------------|---------------|------------------|-------------------|------------------|-------------------|---------------------------------|
| <u>Due 1/31</u> <sup>(1)</sup> | <u>Installments</u> | <u>Levied</u> | <u>Amount</u>    | <u>Percentage</u> | <u>Amount</u>    | <u>Percentage</u> | <u>Installments</u>             |
|                                |                     |               | <u>as of 3/1</u> | <u>as of 3/1</u>  | <u>as of 9/1</u> | <u>as of 9/1</u>  | <u>Collected</u> <sup>(2)</sup> |
| 2024                           | \$508,331.33        | 4             | –                | –                 | –                | –                 | \$508,331.33                    |
| 2025                           | \$494,827.00        | 113           | \$4,379.00       | 0.88%             | N/A              | N/A               | \$490,448.00                    |

<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> Excludes penalties and interest and any prepayments of Assessments.

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## THE AUTHORIZED IMPROVEMENTS

### General

The Developer has developed the District in a single phase, as reflected on the map on page iv. The Developer completed development of the Authorized Improvements in March 2024. The Authorized Improvements were accepted by the City on November 3, 2023. The boundaries of and concept plan for the District are shown on page iv.

### The Authorized Improvements

A portion of the proceeds of the Bonds will be used to pay or reimburse a portion of the costs of the Authorized Improvements representing payment of the outstanding Reimbursement Obligation. The Authorized Improvements are complete, were designed and constructed in accordance with City standards, and have been accepted for ownership and operation by the City. See “PLAN OF FINANCE – The Reimbursement Obligation.”

The following table reflects the total costs of the Authorized Improvements.

| <u>Authorized Improvements</u>      | <u>Cost</u>        |
|-------------------------------------|--------------------|
| Paving                              | \$1,486,774        |
| Water                               | 682,903            |
| Sanitary Sewer                      | 793,743            |
| Storm Sewer                         | 1,187,541          |
| Earthwork                           | 130,926            |
| Gas Line                            | 318,549            |
| Monument Sign, Landscaping & Design | 300,000            |
| Soft Costs                          | <u>1,645,546</u>   |
| <b>Total</b>                        | <b>\$6,545,983</b> |

The costs of the Authorized Improvements are based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City and were approved by the City Council as part of the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

The Authorized Improvements consist of the following:

Paving. Improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and streetlights, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way. These paving improvements provide street access to each Lot within the District.

Water. Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control, and all necessary appurtenances to provide water service to each Lot within the District.

Sanitary Sewer. Improvements include trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service to each Lot within the District.

Storm Sewer. Improvements include earthen channels, swales, curb and drop inlets, storm sewer mains, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, and erosion control necessary to provide storm drainage for each Lot within the District.

Earthwork. Costs related to removal of trees, stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material, and disposal of material at an off-site location.

Gas Line. Costs related to basin and spoils excavation, construction of swales, cut abandoned oil well, and plug and turf establishment.

Soft Costs. Costs related to designing, constructing, and installing the Authorized Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, District Formation Expenses, and contingency.

**Ownership and Maintenance of Improvements**

All Authorized Improvements were designed and constructed in accordance with City standards and are now owned and operated by the City. The HOA owns and maintains the Amenities. See “THE DEVELOPMENT – Private Improvements and Amenities.”

**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. See “SOURCES OF INFORMATION – Source of Certain Information.”*

**Overview**

The Developer has developed the District as a 55+ active adult community in a single phase consisting of 113 52’ single-family residential lots, a 2,700 square foot amenity center, a pool with restrooms, a pickleball court, and a bocci ball court (collectively, the “Development”), as reflected on the map on page iv. The Developer completed development of the Authorized Improvements in March 2024, and the Authorized Improvements were accepted by the City on November 2, 2023. See “THE AUTHORIZED IMPROVEMENTS.”

The total cost of the Authorized Improvements was approximately \$6,545,983, all of which has been paid by the Developer. See “THE DEVELOPER – History and Financing of the District.”

The Developer’s current expectations regarding estimated home prices and value to lien ratios in the District are as follows:

**Estimated Home Values in the District and Value to Lien Ratios**

| Lot Size   | Number of Lots | Base Lot Price <sup>(1)</sup> | Estimated Home Buildout Value <sup>(1)</sup> | Estimated Maximum Assessment per Lot <sup>(2)</sup> | Estimated Ratio of Value of Base Lot Price to Assessment | Estimated Ratio of Value of Home Price to Assessment |
|------------|----------------|-------------------------------|--|---|--|--|
| 52’ x 110’ | 113            | \$109,200                     | \$478,776                                    | \$52,655  | 2.07 : 1   | 9.09 : 1   |

<sup>(1)</sup> Provided by the Developer based on comparable home prices in the area as shown in the Appraisal. See “APPRAISAL” and “APPENDIX F – Appraisal.”

<sup>(2)</sup> Preliminary, subject to change. The Service and Assessment Plan provides for a “Maximum Assessment” by Lot Type, which may not be exceeded. See “APPENDIX C – Form of Service and Assessment Plan.”

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**Status of the District**

The Authorized Improvements were completed in March 2024. The Developer projects the following timeline for the sale of lots in the District, but such projections are subject to change based on a variety of factors, many of which are outside of the control of the Developer:

**Expected Absorption of Lots in the District <sup>(1)</sup>**

| <b>Lots <sup>(2)</sup></b> | <b>Lot Size</b> | <b>Infrastructure Completion Date</b> | <b>Expected Final Sale Date of Lots to Homebuilders</b> |
|----------------------------|-----------------|---------------------------------------|---|
| 113                        | 52' x 110'      | March 2024                            | December 2025   |

<sup>(1)</sup> Provided by the Developer.

<sup>(2)</sup> Each Homebuilders has designated one lot for a model home.

As of March 31, 2025, the Homebuilders had purchased 92 of the 113 Lots in the District. New Home has purchased all 57 of its contracted lots. ROC Homes had purchased 35 of its 56 contracted lots. ROC Homes is obligated to purchase 9 lots every 90 days and is expected to purchase its final lots in December 2025. The Developer expects the Homebuilders to complete home sales in the District by December 2027.

The following table shows the status of home construction and sales in the District as of March 31, 2025.

**Status of Home Construction and Sales in the District <sup>(1)</sup>**

| Number of Completed Lots | Number of Lots Closed with Homebuilders <sup>(1)</sup> | Number of Homes Under Construction | Number of Completed Homes | Number of Homes Closed with Homeowners <sup>(2)</sup> |
|--------------------------|--|------------------------------------|---------------------------|---|
| 113                      | 92   | 5                                  | 7                         | 16  |

<sup>(1)</sup> As of March 31, 2025.

<sup>(2)</sup> Includes seven homes under contract with homeowners but not closed.

The following table reflects the Developer’s expectations regarding sales of completed homes to homeowners in the District.

**Expected Absorption of Homes in the District**

| Expected Sale Dates to Homeowners | Total Lots |
|-----------------------------------|------------|
| 2024                              | 9          |
| 2025                              | 30         |
| 2026                              | 37         |
| 2027                              | <u>37</u>  |
| <b>Total</b>                      | <b>113</b> |

**Lot Purchase and Sale Agreements**

The Developer is under contract to sell all 113 lots in the District to the Homebuilders. The Homebuilders began purchasing lots upon substantial completion of the Authorized Improvements. As of March 31, 2025, New Homes had purchased 57 lots and ROC Homes had purchased 35 lots. The Developer received a combined earnest money deposit from the Homebuilders equal to \$623,500 (the “Earnest Money”). The Earnest Money is nonrefundable and has been released to the Developer and is applied to the purchase price of lots as they are taken down by the Homebuilders. As of March 31, 2025, the remaining balance of the Earnest Money deposit was \$25,000, which will be credited against the final purchase price of lots by ROC Homes.

ROC Homes and the Developer are under common ownership. Eric Hymowitz owns a 96% interest in ROC Homes and 100% of ROC Homes Inc., the General Partner of ROC Homes. Mr. Hymowitz owns a 50% interest in the Developer. "THE DEVELOPER – Description of the Developer."

### **Development Agreement**

The Developer entered into the Development Agreement to establish provisions for the apportionment, levying, and collection of assessments on the property within the District, the construction of the Authorized Improvements, reimbursement, acquisition, ownership and maintenance of the Authorized Improvements, and the issuance of one or more series of bonds secured by District assessments ("PID Bonds") for the financing of costs of the Authorized Improvements benefitting the property within the District.

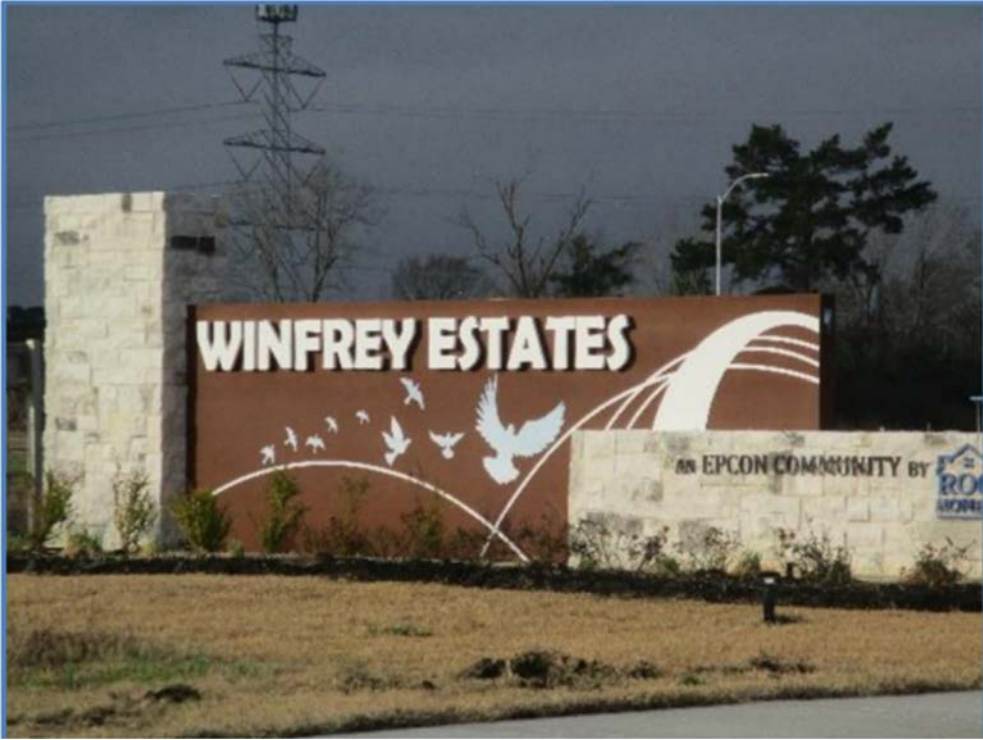
In the Development Agreement, the Developer has agreed to undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the District, and to undertake the design, development, and construction of the Authorized Improvements. The Development Agreement provides that the Development will consist of the following elements: (i) up to 113 single-family homes; and (ii) the Amenities. See "– Private Improvements and Amenities."

Pursuant to the Development Agreement, the levy of the Assessments and the issuance of PID Bonds are subject to the discretion of the City Council of the City and the following conditions must be satisfied:

1. The maximum tax rate plus the tax rate equivalent of the Assessments applicable to each lot in the District shall not exceed \$0.95 per \$100 assessed value at the time of the levy of the Assessments, based on the Estimated Build Out Value of each lot;
2. The value to lien ratio of the real property in the District compared to the amount of the Assessments shall be at least 3:1 at the time of the levy of the Assessments and at the time of issuance of the Bonds, such values to be confirmed by an appraisal from a licensed MAI appraiser;
3. The Authorized Improvements must be complete and all lots must be fully developed and available for delivery to homebuilders prior to issuance of PID Bonds;
4. The City must have issued at least 20 certificates of occupancy for homes constructed in the District prior to issuance of PID Bonds; and
5. The costs of the Authorized Improvements reimbursable to the Developer shall not exceed \$8,500,000.

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Photographs of the District



Entry Monument



Clubhouse



Model Home



Finished Home



## **Zoning/Permitting**

Pursuant to the Development Agreement, the Developer has agreed that development of the District will be governed by the provisions of the City's Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, including, but not limited to, zoning ordinance No. 2021-08, a planned development ordinance regarding the District ("PD 15"). In the Development Agreement, the Developer consented and agreed to the zoning of the District consistent with PD 15.

## **Private Improvements and Amenities**

Pursuant to the Development Agreement, the Developer is responsible for constructing certain public improvements, consisting of paving, water, sanitary sewer, storm sewer, earthwork, gas line, and soft costs necessary for delivery of lots in the District the costs of which will not be reimbursed by the City (collectively, the "Private Improvements"), in the approximate amount of \$2,342,693. In addition, the Developer was responsible for constructing a 2,700 square foot amenity center, a pool with restrooms, a pickleball court, and a bocci ball court (collectively, the "Amenities") in the approximate amount of \$650,000, the costs of which will not be reimbursed by the City. The costs of the Private Improvements and the Amenities have been paid by the Developer using proceeds of the Acquisition and Development Loan and funds on hand. The HOA owns and maintains all Amenities.

## **Schools**

The District is located entirely within Tomball ISD. Students in the District are expected to attend Tomball Elementary School (EE – 4) (approximately 3 miles from the District), Tomball Intermediate School (5 – 6) (approximately 2.5 miles from the District), Tomball Junior High School (7 – 8) (approximately 3.5 miles from the District) and Tomball High School (9 – 12) (approximately 3.5 miles from the District).

GreatSchools.org rates Tomball Elementary School an 8-out-of-10, Tomball Intermediate School a 6-out-of-10, Tomball Junior High School a 6-out-of-10, and Tomball High School a 7-out-of-10. According to the Texas Education Agency annual school report cards, Tomball Elementary School was rated "B," Tomball Intermediate School was rated "A," Tomball Junior High School was rated "B," and Tomball High School was rated as "A" for 2021-2022, the last school year for which such information is available. (The categories for public school districts and public schools for such year were A, B, C, and Not Rated (used for various reasons, including failure to achieve a "C" rating)).

## **Environmental**

A Phase I Environmental Site Assessment (the "Phase I ESA") of approximately 31.72 acres in the District, consisting of all developable acres in the District, was completed by Phase Engineering, Inc., in July 2021. The Phase I ESA revealed no evidence of recognized environmental conditions or other environmental concern. The Phase I ESA concluded that no further investigation was required to identify a recognized environmental condition.

## **Traffic Impact Analysis**

A traffic impact analysis was conducted by Voigt Associates, Inc. in November 2021. The report of such analysis stated that the construction of Winfrey Lane and approximately 115 single family residences did not warrant construction of additional turn lanes, and that Winfrey Lane should be stop-controlled on approach to FM 2978. The report also stated that the proposed street tie-in geometry should comply with standards of the City and the Texas Department of Transportation.

## **Flood Zone**

According to the Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map ("FIRM"), Community Panel No. 48201C0230L, effective on June 18, 2007, all of the property within the District lies outside the range of both the 100-year and 500-year flood plains. See "BONDHOLDERS' RISKS – Flood Plains."

## Utilities

Water and Wastewater Service. The City provides both water and wastewater service to end users within the District. See “THE CITY – Water and Wastewater Systems.”

Other Utilities. Additional utilities are provided by: (1) Electric – CenterPoint Energy; (2) Internet and Cable: AT&T; and (3) Natural Gas – the City.

## Mineral Rights, Groundwater, Easements, and Other Third-Party 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 Rights”) pursuant to various instruments in the chain of title for various tracts of land within and immediately adjacent to the District. In addition, the City has adopted a drilling ordinance which restricts the drilling of wells within 1,000 feet of a home. The Developer believes that such ordinance prevents drilling within the District.

Although there is no exploration or production of oil, gas or other mineral or groundwater rights on the property within the District, exploration and/or production may be possible on adjacent properties. While adjacent properties may have developable mineral and groundwater rights, the City’s drilling ordinance regulates the drilling, production, and operation of oil and gas wells, the exploration associated with such operations, and the transport of hydrocarbons or wastes associated with these operations, within the regulated area of the City. Such ordinance may make it difficult for owners of such rights to develop same.

Although the Developer does not expect the above-described Third-Party Rights, or the exercise of such rights or any other third-party 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.”

## 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. See “SOURCES OF INFORMATION – Source of Certain Information.”*

## General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots 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 the revenue bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to develop the property 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. See “BONDHOLDERS’ RISKS – Dependence Upon Developer and Homebuilders.”

## Description of the Developer

CHTA Development, Inc. (the “Developer”) is a Texas corporation owned 50/50 by Eric Hymowitz and Michael Dishberger, who serve as President and Vice President, respectively.

Eric Hymowitz has been developing residential communities and constructing single-family homes in the greater Houston area for more than 30 years. Mr. Hymowitz founded and has served as President of homebuilder ROC Homes, a Homebuilder in the District, since 2002. Prior to that he was a Vice President of KB Home for four years and of Village Builders (a division of Lennar Homes Corp.) for four years.

Michael Dishberger has been developing residential communities and constructing single-family homes in the greater Houston area for more than 40 years. Mr. Dishberger co-founded homebuilder Sandcastle Homes, Inc., in Houston in 1995 and has served as its Chief Executive Officer since that time. Prior to that he was a Division Manager and Purchasing Director at Village Builders.

The District is the first public improvement district in which the Developer, Mr. Hymowitz, or Mr. Dishberger has been involved.

ROC Homes and the Developer are under common ownership. Eric Hymowitz owns a 96% interest in ROC Homes and 100% of ROC Homes Inc., the General Partner of ROC Homes. “THE DEVELOPMENT – Lot Purchase and Sale Agreements” and “BONDHOLDERS’ RISKS – Dependence Upon Developer and Homebuilders.”

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

The Developer was formed for the purpose, among other things, of acquiring and developing property within the District. The Developer acquired the property within the District in July 2021, for a purchase price of approximately \$4,300,000. The Developer paid the purchase price from a combination of cash on hand and proceeds of a loan in the principal amount of \$2,600,000 (the “Acquisition Loan”) from Hancock Whitney Bank.

In September 2022, the Developer obtained an approximately \$10,800,000 loan (the “Acquisition and Development Loan”) from Lot HV III LLC, a Delaware limited liability company (the “Lender”) for the purpose, among other things, of refinancing the Acquisition Loan and financing the costs associated with the development of the District. Interest on amounts drawn by the Developer pursuant to the Acquisition and Development Loan is payable monthly at a rate of 14.5%. The Developer may not prepay the Acquisition and Development Loan, except in connection with the sale of lots, in which case the Developer shall pay an amount equal to the greater of (i) \$105,000 per lot, or (ii) 100% of the net sales proceeds for a lot.

The Acquisition and Development Loan matures on June 30, 2025. As of March 31, 2025, the outstanding balance of the Acquisition and Development Loan was approximately \$3,634,521.

ROC Homes, an affiliate of the Developer and one of the Homebuilders in the District, and Eric Hymowitz and Michael Dishberger, owners of the Developer, have guaranteed repayment of the Acquisition and Development Loan in the event of certain non-payment related defaults by the Developer.

The Acquisition and Development Loan is secured by a first lien deed of trust covering substantially all of the land in the District in favor of the Lender. In the event of a default under the Development Loan and/or related documents, the Lender will have the right to various remedies, including foreclosure of the deed of trust.

The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Prior to the levy of the Assessments, the Lender acknowledged the creation of the District, the levy of the Assessments, and the subordination of the liens securing the Acquisition and Development Loan to the Assessment Lien. The Assessment Lien has priority over the liens on the property within the District securing the Acquisition and Development Loan, Earnest Money, and any other loans that may be obtained by the Developer or its affiliates.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. In order to finance the acquisition and development of the District, the Developer and certain third parties, including the Homebuilders, have expended equity or extended promissory notes that are secured by a lien on some or all of the real property within the District that are subordinate to the lien associated with the Assessments securing the Bonds. A list

of the entities with at-risk capital whose position or lien is subordinate to that of the Assessments securing the Bonds is listed in the following table and more fully described in the subheadings below.

**Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Bonds**

| <u>At Risk Entity</u> | <u>Funding Type</u>              | <u>Funding Purpose</u> | <u>Security</u>                           | <u>Position to Assessment Lien</u> | <u>Initial Amount</u> | <u>Outstanding Balance <sup>(1)</sup></u> |
|-----------------------|----------------------------------|------------------------|---|------------------------------------|-----------------------|---|
| Developer             | Developer Equity                 | Land Purchase          | None                                      | Subordinate                        | \$ 2,400,000          | \$2,400,000                               |
| Lot HV III LLC        | Acquisition and Development Loan | Land Development       | Lien on real property within the District | Subordinate                        | \$10,800,000          | \$3,634,521                               |
| <b>Total</b>          |                                  |                        |   |                                    | <b>\$13,200,000</b>   | <b>\$6,034,521</b>                        |

<sup>(1)</sup> As of March 31, 2025.

**APPRAISAL**

General. Barletta & Associates, Inc. (the “Appraiser”), prepared an appraisal report for the City dated March 28, 2025, based upon a site visit and effective date of value of February 5, 2025 (the “Appraisal”). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in connection with the issuance of the Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property’s actual market value and do not address the value or benefit of the Authorized Improvements. Investors should not assume that the disposition of the lots in the District in the event of default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Bonds. The description of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth therein. See “APPENDIX F – Appraisal.”

Value Estimates. The Appraiser estimated the hypothetical “as vacant” bulk market value of the 113 completed lots in the District and the hypothetical “as complete” retail value of 26 single family residences in the District. The Appraisal provides the fee simple estate values for the District. See “APPENDIX F – Appraisal.”

The hypothetical “as vacant” bulk market value of the fee simple interest in the 113 completed lots in the District, using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of February 5, 2025, is \$10,890,000.

The hypothetical “as complete” retail value of the fee simple interest in 26 single family residences in the District, assuming completion of such residences, using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of February 5, 2025, is \$12,280,000. This value is not a market value.

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. See “BONDHOLDERS’ RISKS – Use of Appraisal.”

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in the District. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in

good faith on bases reflecting the best currently available estimates and judgments of the City's employees, representatives, and advisors, as well as any corrections or updates to such forecasts and other information and data.

In performing its analyses, the Appraiser has made numerous other assumptions with respect to general business, economic and regulatory conditions, and other matters, many of which are beyond the Appraiser's control and the City's control, as well as certain factual matters. For example, the Appraiser assumed that the Developer has clear and marketable title to the property in the District, that no title defects exist unless the Appraiser was specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. 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. The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to the Appraiser's appraisal reports.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Caution should be exercised in the evaluation and use of appraisal results. An 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. It 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 internal forecasts of net operating income for the properties in the District is considered by the Appraiser 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.

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. Barletta & Associates, Inc. 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.

### **THE PID ADMINISTRATOR**

*The following information has been provided by P3Works, LLC, as the Administrator. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.*

The City has selected P3Works, LLC as the initial Administrator. The City has entered into an agreement for administration of the District with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing special taxing district services relating to the formation and administration of public improvement districts, and is based in Austin, Houston, 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 County billing and collection
- Establishing and maintaining a database of all County parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquiries

- Determination of prepayment amounts
- Preparation and review of disclosure notices with the dissemination agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

### **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.*

**THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE.**

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. See "-- Limited Secondary Market for 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. See "-- No Credit Rating."

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

Each Initial Purchaser 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 each Initial Purchaser, 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 Initial Purchaser can afford a complete loss of its investment in the Bonds.

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## **General Factors relating to Payment of the Bonds**

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

## **Assessment Limitations**

Annual Installments of the Assessments are billed to owners of Assessed Property in the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as set forth under "ASSESSMENT PROCEDURES." Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, interest, and the Annual Collection Costs for such year. See "ASSESSMENT PROCEDURES." 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 Assessments 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, the City has established a Bond 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 Bond Reserve Account and delay in payments of debt service on the Bonds. See "BONDHOLDERS' RISKS – Bondholders' Remedies and Bankruptcy."

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

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

adoption of the Assessment Ordinance. Consequently, there are and can be no Pre-existing Homestead Rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Bond Reserve Account and Delinquency and Prepayment Reserve Account, 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 CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE ASSESSED PROPERTY, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT, OR MUNICIPALITY AD VALOREM TAXES AND ARE A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF ASSESSED PROPERTY LOCATED WITHIN THE DISTRICT.**

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

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

### **Depletion of Reserve Fund; Delinquency and Prepayment Reserve Account Not Fully Funded**

Failure of the owners of Assessed Property within the District to pay the Assessments when due could result in the rapid, total depletion of the Bond Reserve Account and the Delinquency and Prepayment 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 Fund. The Bond Reserve Account of the Reserve Fund will be fully funded from proceeds of the Bonds; however, the Delinquency and Prepayment Reserve Account of the Reserve Fund is only partially funded from the proceeds of the Bonds. The amount required to reach the Delinquency and Prepayment Reserve Requirement of the Delinquency and Prepayment Reserve Account will be accumulated over time by the mechanism described in “SECURITY FOR THE BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund.” The Indenture provides that if, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments. See “SECURITY FOR THE BONDS – Bond Reserve Account” and “– Delinquency and Prepayment Reserve Account.”

### **Lien Foreclosure and 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. See “OVERLAPPING TAXES AND DEBT.”



## **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 at the written direction of the Owners of not less than twenty-five percent (25%) in aggregate Outstanding principal amount of the Bonds 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 Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained therein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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 its use rests within 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."

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

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

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

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

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

### **Judicial Foreclosures**

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

### **No Acceleration**

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

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

The enforceability of the rights and remedies of the Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946 ("Chapter 9"). 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 Chapter 9, 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 Chapter 9, (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 Owners' creditor claim and whether an Owner would be repaid in full.

### **State Law Requiring Notice of Assessment; Failure of Developer or Homebuilders to Deliver Required Notice Pursuant to Texas Property Code**

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 for the purchase of such real property, 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 purchase contract is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the purchase contract. If the Developer or the Homebuilders within the District do not provide the required notice and prospective purchasers of property within the District terminate a purchase 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 should 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, if the Developer or the Homebuilders does not provide the required notice and becomes 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 forms of notice to be provided to homebuyers are attached as Appendix B to the Service and Assessment Plan and will be included in each Annual Service Plan Update. See "APPENDIX C — Form of Service and Assessment Plan."

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

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89<sup>th</sup> Legislative Session of the State convened on January 14, 2025, and is scheduled to conclude on June 2, 2025. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. 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.

### **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 property within the District subject to the Assessments, existing real estate and financial market conditions, and other factors.

### **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.

### **Adverse Developments Affecting the Financial Services Industry**

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. In the recent past troubled financial institutions have been closed and/or swept into receivership by the Federal Deposit Insurance Corporation (“FDIC”) or acquired by or received cash rescue packages from more solvent financial institutions. Borrowers under credit agreements, letters of credit, and certain other financial instruments with any financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts for an unspecified period.

If a homebuilder uses a line of credit or other financial instrument to finance home construction and is unable to access funds under such line of credit or other financial instrument, the homebuilder’s ability to take down lots and complete homes could be adversely affected. Additionally, confidence in the safety and soundness of regional banks specifically, or the banking system generally, could impact where customers choose to maintain deposits, which could materially adversely impact the homebuilder’s liquidity and access loan funding capacity, and results in an impact to operations. Similar impacts to the development industry have occurred in the past.

### **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. 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.

### **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 Recent 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 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 the District.

### **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 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 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 District, 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.

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## Competition

The housing industry in the Houston MSA 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 of the single-family residential development within the District 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 Homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

Competitive projects in the area include, but are not limited to the following: <sup>(1)</sup>

| <b>Project Name</b>                                 | <b>Number of Units</b> | <b>Proximity</b> | <b>Developer</b>        | <b>Prices</b>       |
|---|------------------------|------------------|-------------------------|---------------------|
| Bonterra at Cross Creek Ranch 55-Plus               | 700                    | 26 miles         | Woodforest              | \$386k–\$490k       |
| Bridgeland – Prairieland Village, Sections 9 and 11 | 79                     | 25 miles         | Bridgeland Development  | \$300k–\$1mm+       |
| Rosewood, Phase 1                                   | > 1,000 in all phases  | 15 miles         | Johnson Development     | \$400k–\$600k       |
| Cypress Green, Section 11                           | > 1,000 in all phases  | 15 miles         | Astro Cypress Green, LP | High \$200k–\$500k+ |

<sup>(1)</sup> Provided by the Developer. All of such projects are located in a municipal utility district.

## Hazardous Substances

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

The value of the land within the District does not take into account the possible liability of the owner for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the Developer has such a current liability with respect to such parcel; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened or may arise in the future resulting from the existence, currently, on a 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 affect the value of a parcel that is realizable upon a delinquency.

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

## **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.

## **Availability of Utilities**

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

## **Flood Plains**

According to FEMA’s FIRM Community Panel No.48201C0230L, effective on June 18, 2007, all of the property within the District lies outside of both the 100-year and 500-year flood plains.

FEMA will from time to time revise its FIRMs. None of the City, the Underwriter, or the Developer makes any representation as to whether FEMA may revise its FIRMs, whether such revisions may result in homes that are currently outside of the 500-year or 100-year flood plain from being included in the 500-year or 100-year flood plain in the future, or whether extreme flooding events may occur more often than assumed in creating the rate maps.

## **Risk from Weather Events**

All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, wildfires, hurricanes, tropical storms, flooding, heavy rains 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, including land within the District.

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

As described herein under “THE DEVELOPMENT – Mineral Rights, Ground Water, Easements, and Other Third-Party Rights,” there are certain Third-Party Rights within the District. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Harris County.

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

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

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,” 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.

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

### **Dependence Upon Developer and Homebuilders**

The Developer and the Homebuilders, as the majority owners of Assessed Property within the District, have the initial obligation for the payment of most of the Assessments. The Developer is under contract to sell all of the lots within the District to the Homebuilders, and as of March 31, 2025, 91 of the 113 lots within the District had been purchased by the Homebuilders. Until the Developer closes on the sale of the remaining lots to the Homebuilders, and until the Homebuilders close on the sale of all lots to homebuyers, the ability of the Developer and the Homebuilders, respectively, 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 assets of the Developer are generally limited to land within the District, the proceeds from the sale of prior lots within the District, related permits and development rights, and the Acquisition and Development Loan.

### **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 to 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.

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.

### **Risks Related to Exposure to the Oil and Gas Industry**

The economy of the greater Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand of residential and commercial property in the area and could reduce or negatively affect property values or homebuilding activity within the District.

## **TAX MATTERS**

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

### **Tax Exemption**

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

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

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

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

taxpayer, and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

### **Collateral Tax Consequences**

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

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

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

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

### **Tax Accounting Treatment of Original Issue Premium**

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

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

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

If the issue price of all or a portion of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “Original Issue Discount Bonds”), the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount

Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption,” “– Collateral Tax Consequences” and “– Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Limited Offering Memorandum.

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

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

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

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

### **Tax Legislative Changes**

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

## **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.

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

### **Legal Opinions**

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

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

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

### **Litigation – The City**

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

### **Litigation – The Developer**

At the time of delivery and payment for the Bonds, 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 Developer, threatened against or affecting Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of Developer or its officers or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Reimbursement Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). The Developer and its affiliates have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. According to the Developer, such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

### **ENFORCEABILITY OF REMEDIES**

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

### **NO RATING**

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

### **CONTINUING DISCLOSURE**

#### **The City**

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

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

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

In the last five years, the City has not failed to comply in any material respect with any material provisions of the continuing disclosure agreements made by the City in accordance with the Rule.

## **The Developer**

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

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 Disclosure Agreement of the Developer. 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 Disclosure Agreement of the Developer. 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 Disclosure Agreement of the Developer or from any statement made pursuant to the Disclosure Agreement of the Developer. The City is not a party to the Disclosure Agreement of the Developer and has no responsibilities thereunder.

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

The Developer has not undertaken any previous continuing disclosure undertakings in accordance with the Rule.

## **UNDERWRITING**

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$ \_\_\_\_\_ (representing the par amount of the Bonds, less an underwriting discount 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. Subject to certain restrictions contained in the bond purchase agreement, the Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

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

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

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

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Texas Public Funds Investment Act (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." 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.

#### **Legal Investments**

Under State law, the City is authorized to invest in obligations meeting the requirements of the PFIA, which may 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 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 (the "FDIC") 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 FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) 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 (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds 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, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase

agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load money market mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

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 or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. 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.

## **Investment Policies**

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will



describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

### **Additional Provisions**

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) 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; (3) 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 imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) 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; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (9) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the said order or resolution, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in the 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 Authorized Improvements generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE – Development Plan" and "– Lot Purchase and Sale Agreements," "THE AUTHORIZED IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Authorized Improvements, and the Development), "LEGAL MATTERS – Litigation – The Developer," and "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings" 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 herein, in light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

### **Experts**

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by 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 Barletta & Associates, Inc., and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property.

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

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

## **FORWARD-LOOKING STATEMENTS**

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

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

## **AUTHORIZATION AND APPROVAL**

In the Bond Ordinance, the City will approve the form and content of this Preliminary Limited Offering Memorandum and authorize the Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

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**APPENDIX A**

**GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREAS**

The City is located in Harris County and is approximately 32 miles northwest of the City of Houston on FM Road 2920. According to the United States Census Bureau, the City covers approximately 12.32 square miles. The City’s 2020 population was 12,341. The City estimates its 2025 population to be 15,445.

The City 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 was incorporated on July 18, 1933, and first adopted the City’s Home Rule Charter on January 17, 1987. The City operates under a Council-City Manager form of government with a City Council comprised of the Mayor and five Council members elected to serve three-year terms. The Mayor is the official head of City government, and the City Manager acts as the chief administrative officer. The City provides a number of services, including water, sanitary sewer collection and treatment, gas service, police, fire, maintaining streets and drainage, municipal court, a community center, and parks.

**Historical Annual Employment in Houston – The Woodlands – Sugar Land Metropolitan Statistical Area**

The following information has been provided for informational purposes only.

|                          | 2024 <sup>(1)</sup> | 2023      | 2022      | 2021      | 2020      |
|--------------------------|---------------------|-----------|-----------|-----------|-----------|
| Civilian Labor Force     | 3,763,347           | 3,621,778 | 3,512,744 | 3,437,621 | 3,401,400 |
| Total Employed           | 3,610,500           | 3,469,061 | 3,362,820 | 3,220,354 | 3,106,692 |
| Total Unemployed         | 152,847             | 152,717   | 149,924   | 217,267   | 294,708   |
| <u>Unemployment Rate</u> | 4.1%                | 4.2%      | 4.3%      | 6.3%      | 8.7%      |

<sup>(1)</sup> As of December 2024.

*Source: Texas Workforce Commission*

**Major Employers in the City**

The major employers in the City for 2023 are set forth in the table below.

| <u>Employer</u>                             | <u>Employees</u> |
|---|------------------|
| Tomball ISD                                 | 2,800            |
| HCA (prev. Tomball Regional Medical Center) | 1,500            |
| Lone Star College – Tomball                 | 601              |
| H-E-B                                       | 390              |
| Walmart                                     | 280              |
| City of Tomball                             | 254              |
| Lowe’s                                      | 250              |
| Kroger                                      | 132              |
| Houston Poly Bag, Ltd.                      | 120              |
| Target                                      | 107              |

*Source: The City’s Annual Comprehensive Financial Report Fiscal Year Ended September 30, 2023*

**REGIONAL EMPLOYMENT**

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

| City of Jersey Village (2022)<br>Approximately 20 miles |           | City of Conroe (2023)<br>Approximately 28 miles |           | City of Houston (2021)<br>Approximately 32 miles |           | The Woodlands Township (2021)<br>Approximately 18 miles |           |
|---|-----------|---|-----------|--|-----------|---|-----------|
| Employer  | Employees | Employer  | Employees | Employer   | Employees | Employer  | Employees |
| Jersey Village High School                              | 315       | Conroe ISD                                      | 5,776     | Memorial Hermann Healthcare System               | 35,360    | Conroe ISD  | 4,596     |
| Joe Myers Toyota  | 215       | Montgomery County                               | 3,170     | Wal-Mart   | 29,797    | Memorial Hermann The Woodlands Hosp.                    | 2,974     |
| Joe Myers Ford  | 175       | HCA Houston Healthcare Conroe                   | 990       | H-E-B  | 29,657    | St. Luke’s Health                                       | 1,857     |
| Sonic-LS Chevrolet                                      | 150       | City of Conroe                                  | 946       | Houston Methodist                                | 26,098    | Houston Methodist, The Woodlands Hosp.                  | 1,850     |
| Sam’s East Inc.   | 149       | Steris  | 690       | Univ. of TX MD Anderson Cancer Center            | 21,576    | Alright Solutions                                       | 1,530     |
| City of Jersey Village                                  | 148       | National Oilwell Varco                          | 690       | HCA Houston Healthcare                           | 15,000    | Lone Star College                                       | 1,362     |
| Post Elementary School                                  | 117       | Tri-County Behavioral Healthcare                | 422       | Kroger Company                                   | 14,868    | Texas Children’s Hospital                               | 1,148     |
| Foundry Methodist                                       | 65        | Wal-Mart Supercenter                            | 387       | ExxonMobil                                       | 13,000    | Chevron Phillips Chemical                               | 1,070     |
| CEMEX   | 62        | Consolidated Communications                     | 332       | United Airlines                                  | 11,900    | Woodforest National Bank                                | 1,029     |
| Champion Forest Baptist                                 | 37        | McKesson  | 287       | Schlumberger Limited                             | 11,700    | Entergy Texas   | 977       |

| City of Katy (2023)<br>Approximately 20 miles |           |
|---|-----------|
| Employer                                      | Employees |
| Katy Mills                                    | 2,800     |
| Katy ISD                                      | 2,585     |
| Amazon  | 1,500     |
| Igloo   | 1,250     |
| Typhoon Texas                                 | 1,140     |
| HEB Grocery/Gas                               | 432       |
| Wal-Mart                                      | 363       |
| Southern Glazers Wine                         | 334       |
| Costco  | 317       |
| Buc-ee’s                                      | 298       |

Source: Municipal Advisory Council of Texas (employment data).  
 Note: Map is not to scale and has been edited for ease of use.

APPENDIX B  
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF TOMBALL, TEXAS

and

Wilmington Trust, National Association

as Trustee

DATED AS OF April 15, 2025

SECURING

CITY OF TOMBALL, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)

## TABLE OF CONTENTS

Page

### ARTICLE 1

|             |   |    |
|-------------|---|----|
| Section 1.1 | <u>Definitions</u> .....                            | 4  |
| Section 1.2 | <u>Findings</u> .....                               | 11 |
| Section 1.3 | <u>Table of Contents, Titles and Headings</u> ..... | 11 |
| Section 1.4 | <u>Interpretation</u> .....                         | 11 |

### ARTICLE 2

|             |   |    |
|-------------|---|----|
| Section 2.1 | <u>Security for the Bonds</u> .....           | 11 |
| Section 2.2 | <u>Limited Obligations</u> .....              | 12 |
| Section 2.3 | <u>Authorization for Indenture</u> .....      | 12 |
| Section 2.4 | <u>Contract with Owners and Trustee</u> ..... | 12 |

### ARTICLE 3

|              |  |    |
|--------------|--|----|
| Section 3.1  | <u>Authorization</u> .....   | 12 |
| Section 3.2  | <u>Date, Denomination, Maturities, Numbers and Interest</u> .....                          | 13 |
| Section 3.3  | <u>Conditions Precedent to Delivery of Bonds</u> .....                                     | 13 |
| Section 3.4  | <u>Medium, Method and Place of Payment</u> .....   | 14 |
| Section 3.5  | <u>Execution and Registration of Bonds</u> .....   | 15 |
| Section 3.6  | <u>Ownership</u> .....   | 16 |
| Section 3.7  | <u>Registration, Transfer and Exchange</u> .....   | 16 |
| Section 3.8  | <u>Cancellation</u> .....  | 17 |
| Section 3.9  | <u>Temporary Bonds</u> .....   | 17 |
| Section 3.10 | <u>Replacement Bonds</u> .....   | 18 |
| Section 3.11 | <u>Book-Entry Only System</u> .....  | 19 |
| Section 3.12 | <u>Successor Securities Depository: Transfer Outside Book-Entry-<br/>Only System</u> ..... | 19 |
| Section 3.13 | <u>Payments to Cede &amp; Co</u> .....   | 20 |

### ARTICLE 4

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

TABLE OF CONTENTS  
(continued)

Page

ARTICLE 5

|             |                                  |    |
|-------------|----------------------------------|----|
| Section 5.1 | <u>Form Generally.</u> .....     | 24 |
| Section 5.2 | <u>CUSIP Registration.</u> ..... | 25 |
| Section 5.3 | <u>Legal Opinion.</u> .....      | 25 |

ARTICLE 6

|              |  |    |
|--------------|--|----|
| Section 6.1  | <u>Establishment of Funds and Accounts.</u> .....        | 25 |
| Section 6.2  | <u>Initial Deposits to Funds and Accounts.</u> .....     | 26 |
| Section 6.3  | <u>Pledged Revenue Fund.</u> .....                       | 27 |
| Section 6.4  | <u>Bond Fund.</u> .....                                  | 29 |
| Section 6.5  | <u>Project Fund.</u> .....                               | 29 |
| Section 6.6  | <u>Redemption Fund.</u> .....                            | 30 |
| Section 6.7  | <u>Bond Reserve Account.</u> .....                       | 31 |
| Section 6.8  | <u>Delinquency and Prepayment Reserve Account.</u> ..... | 32 |
| Section 6.9  | <u>Rebate Fund.</u> .....                                | 33 |
| Section 6.10 | <u>Administrative Fund.</u> .....                        | 33 |
| Section 6.11 | <u>Investment of Funds.</u> .....                        | 34 |
| Section 6.12 | <u>Investment Income.</u> .....                          | 35 |
| Section 6.13 | <u>Security of Funds.</u> .....                          | 35 |

ARTICLE 7

|             |   |    |
|-------------|---|----|
| Section 7.1 | <u>Confirmation of Assessments.</u> .....               | 36 |
| Section 7.2 | <u>Collection and Enforcement of Assessments.</u> ..... | 36 |
| Section 7.3 | <u>Against Encumbrances.</u> .....                      | 36 |
| Section 7.4 | <u>Records, Accounts, Accounting Reports.</u> .....     | 36 |

ARTICLE 8

|             |   |    |
|-------------|---|----|
| Section 8.1 | <u>General.</u> .....                   | 37 |
| Section 8.2 | <u>No Private Activity Bonds.</u> ..... | 37 |
| Section 8.3 | <u>No Federal Guaranty.</u> .....       | 37 |
| Section 8.4 | <u>No Hedge Bonds.</u> .....            | 37 |
| Section 8.5 | <u>No-Arbitrage.</u> .....              | 37 |
| Section 8.6 | <u>Arbitrage Rebate.</u> .....          | 38 |
| Section 8.7 | <u>Information Reporting.</u> .....     | 38 |
| Section 8.8 | <u>Record Retention.</u> .....          | 38 |
| Section 8.9 | <u>Registration.</u> .....              | 38 |

TABLE OF CONTENTS  
(continued)

|              |   | <u>Page</u> |
|--------------|---|-------------|
| Section 8.10 | <u>Favorable Opinion of Bond Counsel.</u> | 38          |
| Section 8.11 | <u>Continuing Obligation.</u>             | 38          |

ARTICLE 9

|  |                   |    |
|--|-------------------|----|
|  | LIABILITY OF CITY | 38 |
|--|-------------------|----|

ARTICLE 10

|               |  |    |
|---------------|--|----|
| Section 10.1  | <u>Trustee as Registrar and Paying Agent.</u>                | 40 |
| Section 10.2  | <u>Trustee Entitled to Indemnity.</u>                        | 40 |
| Section 10.3  | <u>Responsibilities of the Trustee.</u>                      | 40 |
| Section 10.4  | <u>Property Held in Trust.</u>                               | 45 |
| Section 10.5  | <u>Trustee Protected in Relying on Certain Documents.</u>    | 45 |
| Section 10.6  | <u>Compensation.</u>   | 46 |
| Section 10.7  | <u>Permitted Acts.</u>                                       | 46 |
| Section 10.8  | <u>Resignation of Trustee.</u>                               | 47 |
| Section 10.9  | <u>Removal of Trustee.</u>                                   | 47 |
| Section 10.10 | <u>Successor Trustee.</u>                                    | 47 |
| Section 10.11 | <u>Transfer of Rights and Property to Successor Trustee.</u> | 48 |
| Section 10.12 | <u>Merger, Conversion or Consolidation of Trustee.</u>       | 49 |
| Section 10.13 | <u>Trustee to File Continuation Statements.</u>              | 49 |
| Section 10.14 | <u>Accounts, Periodic Reports and Certificates.</u>          | 49 |
| Section 10.15 | <u>Construction of Indenture.</u>                            | 49 |

ARTICLE 11

|              |   |    |
|--------------|---|----|
| Section 11.1 | <u>Amendments Permitted.</u>  | 50 |
| Section 11.2 | <u>Owners' Meetings.</u>  | 50 |
| Section 11.3 | <u>Procedure for Amendment with Written Consent of Owners.</u>      | 51 |
| Section 11.4 | <u>Effect of Supplemental Indenture.</u>                            | 51 |
| Section 11.5 | <u>Endorsement or Replacement of Bonds Issued After Amendments.</u> | 52 |
| Section 11.6 | <u>Amendatory Endorsement of Bonds.</u>                             | 52 |
| Section 11.7 | <u>Execution of Supplemental Indenture.</u>                         | 52 |

ARTICLE 12

|              |  |    |
|--------------|--|----|
| Section 12.1 | <u>Events of Default.</u>                                      | 52 |
| Section 12.2 | <u>Immediate Remedies for Default.</u>                         | 53 |
| Section 12.3 | <u>Restriction on Owner's Action.</u>                          | 54 |
| Section 12.4 | <u>Application of Revenues and Other Moneys After Default.</u> | 54 |

TABLE OF CONTENTS  
(continued)

|               | <u>Page</u>  |
|---------------|--|
| Section 12.5  | <u>Effect of Waiver</u> .....55  |
| Section 12.6  | <u>Evidence of Ownership of Bonds</u> .....55                                |
| Section 12.7  | <u>Waiver of Default</u> .....56   |
| Section 12.8  | <u>No Acceleration</u> .....56   |
| Section 12.9  | <u>Mailing of Notice</u> .....56   |
| Section 12.10 | <u>Exclusion of Bonds</u> .....56  |
| ARTICLE 13    |  |
| Section 13.1  | <u>Representations as to Pledged Revenues</u> .....56                        |
| Section 13.2  | <u>General</u> .....57   |
| ARTICLE 14    |  |
| Section 14.1  | <u>Further Assurances; Due Performance</u> .....57                           |
| Section 14.2  | <u>Additional Obligations; Other Obligations or Other Liens</u> .....58      |
| Section 14.3  | <u>Books of Record</u> .....58   |
| ARTICLE 15    |  |
| Section 15.1  | <u>Trust Irrevocable</u> .....58   |
| Section 15.2  | <u>Satisfaction of Indenture</u> .....59                                     |
| Section 15.3  | <u>Bonds Deemed Paid</u> .....59   |
| ARTICLE 16    |  |
| Section 16.1  | <u>Benefits of Indenture Limited to Parties</u> .....60                      |
| Section 16.2  | <u>Successor is Deemed Included in All References to Predecessor</u> .....60 |
| Section 16.3  | <u>Execution of Documents and Proof of Ownership by Owners</u> .....60       |
| Section 16.4  | <u>Waiver of Personal Liability</u> .....61                                  |
| Section 16.5  | <u>Notices to and Demands on City and Trustee</u> .....61                    |
| Section 16.6  | <u>Partial Invalidity</u> .....62  |
| Section 16.7  | <u>Applicable Laws</u> .....63   |
| Section 16.8  | <u>Payment on Business Day</u> .....63                                       |
| Section 16.9  | <u>Counterparts</u> .....63  |
| Section 16.10 | <u>Statutory Verifications</u> .....63                                       |
| Section 16.11 | <u>Form 1295 Exemption</u> .....64   |

TABLE OF CONTENTS  
(continued)

Page

EXHIBIT A - Form of Bond

EXHIBIT B – Form of Certificate for Payment

EXHIBIT C – Form of Closing Disbursement Request

## **INDENTURE OF TRUST**

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

WHEREAS, a petition was submitted by the Petitioner and filed with the City Secretary of the City (the “City Secretary”) pursuant to Texas Local Government Code, Chapter 372, as amended (the “PID Act”), requesting the creation of a public improvement district located within the corporate limits of the City to be known as the Winfrey Estates Public Improvement District (the “District”); and

WHEREAS, the petition contained the signatures of the owners of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Harris County Appraisal District, and the signatures of the record owners of taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment within the District; and

WHEREAS, on February 7, 2022, after due notice, the City Council of the City (the “City Council”) held a public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and the City Council made the findings required by Section 372.009(b) of the PID Act and, by resolution, adopted by the City Council on April 18, 2022, authorized the District in accordance with its findings as to the advisability of the improvement projects and services; and

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

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

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

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

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

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

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

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Authorized Improvements Project Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates Public Improvement District)” (the “Bonds”), such Bonds being payable solely from the Trust Estate (defined herein) and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in the preamble of this Indenture; and

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

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

#### FIRST GRANTING CLAUSE

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



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

## SECOND GRANTING CLAUSE

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

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

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

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

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

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

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in the Trust Estate:

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as

hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

## ARTICLE 1

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.1 Definitions.

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

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

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

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

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

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

“Administrator” means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

“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) third-party administrative costs relating to paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Amended and Restated 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 Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

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

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

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

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

“Assessment” means an Assessment levied against Assessed Property, for the Authorized Improvements Project Costs and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions in the Service and Assessment Plan and in the PID Act.

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

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

“Assessment Roll” means the Assessment Roll for the Assessed Property in the District attached as Appendix F-1 to the Service and Assessment Plan, as updated, modified or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of the Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Assessment against each Assessed Property.

“Authorized Denomination” means \$25,000 and any integral multiple of \$1,000 in excess of \$25,000, or a smaller denomination, if any, resulting from a partial redemption of Bonds as determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

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

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

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

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

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

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

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

“Bond Ordinance” means that certain ordinance adopted by the City Council on April 21, 2025 authorizing the Indenture and the Bonds.

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

“Bond Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the most recent calculation date, (ii) 125% of average Annual Debt Service on the Bonds as of the most recent calculation date, or (iii) 10% of the stated principal amount of the Bonds (or, if the issue has more than a de minimis amount of original issue discount or premium, the issue price of the issued Bonds) Outstanding as of the latest calculation date. The initial calculation date is the Closing Date and subsequent to thereto, upon (a) any transfers made pursuant to Section 6.7(h), (b) a mandatory sinking fund redemption pursuant to the terms of this Indenture, (c) an optional redemption pursuant to the terms of this Indenture or (d) an extraordinary optional redemption pursuant to the terms of this Indenture.

“Bond Year” “Bond Year” or “Fiscal Year” means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Developer” means CHTA Development, Inc., a Texas corporation and its respective successors and assigns.

“Development Agreement” means the agreement executed by and between the Developer and the City effective April 18, 2022.

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

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

“Foreclosure Proceeds” means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Assessments against any Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Purchaser” means the initial purchaser of the Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

“Trustee” means Wilmington Trust, National Association, a national banking association, and its successors, and any other corporation or association that may at any time be substituted in



its place, as provided in Article 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

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

Section 1.2 Findings.

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

Section 1.3 Table of Contents, Titles and Headings.

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

Section 1.4 Interpretation.

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

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

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

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

## ARTICLE 2

### THE BONDS

Section 2.1 Security for the Bonds.

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

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of Trust Estate, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate

granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered Owners the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.2 Limited Obligations.

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

Section 2.3 Authorization for Indenture.

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

Section 2.4 Contract with Owners and Trustee.

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

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

ARTICLE 3

AUTHORIZATION; GENERAL TERMS AND  
PROVISIONS REGARDING THE BONDS

Section 3.1 Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act. The Bonds shall

be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of (i) paying or reimbursing a portion of the Authorized Improvements Project Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding a portion of the Delinquency and Prepayment Reserve Account (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

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

(a) The Bonds shall be dated the date of their delivery to the Underwriter (the “Delivery Date”) and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on 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>Term Bonds</u>            |                         |                      |
|------------------------------|-------------------------|----------------------|
| <u>Year</u><br><u>(9/15)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

Section 3.3 Conditions Precedent to Delivery of Bonds.

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

- (a) a copy of the executed Assessment Ordinance;

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

Section 3.4 Medium, Method and Place of Payment.

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

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

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

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

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

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be

applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5 Execution and Registration of Bonds.

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

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

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

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

Section 3.6 Ownership.

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

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

Section 3.7 Registration, Transfer and Exchange.

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

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

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

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

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

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

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

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

### Section 3.8 Cancellation.

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

### Section 3.9 Temporary Bonds.

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

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

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

form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10 Replacement Bonds.

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

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

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

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

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

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

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

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

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



Section 3.11 Book-Entry Only System.

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

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

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

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In

such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13 Payments to Cede & Co.

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

ARTICLE 4

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1 Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article 4.

Section 4.2 Mandatory Sinking Fund Redemption.

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

\$ \_\_\_\_\_ Term Bonds maturing September 15, 20\_\_

| Redemption Date     | Sinking Fund<br>Installment Amount |
|---------------------|------------------------------------|
| September 15, 20__  |                                    |
| September 15, 20__  |                                    |
| September 15, 20__  |                                    |
| September 15, 20__* |                                    |

\*maturity

\$ Term Bonds maturing September 15, 20

| Redemption Date     | Sinking Fund<br>Installment Amount |
|---------------------|------------------------------------|
| September 15, 20__  |                                    |
| September 15, 20__  |                                    |
| September 15, 20__  |                                    |
| September 15, 20__* |                                    |

\*maturity

\$ Term Bonds maturing September 15, 20

| Redemption Date     | Sinking Fund<br>Installment Amount |
|---------------------|------------------------------------|
| September 15, 20__  |                                    |
| September 15, 20__  |                                    |
| September 15, 20__  |                                    |
| September 15, 20__* |                                    |

\*maturity

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

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

(d) In the event of such redemption the City shall recalculate the Bond Reserve Account Requirement and provide written direction with regard to a corresponding reduction in the Bond Reserve Account Requirement.

#### Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 15, 20\_\_ in whole or any part, before their respective scheduled maturity dates, on September 15, 20\_\_, or on any date thereafter such redemption date or dates to be fixed by the City, at a Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed either in writing or by delivery of an ordinance or resolution by the City calling the Bonds for redemption. In the event of such redemption the City shall recalculate the Bond Reserve Account Requirement and provide written direction with regard to a corresponding reduction in the Bond Reserve Account Requirement.

#### Section 4.4 Extraordinary Optional Redemption.

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

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

Section 4.5 Partial Redemption.

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

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

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

Section 4.6 Notice of Redemption to Owners.

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

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

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

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an

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

Section 4.7 Payment Upon Redemption.

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

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

Section 4.8 Effect of Redemption.

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

ARTICLE 5

FORM OF THE BONDS

Section 5.1 Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond, and the Certificate of the Trustee and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers,

or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

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

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

#### Section 5.2 CUSIP Registration.

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

#### Section 5.3 Legal Opinion.

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

### ARTICLE 6

#### FUNDS AND ACCOUNTS

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

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

- (1) Pledged Revenue Fund;

- (2) Bond Fund;
- (3) Project Fund;
- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund; and
- (7) Administrative Fund.

(b) Creation of Accounts.

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

- (A) Principal and Interest Account.

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

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

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

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

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

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

Section 6.2 Initial Deposits to Funds and Accounts.

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

- (1) to the Bond Reserve Account: \$\_\_\_\_\_.



- (2) to the Costs of Issuance Account: \$\_\_\_\_\_.
- (3) to the Delinquency and Prepayment Reserve Account: \$\_\_\_\_\_.
- (4) to the Administrative Fund: \$\_\_\_\_\_; and
- (5) to the Improvement Account of the Project Fund: \$\_\_\_\_\_.

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2026, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to Section 6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(f), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

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

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

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

(d) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount,

taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

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

(f) Notwithstanding Section 6.3(a) above:

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

(2) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund;

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

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

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

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

Section 6.4 Bond Fund.

(a) No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds.

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

Section 6.5 Project Fund.

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

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

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

(d) Funds on deposit in the Improvement Account in the amount of \$ \_\_\_\_\_ shall be retained in the Project Fund and shall not be expended or used to pay the costs of the Authorized Improvements pursuant to a reviewed and approved Certificate for Payment until all of the following have occurred, as certified by the Developer to the City and the Trustee:

(1) All of the Authorized Improvements have been constructed or installed and accepted by the City, to the extent applicable;

(2) All of the lots in the District which, on the Closing Date, are not subject to a lot purchase contract, are either under contract with a third-party builder or are lots on which the Developer is building or expects to build homes; and

(3) \_\_\_ single-family homes have been fully constructed the District.

(e) If the amount retained pursuant to (d) above have not been released from the project Fund on or before September 15, 2028, any amounts remaining in the Project Fund may be transferred to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 herein.

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

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

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

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

#### Section 6.6 Redemption Fund.

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

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

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

Section 6.7 Bond Reserve Account.

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

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

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

(d) [reserved]

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

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

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

(h) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds 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. Provided, however, no such transfer from the Bond Reserve Account shall cause the amount on deposit therein to be less than the Bond Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Bonds, there are insufficient funds to pay Redemption Price of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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

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

#### Section 6.8 Delinquency and Prepayment Reserve Account.

(a) In addition to the initial deposit to the Delinquency and Prepayment Reserve Account pursuant to Section 6.2, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account pursuant to Section 6.3 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 6.13(d) herein), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the

Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

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

#### Section 6.9 Rebate Fund.

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

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

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

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

#### Section 6.10 Administrative Fund.

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

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

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

#### Section 6.11 Investment of Funds.

(a) Money in any Fund established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in this Indenture. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no discretion for investing funds or advising any parties on investing funds, and the Trustee's only responsibility



for investments shall be to follow the written instructions of the City. The Trustee may receive compensation in connection with any investment if authorized by the City Representative in writing. The Trustee shall not incur any liability for losses (including depreciation) arising from any investments or the sale of any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments and may conclusively rely on the City's written instructions as to the directed investments. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

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

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

#### Section 6.12 Investment Income.

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

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

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

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

#### Section 6.13 Security of Funds.

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

## ARTICLE 7

### COVENANTS

#### Section 7.1 Confirmation of Assessments.

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

#### Section 7.2 Collection and Enforcement of Assessments.

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

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

#### Section 7.3 Against Encumbrances.

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

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

#### Section 7.4 Records, Accounts, Accounting Reports.

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

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

## ARTICLE 8

### FEDERAL INCOME TAX MATTERS

#### Section 8.1 General.

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

#### Section 8.2 No Private Activity Bonds.

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

#### Section 8.3 No Federal Guaranty.

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

#### Section 8.4 No Hedge Bonds.

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

#### Section 8.5 No-Arbitrage.

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

Section 8.6 Arbitrage Rebate.

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

Section 8.7 Information Reporting.

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

Section 8.8 Record Retention.

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

Section 8.9 Registration.

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

Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 8.11 Continuing Obligation.

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

## ARTICLE 9

### LIABILITY OF CITY

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

or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

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

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

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City’s failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Pledged Revenues. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

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

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

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

## ARTICLE 10

### THE TRUSTEE

#### Section 10.1 Trustee as Registrar and Paying Agent.

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

#### Section 10.2 Trustee Entitled to Indemnity.

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

#### Section 10.3 Responsibilities of the Trustee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



- (1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,
- (2) any instrument or document of further assurance or collateral assignment,
- (3) the filing, execution, delivery, recording or authorization of any financing statements, amendments thereto or continuation statements,
- (4) insurance of the Authorized Improvements or collection of insurance money,
- (5) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or
- (6) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.
  - (i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder.
  - (j) The Trustee may request, conclusively rely on and shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the written direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.
  - (k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 12.1(1), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds referring to this Indenture, describing such Event of Default and stating that such notice is a “notice of default”. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.
  - (l) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.
  - (m) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.
  - (n) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee

and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

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

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

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

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

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

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

(u) In the event that any of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or

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

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

#### Section 10.4 Property Held in Trust.

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

#### Section 10.5 Trustee Protected in Relying on Certain Documents.

The Trustee may request and rely upon any resolution, instrument, reports, direction, order, judgment, notice, opinion, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect

thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 10.13 herein.

#### Section 10.6 Compensation.

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

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

#### Section 10.7 Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner

of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Bonds.

#### Section 10.8 Resignation of Trustee.

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

#### Section 10.9 Removal of Trustee.

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

#### Section 10.10 Successor Trustee.

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

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

Until such successor trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of thirty (30) days after such vacancy occurs) appoint a trustee to act hereunder. Copies of any instrument of the City providing for any such

appointment shall be delivered by the City to the trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within thirty (30) days after such appointment. Any appointment of a successor trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the requisite Owners of Bonds.

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

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

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

#### Section 10.11 Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance (without representation or warranty, express implied or statutory) and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 10.12 Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, and will have succeeded to the rights, powers, duties, immunities and privileges as predecessor without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 10.13 Trustee to File Continuation Statements.

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

Section 10.14 Accounts, Periodic Reports and Certificates.

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

Section 10.15 Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

## ARTICLE 11

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

#### Section 11.1 Amendments Permitted.

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

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

- (1) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;
- (2) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds; and
- (4) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

#### Section 11.2 Owners' Meetings.

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



### Section 11.3 Procedure for Amendment with Written Consent of Owners.

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

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

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

### Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 11, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.5 Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 11.6 Amendatory Endorsement of Bonds.

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

Section 11.7 Execution of Supplemental Indenture.

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

## ARTICLE 12

### DEFAULT AND REMEDIES

Section 12.1 Events of Default.

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

- (1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (2) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
- (3) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and

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

Section 12.2 Immediate Remedies for Default.

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

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

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

(d) Whenever moneys are to be applied pursuant to this Article 12, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

### Section 12.3 Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

### Section 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 12.2 hereof, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

#### Section 12.5 Effect of Waiver.

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

#### Section 12.6 Evidence of Ownership of Bonds.

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

(1) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the

execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

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

#### Section 12.7 Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

#### Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

#### Section 12.9 Mailing of Notice.

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

#### Section 12.10 Exclusion of Bonds.

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

## ARTICLE 13

### GENERAL COVENANTS AND REPRESENTATIONS

#### Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and

to the extent provided in this Indenture, and that the Trust Estate is and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

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

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

(d) To the extent permitted by law and reasonably practical, notice of the Annual Installments shall be sent by, or on behalf of the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

#### Section 13.2 General.

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

### ARTICLE 14

#### SPECIAL COVENANTS

##### Section 14.1 Further Assurances; Due Performance.

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

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

Section 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

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

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

Section 14.3 Books of Record.

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

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE 15

PAYMENT AND CANCELLATION OF THE BONDS  
AND SATISFACTION OF THE INDENTURE

Section 15.1 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.



## Section 15.2 Satisfaction of Indenture.

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

## Section 15.3 Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) upon (a) the deposit of cash sufficient to pay principal and interest when due, the Trustee shall execute a certificate prepared by bond counsel or the City's financial advisor, that such deposit is wholly 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, or (b) upon the deposit of Defeasance Securities, and any cash, the Trustee shall have received a report by a verification agent selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if less than all of the Bonds are being paid or redeemed, if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency providing 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, only upon receipt by the Trustee of (i) a report by a verification agent, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may

be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

## ARTICLE 16

### MISCELLANEOUS

#### Section 16.1 Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

#### Section 16.2 Successor is Deemed Included in All References to Predecessor.

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

#### Section 16.3 Execution of Documents and Proof of Ownership by Owners.

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

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

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

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

Section 16.4 Waiver of Personal Liability.

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

Section 16.5 Notices to and Demands on City and Trustee.

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

If to the City: City of Tomball, Texas  
401 Market St.  
Tomball, Texas 77375  
Attn: City Manager  
Telephone: (940) 440-9343

With a copy to:

And: Bracewell LLP  
Attn: Julie Partain  
1445 Ross Ave.  
Suite 3800  
Dallas, Texas 75202  
Email: [julie.partain@bracewell.com](mailto:julie.partain@bracewell.com)  
(214) 758-1606

If to the Trustee, also acting in the capacity of Paying Agent/Registrar: Wilmington Trust, National Association  
Attn: Parker Merritt  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248  
Email: [pmerritt@wilmingtontrust.com](mailto:pmerritt@wilmingtontrust.com)  
(714)384-4174

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

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

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

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees, to the extent permitted by law: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

#### Section 16.6 Partial Invalidity.

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

Section 16.7 Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

Section 16.8 Payment on Business Day.

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

Section 16.9 Counterparts.

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

Section 16.10 Statutory Verifications. The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Indenture. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) *Not a Sanctioned Company.* The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) *No Boycott of Israel.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) *No Discrimination Against Firearm Entities.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

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

Section 16.11 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of M&T Bank Corporation, a publicly traded business entity, and therefore this Indenture is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

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

CITY OF TOMBALL, 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, HARRIS COUNTY OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED  
No. \_\_\_\_\_

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

United States of America  
State of Texas

CITY OF TOMBALL, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)

|                      |                      |                         |                     |
|----------------------|----------------------|-------------------------|---------------------|
| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>DATE OF DELIVERY</u> | <u>CUSIP NUMBER</u> |
| _____ %              | September 15, _____  | May 21, 2025            | _____               |

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

\_\_\_\_\_

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

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on \_\_\_\_\_, 202\_, and on each March 15 and September 15 thereafter until maturity or prior redemption.

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



The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of Wilmington Trust, National Association, a national banking association, as trustee and paying agent/registrar (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the fifteenth business day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated May 21, 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 15, 2025 (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying or reimbursing a portion of the Authorized Improvements Project Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

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

to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

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

The Bonds are issuable as fully registered bonds only in denominations of \$25,000, or any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$25,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

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

\$ \_\_\_\_\_ Term Bonds maturing September 15, 20\_\_

| Redemption Date      | Sinking Fund<br>Installment Amount |
|----------------------|------------------------------------|
| September 15, 20__   |                                    |
| September 15, 20__   |                                    |
| September 15, 20__   |                                    |
| September 15, 20__ * |                                    |

\*maturity

\$ \_\_\_\_\_ Term Bonds maturing September 15, 20\_\_

| Redemption Date      | Sinking Fund<br>Installment Amount |
|----------------------|------------------------------------|
| September 15, 20__   |                                    |
| September 15, 20__   |                                    |
| September 15, 20__   |                                    |
| September 15, 20__ * |                                    |

\*maturity

\$ \_\_\_\_\_ Term Bonds maturing September 15, 20\_\_

| Redemption Date     | Sinking Fund<br>Installment Amount |
|---------------------|------------------------------------|
| September 15, 20__  |                                    |
| September 15, 20__  |                                    |
| September 15, 20__  |                                    |
| September 15, 20__* |                                    |

\*maturity

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

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

The City reserves the right and option to redeem Bonds maturing on or after 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 a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

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

The City reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit

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

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

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

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

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF TOMBALL, TEXAS; HARRIS COUNTY, TEXAS; THE STATE OF

TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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

\_\_\_\_\_  
City Secretary, City of Tomball, Texas

\_\_\_\_\_  
Mayor, City of Tomball, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

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

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

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

WILMINGTON TRUST, NATIONAL  
ASSOCIATION, as Trustee

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

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

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): \_\_\_\_\_

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

Date: \_\_\_\_\_

Signature Guaranteed By:

\_\_\_\_\_

Authorized Signatory

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

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

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

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on 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 Installments</u> | <u>Interest Rates"</u> |
|--------------|-------------------------------|------------------------|

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

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

**EXHIBIT B**

FORM OF CERTIFICATE FOR PAYMENT

CERTIFICATE FOR PAYMENT NO. \_\_\_\_

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of April 15, 2025 (the “Indenture”) relating to the “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates Public Improvement District)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for CHTA Development, Inc., a Texas corporation (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

The Improvement Account of the Project Fund from Wilmington Trust, National Association, (the “Trustee”), in the amount of \_\_\_\_\_ (\$ \_\_\_\_\_) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements providing a special benefit to property within the Winfrey Estates Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Authorized Improvements below is a true and accurate representation of the Actual Costs of the Authorized Improvements associated with the creation, acquisition, or construction of said Authorized Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Authorized Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Assessments it owes or an entity the Developer controls owes, related to property located in the Winfrey Estates Public Improvement District and has no outstanding delinquencies for such taxes or Assessments. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.



6. The work with respect to Authorized Improvements referenced below has been completed or its completed segment), and the City has inspected such Authorized Improvements or its completed segment.

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

**Payments requested are as follows:**

| <b>Payee /<br/>Description of<br/>Authorized<br/>Improvement</b> | <b>Total Cost<br/>Authorized<br/>Improvement</b> | <b>Budgeted Cost<br/>of Authorized<br/>Improvement</b> | <b>Amount requested be<br/>paid from the<br/>Improvement Account</b> |
|--|--|--|--|
|  |  |  |  |
|  |  |  |  |

8. Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are “all bills paid” affidavits or “conditional all bills paid” affidavits, as applicable, and supporting documentation in the standard form for City construction projects.

9. Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Authorized Improvement (or completed, section or portion thereof segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

10. Forms or information requested by the City’s PID Administrator for the payment/reimbursement of Authorized Improvements Costs have been submitted.

11. The amount of this request when combined with all previous Certificates for Payment submitted by the Developer, [check one] (i) \_\_\_\_\_ does not exceed an amount that would leave \$ \_\_\_\_\_ remaining in the Improvement Account of the Project Fund or (ii) \_\_\_\_\_ the Developer hereby certifies the following:

(2) All of the Authorized Improvements have been constructed or installed and accepted by the City, to the extent applicable;

(3) All of the lots in the District which, on the Closing Date, are not subject to a lot purchase contract, are either under contract with a third-party builder or are lots on which the Developer is building or expects to build homes; and

(4) \_\_\_ single-family homes have been fully constructed the District.

**Payments requested hereunder shall be made as directed below:**

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**CHTA Development, Inc., a Texas corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVAL OF REQUEST**

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Authorized Improvement.

| Amount of Certificate for Payment Request | Amount requested be paid from the Improvement Account |
|---|---|
| \$ _____                                  | \$ _____  |

**CITY OF TOMBALL, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**

**FORM OF CLOSING DISBURSEMENT REQUEST**

The undersigned is an agent for CHTA Development, Inc., a Texas corporation, (the “Developer”) and requests payment from:

[the Cost of Issuance Account of the Project Fund][ Improvement Account of the Project Fund] from Wilmington Trust, National Association (the “Trustee”) in the amount of \_\_\_\_\_ DOLLARS (\$) \_\_\_\_\_) for costs incurred in the establishment, administration, and operation of the Winfrey Estates 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 below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City and/or the City’s PID Administrator to complete said review.

7. The Developer has submitted all documentation required by the City's PID Administrator with respect to this Disbursement Request.

**Payments requested hereunder shall be made as directed below:**

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**CHTA Development, Inc., a Texas corporation**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVAL OF REQUEST**

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

| Closing Costs | Amount to be Paid by Trustee<br>from Cost of Issuance<br>Account | Amount requested be paid from the<br>Improvement Account |
|---------------|--|--|
| \$ _____      | \$ _____   | \$ _____   |

**CITY OF TOMBALL, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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# Winfrey Estates Public Improvement District

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AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN  
APRIL 21, 2025



## TABLE OF CONTENTS

|  |    |
|--|----|
| Table of Contents.....   | 1  |
| Introduction .....   | 2  |
| Section I: Definitions .....   | 4  |
| Section II: The District .....   | 10 |
| Section III: Authorized Improvements.....                                      | 10 |
| Section IV: Service Plan .....   | 12 |
| Section V: Assessment Plan.....  | 12 |
| Section VI: Terms of the Assessments.....                                      | 14 |
| Section VII: Assessment Roll .....   | 20 |
| Section VIII: Additional Provisions.....                                       | 20 |
| List of Exhibits .....   | 22 |
| List of Appendices .....   | 22 |
| Exhibit A – Map of the District .....  | 23 |
| Exhibit B – Authorized Improvements.....                                       | 24 |
| Exhibit C – Service Plan .....   | 25 |
| Exhibit D – Sources and Uses of Funds.....                                     | 26 |
| Exhibit E – Maximum Assessment.....  | 27 |
| Exhibit F-1 – Assessment Roll.....   | 28 |
| Exhibit F-2 – Annual Installments.....   | 32 |
| Exhibit G-1 – Maps of Public Improvements .....                                | 33 |
| Exhibit G-2 – Maps of Private Improvements.....                                | 38 |
| Exhibit H - Final Plat .....   | 43 |
| Exhibit I – Form of Notice of PID Assessment Lien Termination.....             | 45 |
| Exhibit J – Legal Description.....   | 48 |
| Exhibit K – Series 2025 Bonds Debt Service Schedule .....                      | 49 |
| Appendix A – District Engineer’s Report .....                                  | 50 |
| Appendix B – Buyer Disclosure.....   | 70 |
| Winfrey Estates Public Improvement District – Lot Type 1 Buyer Disclosure..... | 71 |

## INTRODUCTION

Capitalized terms used in this Amended and Restated Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Amended and Restated 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 Amended and Restated Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Amended and Restated Service and Assessment Plan for all purposes.

On April 18, 2022, the City passed and approved Resolution No. 2022-10 authorizing the establishment of the District in accordance with the PID Act, as amended, 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 34.4945 acres located within the City, as described by the legal description on **Exhibit J** and depicted on **Exhibit A**.

On July 17, 2023, the City adopted Ordinance No. 2023-20, approving the 2023 Service and Assessment Plan and, among other things, included a Service Plan, an Assessment Plan, an Assessment Roll for the District, made a finding of the special benefit to the property within the District, levied Assessments against Assessed Property in the District and established a lien on such property, and established a method of assessment and the payment of the Assessments in accordance with the Act.

On July 15, 2024, the City Council approved the 2024 Annual Service Plan Update, which updated the Assessment Roll.

On April 21, 2025, the City Council approved on first reading, an Ordinance approving this 2025 Amended and Restated Service and Assessment Plan for the District by adopting the 2025 Assessment Order, which serves to amend and restate the 2023 Service and Assessment Plan, including all previously approved Annual Service Plan Updates (including the 2024 Annual Service Plan Update), in its entirety for the purposes of (1) incorporating provisions relating to the City’s issuance of the Series 2025 Bonds and (2) updating the Assessment Roll.

On April 21, 2025, the City Council adopted an Ordinance which approved the issuance of the Series 2025 Bonds.

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 as **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 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 Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Assessment Roll is included as **Exhibit F-1**.

## SECTION I: DEFINITIONS

**“2023 Service and Assessment Plan”** means the original Service and Assessment Plan for the District which included a Service Plan, an Assessment Plan, and an Assessment Roll for the District, made a finding of the special benefit to the property within the District, levied Assessments against Assessed Property in the Districts established a lien on such property, and established a method of assessment and the payment of the Assessments in accordance with the Act.

**“2024 Annual Service Plan Update”** means the Annual Service Plan Update to the 2023 Service and Assessment Plan approved by City Council on July 15, 2024, which updated the Assessment Roll.

**“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 Amended and Restated 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.

**“Amended and Restated Service and Assessment Plan”** means this Winfrey Estates Public Improvement District Service and Assessment Plan, which serves to amend and restate the 2023 Service and Assessment Plan, in its entirety, for the purposes of: (1) incorporating provisions relating to the City’s issuance of the Series 2025 Bonds and (2) updating the Assessment Roll.

**“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) third-party administrative costs relating to paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Amended and Restated 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 on 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.

**“Annual Service Plan Update”** means an update to this Amended and Restated 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 and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such 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, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in any Annual Service Plan Updates.

**“Authorized Improvements”** means improvements authorized by Section 372.003 of the PID Act and described in **Section III**.

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

**“City”** means the City of Tomball, Texas.

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

**“County”** means Harris 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 Amended and Restated Service and Assessment Plan including penalties and reasonable attorney’s fees actually paid but excluding amounts representing interest and penalty interest.

**“Developer”** means CHTA Development, Inc., a Texas corporation.

**“Development Agreement”** means that certain Winfrey Estates Development Agreement between the City and the Developer, dated April 18, 2022.

**“District”** means the Winfrey Estates Public Improvement District containing approximately 34.4945 acres located within the City as shown on **Exhibit A** and more specifically described on **Exhibit J**.

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

**“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**.

**“Final Plat”** means the final plat of Winfrey Estates, as recorded in the real property records of the County as document number RP-2023-118531 on April 4, 2023, and attached hereto as **Exhibit H**.

**“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 PID Bonds.

**“Initial Parcel”** means all of the Assessed Property within the District against which the entire Assessment was initially levied.

**“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 Developer and confirmed by the City Council.

**“Lot Type 1”** means a Lot within the District marketed to homebuilders as a residential townhome Lot with an Estimated Buildout Value of \$475,000 as of the date of adoption of the 2023 Service and Assessment Plan. The buyer disclosure for Lot Type 1 is included in **Appendix B**.



**“Maximum Assessment”** means, for each Lot Type, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit E**.

**“Non-Assessed Property”** means Parcels within the boundaries of the District that are not assessed.

**“Non-Benefited Property”** means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council and are not assessed.

**“Notice of PID Assessment Lien 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 I**.

**“Parcel” or “Parcels”** means a specific property within the District identified by either a tax parcel identification number assigned by the Harris County 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, including the Series 2025 Bonds.

**“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 principal and interest, including Additional Interest, and Annual Collection Costs incurred up to the date of Prepayment, and including any penalties.

**“Private Improvements”** means improvements required to be constructed by the Developer that are not Public Improvements, as shown on **Exhibit B** and depicted on **Exhibit G-2**.

**“Public Improvements”** means those Authorized Improvements, including District Formation Expenses, specifically described in **Section III.A** and depicted on **Exhibit G-1**.

**“Reimbursement Agreement”** means that certain “Amended and Restated Winfrey Estates Public Improvement District Reimbursement Agreement” effective July 17, 2023, as amended,

entered into by and between the City and Owner, whereby all or a portion of the Actual Costs not paid to the Developer from the proceeds of PID Bonds will be paid to the Developer from Assessments to reimburse the Developer for Actual Costs paid by the Developer, plus interest, that are eligible to be paid with Assessments.

**“Series 2025 Bonds”** mean those certain “City of Tomball, Texas, Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates Public Improvement District Project)”, that are secured by Assessments levied on Assessed Property within the District.

**“Service and Assessment Plan”** means any Winfrey Estates 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.

**“Trustee”** means the trustee or successor trustee under an Indenture.

## SECTION II: THE DISTRICT

The District includes approximately 34.4945 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit J** and depicted on **Exhibit A**. Development of the District is anticipated to include approximately 113 Lots developed with single family homes.

## SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, 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 or by a third party pursuant to a qualified management contract. The budget for the Authorized Improvements is shown on **Exhibit B**.

### A. Public Improvements

#### ▪ *Paving*

Improvements include subgrade stabilization (including excavation and drainage), concrete and reinforcing steel for roadways, handicapped ramps, and streetlights. Intersections, signage, lighting, and re-vegetation of all disturbed areas within the right of way are included. These paving improvements will provide street access to each Lot within the District.

#### ▪ *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide water service to each Lot within the District.

#### ▪ *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control, and all necessary appurtenances required to provide wastewater service to each Lot within the District.

#### ▪ *Storm Sewer*

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, and erosion control necessary to provide storm drainage for each Lot within the District.

- *Earthwork*

Costs related to removal of trees, stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material, and disposal of material at an off-site location.

- *Gas Line*

Costs related to basin and spoils excavation, construction of swales, cut abandoned oil well and plug and turf establishment.

- *Soft Costs*

Costs related to designing, constructing, and installing the Public Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, District Formation Expenses, and contingency.

## **B. 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.

- *Delinquency and Prepayment 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.

- *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 (including a fee for underwriter's counsel).

- *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.

#### **D. Annual Collection Costs**

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the estimated 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 Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Amended and Restated Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosure for the District. The buyer disclosure is attached hereto as **Appendix B**.

**Exhibit D** summarizes the sources and uses of funds required to construct the Public Improvements. The sources and uses of funds shown on **Exhibit D** are updated to reflect the issuance of the Series 2025 Bonds to show the amount required to fund the required reserves and to issue the PID Bonds.

### **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 Amended & Restated 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 future owners of the Assessed Property.

#### **A. Assessment Methodology**

Acting in its legislative capacity and based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council determined that the costs of the Authorized Improvements should be initially allocated entirely to the Initial Parcel. Upon subdivision of the Initial Parcel, the Actual Costs of the Authorized Improvements were reallocated based on Estimated Buildout Value as further described in **Section VI**.

#### **B. Assessments**

Assessments were levied on the Assessed Property according to the Assessment Roll, attached hereto as **Exhibit F-1**. The projected Annual Installments are shown on **Exhibit F-2** and are subject to revision made during any Annual Service Plan Update.

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 exceed the corresponding Maximum Assessment for the Lot classification.

#### **C. Findings of Special Benefit**

Acting in its legislative capacity and based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by City, the City Council has found and determined the following:

- The cost of the Authorized Improvements equals \$7,623,441 as shown on **Exhibit B**; and
- The Assessed Property receives special benefit from the Authorized Improvements equal to or greater than the Actual Cost of the Authorized Improvements; and
- The Assessed Property was allocated 100% of the Assessments levied for the Authorized Improvements in the 2023 Service and Assessment Plan, which equaled \$6,261,000. As of October 1, 2024, the total outstanding Assessment was 6,224,000. The outstanding Assessments were reduced to \$5,950,000, as shown on the Assessment Roll attached hereto as **Exhibit F-1**; and

- The special benefit (\$7,623,441) received by the Assessed Property from the Authorized Improvements is equal to or greater than the amount of the Assessment (\$6,261,000) levied on the Assessed Property for the Authorized Improvements; and
- At the time the City Council approved the 2023 Service and Assessment Plan, the Developer owned 100% of the Assessed Property. The Developer acknowledged that the Authorized Improvements conferred a special benefit on the Initial Parcel and consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. The Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance, (2) the 2023 Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Assessments on the Assessed Property.

**D. Annual Collection Costs**

The Annual Collection Costs shall be paid 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 the Annual Installments in the amounts shown on the Assessment Roll, which may be revised in Annual Service Plan Updates based on Actual Costs incurred.

**E. Additional Interest**

The interest rate on the 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, upon the issuance of PID Bonds, Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture. With the issuance of the Series 2025 Bonds, Additional Interest will be collected on the Assessments.

**SECTION VI: TERMS OF THE ASSESSMENTS**

Any reallocation of Assessments as described in **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 for 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 Value for Lot Type 1 is 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 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 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 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 in an Annual Service Plan Update, 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 Value for Lot Type 1 is 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 Parcels 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 Parcel or Lot, 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 will not exceed the Maximum Assessment shown on **Exhibit E** for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B**.

## **B. Mandatory Prepayment of Assessments**

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

### **C. True-up of Assessments if Maximum Assessment Exceeded**

Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the Developer must partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the Developer to pay such Assessments.

### **D. Reduction of Assessments**

If, as a result of cost savings or a PID Project not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments the City shall direct the Trustee to apply amounts on deposit in the applicable account of the project fund, relating to the applicable series of PID Bonds, that are not expected to be used to pay Actual Costs of Authorized Improvements to be used to redeem outstanding PID Bonds, in accordance with the applicable Indenture.

The City Council may reduce the Assessments and the Annual Installments for Assessed Property (1) in an amount that represents the Actual Costs of the Authorized Improvements provided for each property; (2) by an equal percentage per Lot; or (3) in any other manner determined by the City Council to be the most fair and practical means of reducing the Assessments for Assessed Property, such that the sum of the resulting reduced Assessments equals the amount required to repay the PID Bonds, including interest on the PID Bonds, Additional Interest, and the Annual Collection Costs portion of the Assessment, as reduced pursuant to this Section.

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**

Any owner of Assessed Property may pay, at any time, all or any portion of an Assessment in accordance with the PID Act, including all Prepayment Costs. Interest costs from the date of Prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a fund established under the applicable Indenture for such purpose. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If the principal portion of an Assessment is paid in full, with interest accrued to the date of Prepayment: (1) the Administrator shall cause the Assessment to be reduced to zero and the

Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit 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; and (4) the City shall provide the owner with a recordable “Notice of PID Assessment Lien Termination”, a form of which is attached hereto as **Exhibit I**.

If an Assessment is paid in part, with interest: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit 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 and corresponding Annual Installments shall be reduced to the extent of the Prepayment made.

#### **F. Payment of Assessment in Annual Installments**

**Exhibit F-2** shows the projected Annual Installments. Assessments that are not paid in full shall be due and payable in 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 identification numbers, the Annual Installment shall be allocated pro rata based on the acreage of the property as shown by Harris County Appraisal District for each tax 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. Annual Collection Costs shall be allocated pro rata among Assessed Property for which Assessments remain unpaid based on the amount of the outstanding Assessment on each Assessed Property. Annual Installments shall be collected in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Foreclosure sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the non-delinquent Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with the PID Act and the applicable Indenture. In the event of a refunding, the Administrator shall recalculate the Annual

Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute “PID Bonds.”

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments were billed and due prior to February 1, 2024.

Failure of an owner to receive an invoice for an Annual Installment on the property tax bill shall not relieve the owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs. The City may provide for other means of collecting the Annual Installments to the extent permitted by the PID Act.

### **G. Prepayment as a result of Eminent Domain Proceeding or Taking**

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 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. The owner of the Remaining Property will remain liable to pay the Assessment that remains due on the Remaining Property in Annual Installments, or payable as otherwise provided by this Amended and Restated Service and Assessment Plan, as updated, or in the PID Act.

Following the initiation of the Taking, the Administrator will be required to determine the portion of the Assessment that was levied against the Assessed Property that would have been allocated to the Taken Property prior to its reclassification as Non-Benefited Property in a manner that results in imposing equal shares of the Actual Costs of the applicable Authorized Improvements on property similarly benefited.

The owner shall make a Prepayment of the Assessment in an amount equal to the amount determined by the Administrator in the preceding paragraph prior to the transfer of ownership of the Taken Property.

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

reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, and the owner shall owe \$10 as a Prepayment for the Taken Property.

Notwithstanding the previous paragraphs in this subsection, if the Administrator determines that the Taking prevents the Remaining Property from being developed as shown on the final plat, the owner shall be required to prepay the total amount of the Assessment levied against the Remaining Property within sixty (60) days of such determination.

## **SECTION VII: ASSESSMENT ROLL**

The 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 Assessment Roll and Annual Installments for each Parcel as part of each Annual Service Plan Update.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Administrative Review**

If the owner of a Parcel claims that error has been made in any calculation required by this Amended & Restated Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Updates, 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 Amended and Restated 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 Amended & Restated 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 Amended & Restated 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 Amended and Restated Service and Assessment Plan.

### **C. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Amended & Restated 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 Amended & Restated Service and Assessment Plan. Interpretations of this Amended & Restated Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners or developers of the 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 in Real Property Records**

Per Section 5.014 of the Texas Property Code, as amended, this Amended & Restated Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosure is attached hereto as **Appendix B**.

Within seven days of approval by the City Council, the City Secretary shall file and record in the official public records of the County the executed Assessment Ordinance and this Amended & Restated Service and Assessment Plan. In addition, the City Secretary shall similarly file each Annual Service Plan Update approved by the City Council, with each such filing to occur within seven days of the date each respective Annual Service Plan Update is approved.

### **E. Severability**

If any provision of this Amended & Restated 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.

## LIST OF EXHIBITS

The following Exhibits are attached to and made a part of this Amended and Restated Service and Assessment Plan for all purposes:

|                    |   |
|--------------------|---|
| <b>Exhibit A</b>   | Map of the District                               |
| <b>Exhibit B</b>   | Authorized Improvements                           |
| <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> | Assessment Roll                                   |
| <b>Exhibit F-2</b> | Annual Installments                               |
| <b>Exhibit G-1</b> | Maps of Public Improvements                       |
| <b>Exhibit G-2</b> | Maps of Private Improvements                      |
| <b>Exhibit H</b>   | Final Plat  |
| <b>Exhibit I</b>   | Form of Notice of PID Assessment Lien Termination |
| <b>Exhibit J</b>   | Legal Description                                 |
| <b>Exhibit K</b>   | Series 2025 Bonds Debt Service Schedule           |

## LIST OF APPENDICES

The following Appendices are attached to and made a part of this Amended and Restated Service and Assessment Plan for all purposes:

|                   |                            |
|-------------------|----------------------------|
| <b>Appendix A</b> | District Engineer's Report |
| <b>Appendix B</b> | Buyer Disclosure           |





## EXHIBIT B – AUTHORIZED IMPROVEMENTS

|  | Total Costs <sup>[a]</sup> | Private Improvements | Authorized Improvements |                     |
|--|----------------------------|----------------------|-------------------------|---------------------|
|  |                            |                      | %                       | Cost                |
| <i>Public Improvements</i>                 |                            |                      |                         |                     |
| Paving                                     | \$ 1,486,774               | \$ -                 | 100.00%                 | \$ 1,486,774        |
| Water                                      | 682,903                    | -                    | 100.00%                 | 682,903             |
| Sanitary Sewer                             | 793,743                    | -                    | 100.00%                 | 793,743             |
| Storm Sewer                                | 1,187,541                  | -                    | 100.00%                 | 1,187,541           |
| Earthwork <sup>[b]</sup>                   | 130,926                    | -                    | 100.00%                 | 130,926             |
| Gas Line                                   | 318,549                    | -                    | 100.00%                 | 318,549             |
| Monument Sign, Landscaping & Design        | 300,000                    | -                    | 100.00%                 | 300,000             |
| Soft Costs <sup>[c]</sup>                  | 1,645,546                  | -                    | 100.00%                 | 1,645,546           |
|  | <u>\$ 6,545,983</u>        | <u>\$ -</u>          |                         | <u>\$ 6,545,983</u> |
| <i>Private Improvements <sup>[d]</sup></i> |                            |                      |                         |                     |
| Paving                                     | \$ 713,110                 | \$ 713,110           | 0.00%                   | \$ -                |
| Water                                      | 246,812                    | 246,812              | 0.00%                   | -                   |
| Sanitary Sewer                             | 381,854                    | 381,854              | 0.00%                   | -                   |
| Storm Sewer                                | 29,606                     | 29,606               | 0.00%                   | -                   |
| Earthwork                                  | 456,178                    | 456,178              | 0.00%                   | -                   |
| Gas Line                                   | 132,104                    | 132,104              | 0.00%                   | -                   |
| Monument Sign, Landscaping & Design        | -                          | -                    | 0.00%                   | -                   |
| Amenity Center & Amenities <sup>[e]</sup>  | 650,000                    | 650,000              | 0.00%                   | -                   |
| Soft Costs                                 | 383,029                    | 383,029              | 0.00%                   | -                   |
|  | <u>\$ 2,992,693</u>        | <u>\$ 2,992,693</u>  |                         | <u>\$ -</u>         |
| <i>Bond Issuance Costs</i>                 |                            |                      |                         |                     |
| Debt Service Reserve Fund                  | \$ 438,758                 | \$ -                 |                         | \$ 438,758          |
| Underwriter Discount                       | 178,500                    | -                    |                         | 178,500             |
| Delinquency & Prepayment Fund              | 29,750                     | -                    |                         | 29,750              |
| Cost of Issuance                           | 400,450                    | -                    |                         | 400,450             |
|  | <u>\$ 1,047,458</u>        | <u>\$ -</u>          |                         | <u>\$ 1,047,458</u> |
| <i>Annual Collection Costs</i>             |                            |                      |                         |                     |
| Initial Administrative Fund Deposit        | \$ 30,000                  | \$ -                 |                         | \$ 30,000           |
|  | <u>\$ 30,000</u>           | <u>\$ -</u>          |                         | <u>\$ 30,000</u>    |
| <b>Total</b>                               | <b>\$ 10,616,135</b>       | <b>\$ 2,992,693</b>  |                         | <b>\$ 7,623,441</b> |

**Footnotes:**

[a] Per the Owner the Public Improvements are complete. The Costs were determined by the Engineer's Report attached hereto as **Appendix A**.

[b] Earthwork costs include Clearing & Grubbing, Earthwork, Surveying and Material Testing.

[c] Soft Costs include geotechnical, materials testing, surveying, engineering fees, permit fees, soil testing, environmental studies, traffic impact analysis, construction management, District Formation Expenses and contingency.

[d] Private Improvements are not eligible for reimbursement by PID Bonds or PID Assessments. The Paving, Water, Sanitary Sewer, Storm Sewer, and Gas Line Private Improvements are shown on Exhibit G-2.

[e] Amenity Center & Amenities are considered Private Improvements and are not eligible for reimbursement by PID Bonds or PID Assessments per the Development Agreement dated August 15, 2022. The total costs for Amenity Center & Amenities include an Amenity Center, Pool with Restrooms, Pickleball Court and Bocci Ball Court.

## EXHIBIT C – SERVICE PLAN

|                                  |                              | District             |                      |                      |                      |                      |
|----------------------------------|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Annual Installments              |                              | 1/31/2025            | 1/31/2026            | 1/31/2027            | 1/31/2028            | 1/31/2029            |
| <i>Series 2025 Bonds</i>         |                              |                      |                      |                      |                      |                      |
| Principal                        |                              | \$ 291,000.00        | \$ 89,000.00         | \$ 93,000.00         | \$ 98,000.00         | \$ 104,000.00        |
| Interest                         |                              | \$ 147,758.33        | \$ 339,540.00        | \$ 334,200.00        | \$ 328,620.00        | \$ 322,740.00        |
|                                  | (1)                          | <u>\$ 438,758.33</u> | <u>\$ 428,540.00</u> | <u>\$ 427,200.00</u> | <u>\$ 426,620.00</u> | <u>\$ 426,740.00</u> |
| Annual Collection Costs          | (2)                          | \$ 55,677.00         | \$ 56,790.54         | \$ 57,926.35         | \$ 59,084.88         | \$ 60,266.58         |
| Additional Interest              | (3)                          | \$ -                 | \$ 28,295.00         | \$ 27,850.00         | \$ 27,385.00         | \$ 26,895.00         |
| <b>Total Annual Installments</b> | <b>(4) = (1) + (2) + (3)</b> | <b>\$ 494,435.33</b> | <b>\$ 513,625.54</b> | <b>\$ 512,976.35</b> | <b>\$ 513,089.88</b> | <b>\$ 513,901.58</b> |

## EXHIBIT D – SOURCES AND USES OF FUNDS

| Sources of Funds                                  | District             |
|---|----------------------|
| Series 2025 Bonds                                 | \$ 5,950,000         |
| Reimbursement Obligation [a]                      | 37,000               |
| Developer Contribution [b]                        | 1,636,441            |
| Developer Contribution - Private Improvements [c] | 2,992,693            |
| <b>Total Sources of Funds</b>                     | <b>\$ 10,616,135</b> |
| <b>Uses of Funds</b>                              |                      |
| Public Improvements                               | \$ 6,545,983         |
| Private Improvements                              | 2,992,693            |
|   | \$ 9,538,676         |
| <i>Bond Issuance Costs</i>                        |                      |
| Debt Service Reserve Fund                         | \$ 438,758           |
| Underwriter Discount                              | 178,500              |
| Delinquency & Prepayment Fund                     | 29,750               |
| Cost of Issuance                                  | 400,450              |
|   | \$ 1,047,458         |
| <i>Annual Collection Costs</i>                    |                      |
| Initial Administrative Fund Deposit               | \$ 30,000            |
|   | \$ 30,000            |
| <b>Total Uses of Funds</b>                        | <b>\$ 10,616,135</b> |

**Footnotes:**

[a] Principal Amount of Reimbursement Obligation already distributed to developer in full, as: \$37,000 reduction in principal as a result of the payments made to the Developer in May 2024 to reimburse Authorized Improvement Costs.

[b] Public Improvement Costs that are Non-reimbursable to Developer through PID Bonds or Assessments.

[c] Private Improvements will be funded privately by the Developer and are not reimbursable by PID Bonds or Assessments.

**EXHIBIT E – MAXIMUM ASSESSMENT**

| Lot Type                      | Units      | Finished Lot Value |                   | Estimated Buildout Value |                   | Total Maximum Assessment |                     |          |                   | Maximum Annual<br>Installment |       | Value to Lien<br>per Finished<br>Lot Value | Gross PID<br>TRE | Total Tax<br>Stack |
|-------------------------------|------------|--------------------|-------------------|--------------------------|-------------------|--------------------------|---------------------|----------|-------------------|-------------------------------|-------|--|------------------|--------------------|
|                               |            | Per Unit           | Total             | Per Unit [a]             | Total             | Per Unit                 | Total               | Per Unit | Total             | Per Unit                      | Total |  |                  |                    |
| 1                             | 113        | 109,200            | \$ 12,339,600     | \$ 478,776               | \$ 54,101,688     | \$ 52,655                | \$ 5,950,000        | \$ 4,548 | \$ 513,946        |                               |       | 2.074                                      | \$ 0.9500        | \$ 3.1633          |
| <b>Total/Weighted Average</b> | <b>113</b> |                    | <b>12,339,600</b> |                          | <b>54,101,688</b> |                          | <b>\$ 5,950,000</b> |          | <b>\$ 513,946</b> |                               |       | <b>2.074</b>                               |                  |                    |

**Footnotes:**

[a] Estimated Buildout Value per unit based on actual sales data as shown in the appraisal dated March 12, 2025.

**EXHIBIT F-1 – ASSESSMENT ROLL**

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| Property ID   | Legal Description                      | Property Address     | Lot Type      | Outstanding Assessment <sup>(b),(d)</sup> | Annual Installment Due 1/31/2025 |             |                     |  |   |
|---------------|--|----------------------|---------------|---|----------------------------------|-------------|---------------------|--|---|
|               |  |                      |               |   | Principal <sup>(e)</sup>         | Interest    | Additional Interest | Annual Collection Costs <sup>(e)</sup> | Annual Installment Due 1/31/2025 <sup>(b),(c)</sup> |
| 1469260030052 | Reserve G (Drainage/Detention)         | 0 WINFREY LN         | Non-Benefited | \$ -                                      | \$ -                             | \$ -        | \$ -                | \$ -                                   | \$ -  |
| 1469260030050 | Reserve E (Landscape/Open Space)       | 0 SECRET GROVE TRL   | Non-Benefited | \$ -                                      | \$ -                             | \$ -        | \$ -                | \$ -                                   | \$ -  |
| 1469260010023 | Reserve A BLK 1 (Landscape/Open Space) | 0 WINFREY LN         | Non-Benefited | \$ -                                      | \$ -                             | \$ -        | \$ -                | \$ -                                   | \$ -  |
| 1469260030049 | Reserve D BLK 3 (Landscape/Open Space) | 0 WINFREY LN         | Non-Benefited | \$ -                                      | \$ -                             | \$ -        | \$ -                | \$ -                                   | \$ -  |
| 1469260040010 | Reserve H BLK 4 (Parkland)             | 0 WINFREY LN         | Non-Benefited | \$ -                                      | \$ -                             | \$ -        | \$ -                | \$ -                                   | \$ -  |
| 1469260030051 | Reserve F BLK 3 (Landscape/Open Space) | 0 WINFREY LN         | Non-Benefited | \$ -                                      | \$ -                             | \$ -        | \$ -                | \$ -                                   | \$ -  |
| 1469260010024 | Reserve C BLK 1 (Parkland)             | 0 HIDDEN OAKS DR     | Non-Benefited | \$ -                                      | \$ -                             | \$ -        | \$ -                | \$ -                                   | \$ -  |
| 1469260030019 | BLK 3, LOT 19                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030021 | BLK 3, LOT 21                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030042 | BLK 3, LOT 42                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030044 | BLK 3, LOT 44                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040005 | BLK 4, LOT 5                           | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040003 | BLK 4, LOT 3                           | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020009 | BLK 2, LOT 9                           | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010010 | BLK 1, LOT 10                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010012 | BLK 1, LOT 12                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020030 | BLK 2, LOT 30                          | 1310 HIDDEN OAKS DR  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020028 | BLK 2, LOT 28                          | 1302 HIDDEN OAKS DR  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030029 | BLK 3, LOT 29                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030027 | BLK 3, LOT 27                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030039 | BLK 3, LOT 39                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030041 | BLK 3, LOT 41                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040002 | BLK 4, LOT 2                           | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020001 | BLK 2, LOT 1                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020003 | BLK 2, LOT 3                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010013 | BLK 1, LOT 13                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020021 | BLK 2, LOT 21                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020023 | BLK 2, LOT 23                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020012 | BLK 2, LOT 12                          | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030023 | BLK 3, LOT 23                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030028 | BLK 3, LOT 28                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030038 | BLK 3, LOT 38                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030040 | BLK 3, LOT 40                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040001 | BLK 4, LOT 1                           | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020002 | BLK 2, LOT 2                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020004 | BLK 2, LOT 4                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010014 | BLK 1, LOT 14                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020026 | BLK 2, LOT 26                          | 1222 HIDDEN OAKS DR  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020022 | BLK 2, LOT 22                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020011 | BLK 2, LOT 11                          | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020020 | BLK 2, LOT 20                          | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030008 | BLK 3, LOT 8                           | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030007 | BLK 3, LOT 7                           | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030016 | BLK 3, LOT 16                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030017 | BLK 3, LOT 17                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |

**Footnotes:**

- [a] Includes \$60 per lot City Development Fee.
- [b] Outstanding Assessment and Annual Installment due may not match the Assessment Roll due to rounding.
- [c] The Annual Installment covers the period from September 15, 2024 to September 15, 2025 and was due January 31, 2025.
- [d] Outstanding Assessment prior to 1/31/2025 Annual Installment.
- [e] The Principal amount of the 2025 Annual Installment was contributed to the Series 2025 Bonds.

**WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT  
AMENDED & RESTATED SERVICE AND ASSESSMENT PLAN**

| Property ID   | Legal Description                      | Property Address     | Lot Type      | Outstanding Assessment <sup>[b],[d]</sup> | Annual Installment Due 1/31/2025 |             |                     |  |   |
|---------------|--|----------------------|---------------|---|----------------------------------|-------------|---------------------|--|---|
|               |  |                      |               |   | Principal <sup>[e]</sup>         | Interest    | Additional Interest | Annual Collection Costs <sup>[a]</sup> | Annual Installment Due 1/31/2025 <sup>[b],[c]</sup> |
| 1469260030034 | BLK 3, LOT 34                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030031 | BLK 3, LOT 31                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030046 | BLK 3, LOT 46                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030047 | BLK 3, LOT 47                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010001 | BLK 1, LOT 1                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020008 | BLK 2, LOT 8                           | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010007 | BLK 1, LOT 7                           | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010008 | BLK 1, LOT 8                           | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010019 | BLK 1, LOT 19                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010020 | BLK 1, LOT 20                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020033 | BLK 2, LOT 33                          | 1322 HIDDEN OAKS DR  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020032 | BLK 2, LOT 32                          | 1318 HIDDEN OAKS DR  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020016 | BLK 2, LOT 16                          | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020015 | BLK 2, LOT 15                          | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020035 | Reserve B BLK 2 (Landscape/Open Space) | 0 WINFREY LN         | Non-Benefited | \$ -                                      | \$ -                             | \$ -        | \$ -                | \$ -                                   | \$ -  |
| 1469260030012 | BLK 3, LOT 12                          | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030010 | BLK 3, LOT 10                          | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030003 | BLK 3, LOT 3                           | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030001 | BLK 3, LOT 1                           | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030025 | BLK 3, LOT 25                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030035 | BLK 3, LOT 35                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030030 | BLK 3, LOT 30                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030037 | BLK 3, LOT 37                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040006 | BLK 4, LOT 6                           | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040008 | BLK 4, LOT 8                           | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010003 | BLK 1, LOT 3                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010005 | BLK 1, LOT 5                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010015 | BLK 1, LOT 15                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010017 | BLK 1, LOT 17                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020025 | BLK 2, LOT 25                          | 12218 HIDDEN OAKS DR | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020019 | BLK 2, LOT 19                          | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020017 | BLK 2, LOT 17                          | 0 GOLDEN BIRCH BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030011 | BLK 3, LOT 11                          | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030004 | BLK 3, LOT 4                           | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030013 | BLK 3, LOT 13                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030020 | BLK 3, LOT 20                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030026 | BLK 3, LOT 26                          | 0 SECRET GROVE TRL   | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030036 | BLK 3, LOT 36                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030043 | BLK 3, LOT 43                          | 0 BRONZE CREEK BEND  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040009 | BLK 4, LOT 9                           | 0 STEELY THICKET TRL | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010004 | BLK 1, LOT 4                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020005 | BLK 2, LOT 5                           | 0 OLIVE GULLY LN     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010011 | BLK 1, LOT 11                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010016 | BLK 1, LOT 16                          | 0 HIDDEN OAKS DR     | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020029 | BLK 2, LOT 29                          | 1306 HIDDEN OAKS DR  | 1             | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60 | \$ -                | \$ 492.72                              | \$ 4,375.53   |

**Footnotes:**

- [a] Includes \$60 per lot City Development Fee.
- [b] Outstanding Assessment and Annual Installment due may not match the Assessment Roll due to rounding.
- [c] The Annual Installment covers the period from September 15, 2024 to September 15, 2025 and was due January 31, 2025.
- [d] Outstanding Assessment prior to 1/31/2025 Annual Installment.
- [e] The Principal amount of the 2025 Annual Installment was contributed to the Series 2025 Bonds.

| Property ID           | Legal Description | Property Address     | Lot Type | Outstanding Assessment <sup>[b],[d]</sup> | Annual Installment Due 1/31/2025 |                      |                     |  |   |
|-----------------------|-------------------|----------------------|----------|---|----------------------------------|----------------------|---------------------|--|---|
|                       |                   |                      |          |   | Principal <sup>[e]</sup>         | Interest             | Additional Interest | Annual Collection Costs <sup>[a]</sup> | Annual Installment Due 1/31/2025 <sup>[b],[c]</sup> |
| 1469260020024         | BLK 2, LOT 24     | 1214 HIDDEN OAKS DR  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020018         | BLK 2, LOT 18     | 0 GOLDEN BIRCH BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030009         | BLK 3, LOT 9      | 0 STEELY THICKET TRL | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030002         | BLK 3, LOT 2      | 0 STEELY THICKET TRL | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030022         | BLK 3, LOT 22     | 0 SECRET GROVE TRL   | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030024         | BLK 3, LOT 24     | 0 SECRET GROVE TRL   | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030045         | BLK 3, LOT 45     | 0 BRONZE CREEK BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040004         | BLK 4, LOT 4      | 0 BRONZE CREEK BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260040007         | BLK 4, LOT 7      | 0 STEELY THICKET TRL | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010006         | BLK 1, LOT 6      | 0 OLIVE GULLY LN     | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020010         | BLK 2, LOT 10     | 0 GOLDEN BIRCH BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010009         | BLK 1, LOT 9      | 0 HIDDEN OAKS DR     | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010018         | BLK 1, LOT 18     | 0 HIDDEN OAKS DR     | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020027         | BLK 2, LOT 27     | 1226 HIDDEN OAKS DR  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020013         | BLK 2, LOT 13     | 0 GOLDEN BIRCH BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030006         | BLK 3, LOT 6      | 0 STEELY THICKET TRL | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030005         | BLK 3, LOT 5      | 0 STEELY THICKET TRL | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030014         | BLK 3, LOT 14     | 0 SECRET GROVE TRL   | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030015         | BLK 3, LOT 15     | 0 SECRET GROVE TRL   | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030018         | BLK 3, LOT 18     | 0 SECRET GROVE TRL   | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030033         | BLK 3, LOT 33     | 0 SECRET GROVE TRL   | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030032         | BLK 3, LOT 32     | 0 SECRET GROVE TRL   | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260030048         | BLK 3, LOT 48     | 0 BRONZE CREEK BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010002         | BLK 1, LOT 20     | 0 OLIVE GULLY LN     | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020007         | BLK 2, LOT 7      | 0 GOLDEN BIRCH BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020006         | BLK 2, LOT 6      | 0 GOLDEN BIRCH BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010021         | BLK 1, LOT 21     | 0 HIDDEN OAKS DR     | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260010022         | BLK 1, LOT 22     | 0 HIDDEN OAKS DR     | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020034         | BLK 2, LOT 34     | 1326 HIDDEN OAKS DR  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020031         | BLK 2, LOT 31     | 1314 HIDDEN OAKS DR  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| 1469260020014         | BLK 2, LOT 14     | 0 GOLDEN BIRCH BEND  | 1        | \$ 52,654.87                              | \$ 2,575.22                      | \$ 1,307.60          | \$ -                | \$ 492.72                              | \$ 4,375.53   |
| <b>District Total</b> |                   |                      |          | <b>\$ 5,950,000.31</b>                    | <b>\$291,000.00</b>              | <b>\$ 147,758.33</b> | <b>\$ -</b>         | <b>\$ 55,677.00</b>                    | <b>\$ 494,434.89</b>                                |

**Footnotes:**

- [a] Includes \$60 per lot City Development Fee.
- [b] Outstanding Assessment and Annual Installment due may not match the Assessment Roll due to rounding.
- [c] The Annual Installment covers the period from September 15, 2024 to September 15, 2025 and was due January 31, 2025.
- [d] Outstanding Assessment prior to 1/31/2025 Annual Installment.
- [e] The Principal amount of the 2025 Annual Installment was contributed to the Series 2025 Bonds.



## EXHIBIT F-2 – ANNUAL INSTALLMENTS

| Installment Due 1/31 | Series 2025 Bonds   |                         |                     |                           |                         | Total Annual Installment <sup>[b],[c]</sup> |
|----------------------|---------------------|-------------------------|---------------------|---------------------------|-------------------------|---|
|                      | Principal           | Interest <sup>[a]</sup> | Additional Interest | Debt Service Reserve Fund | Annual Collection Costs |   |
| 2025                 | \$ 291,000          | \$ 147,758              | \$ -                | \$ -                      | \$ 55,677               | \$ 494,435                                  |
| 2026                 | \$ 89,000           | \$ 339,540              | \$ 28,295           | \$ -                      | \$ 56,791               | \$ 513,626                                  |
| 2027                 | \$ 93,000           | \$ 334,200              | \$ 27,850           | \$ -                      | \$ 57,926               | \$ 512,976                                  |
| 2028                 | \$ 98,000           | \$ 328,620              | \$ 27,385           | \$ -                      | \$ 59,085               | \$ 513,090                                  |
| 2029                 | \$ 104,000          | \$ 322,740              | \$ 26,895           | \$ -                      | \$ 60,267               | \$ 513,902                                  |
| 2030                 | \$ 109,000          | \$ 316,500              | \$ 26,375           | \$ -                      | \$ 61,472               | \$ 513,347                                  |
| 2031                 | \$ 115,000          | \$ 309,960              | \$ 25,830           | \$ -                      | \$ 62,701               | \$ 513,491                                  |
| 2032                 | \$ 121,000          | \$ 303,060              | \$ 25,255           | \$ -                      | \$ 63,955               | \$ 513,270                                  |
| 2033                 | \$ 128,000          | \$ 295,800              | \$ 24,650           | \$ -                      | \$ 65,234               | \$ 513,684                                  |
| 2034                 | \$ 135,000          | \$ 288,120              | \$ 24,010           | \$ -                      | \$ 66,539               | \$ 513,669                                  |
| 2035                 | \$ 142,000          | \$ 280,020              | \$ 23,335           | \$ -                      | \$ 67,870               | \$ 513,225                                  |
| 2036                 | \$ 150,000          | \$ 271,500              | \$ 22,625           | \$ -                      | \$ 69,227               | \$ 513,352                                  |
| 2037                 | \$ 158,000          | \$ 262,500              | \$ 21,875           | \$ -                      | \$ 70,612               | \$ 512,987                                  |
| 2038                 | \$ 167,000          | \$ 253,020              | \$ 21,085           | \$ -                      | \$ 72,024               | \$ 513,129                                  |
| 2039                 | \$ 177,000          | \$ 243,000              | \$ 20,250           | \$ -                      | \$ 73,465               | \$ 513,715                                  |
| 2040                 | \$ 187,000          | \$ 232,380              | \$ 19,365           | \$ -                      | \$ 74,934               | \$ 513,679                                  |
| 2041                 | \$ 197,000          | \$ 221,160              | \$ 18,430           | \$ -                      | \$ 76,433               | \$ 513,023                                  |
| 2042                 | \$ 209,000          | \$ 209,340              | \$ 17,445           | \$ -                      | \$ 77,961               | \$ 513,746                                  |
| 2043                 | \$ 221,000          | \$ 196,800              | \$ 16,400           | \$ -                      | \$ 79,520               | \$ 513,720                                  |
| 2044                 | \$ 234,000          | \$ 183,540              | \$ 15,295           | \$ -                      | \$ 81,111               | \$ 513,946                                  |
| 2045                 | \$ 247,000          | \$ 169,500              | \$ 14,125           | \$ -                      | \$ 82,733               | \$ 513,358                                  |
| 2046                 | \$ 261,000          | \$ 154,680              | \$ 12,890           | \$ -                      | \$ 84,388               | \$ 512,958                                  |
| 2047                 | \$ 277,000          | \$ 139,020              | \$ 11,585           | \$ -                      | \$ 86,076               | \$ 513,681                                  |
| 2048                 | \$ 293,000          | \$ 122,400              | \$ 10,200           | \$ -                      | \$ 87,797               | \$ 513,397                                  |
| 2049                 | \$ 310,000          | \$ 104,820              | \$ 8,735            | \$ -                      | \$ 89,553               | \$ 513,108                                  |
| 2050                 | \$ 329,000          | \$ 86,220               | \$ 7,185            | \$ -                      | \$ 91,344               | \$ 513,749                                  |
| 2051                 | \$ 348,000          | \$ 66,480               | \$ 5,540            | \$ -                      | \$ 93,171               | \$ 513,191                                  |
| 2052                 | \$ 369,000          | \$ 45,600               | \$ 3,800            | \$ -                      | \$ 95,034               | \$ 513,434                                  |
| 2053                 | \$ 391,000          | \$ 23,460               | \$ 1,955            | \$ (438,758)              | \$ 96,935               | \$ 74,592                                   |
| <b>Total</b>         | <b>\$ 5,950,000</b> | <b>\$ 6,251,738</b>     | <b>\$ 508,665</b>   | <b>\$ (438,758)</b>       | <b>\$ 2,159,835</b>     | <b>\$ 14,431,481</b>                        |

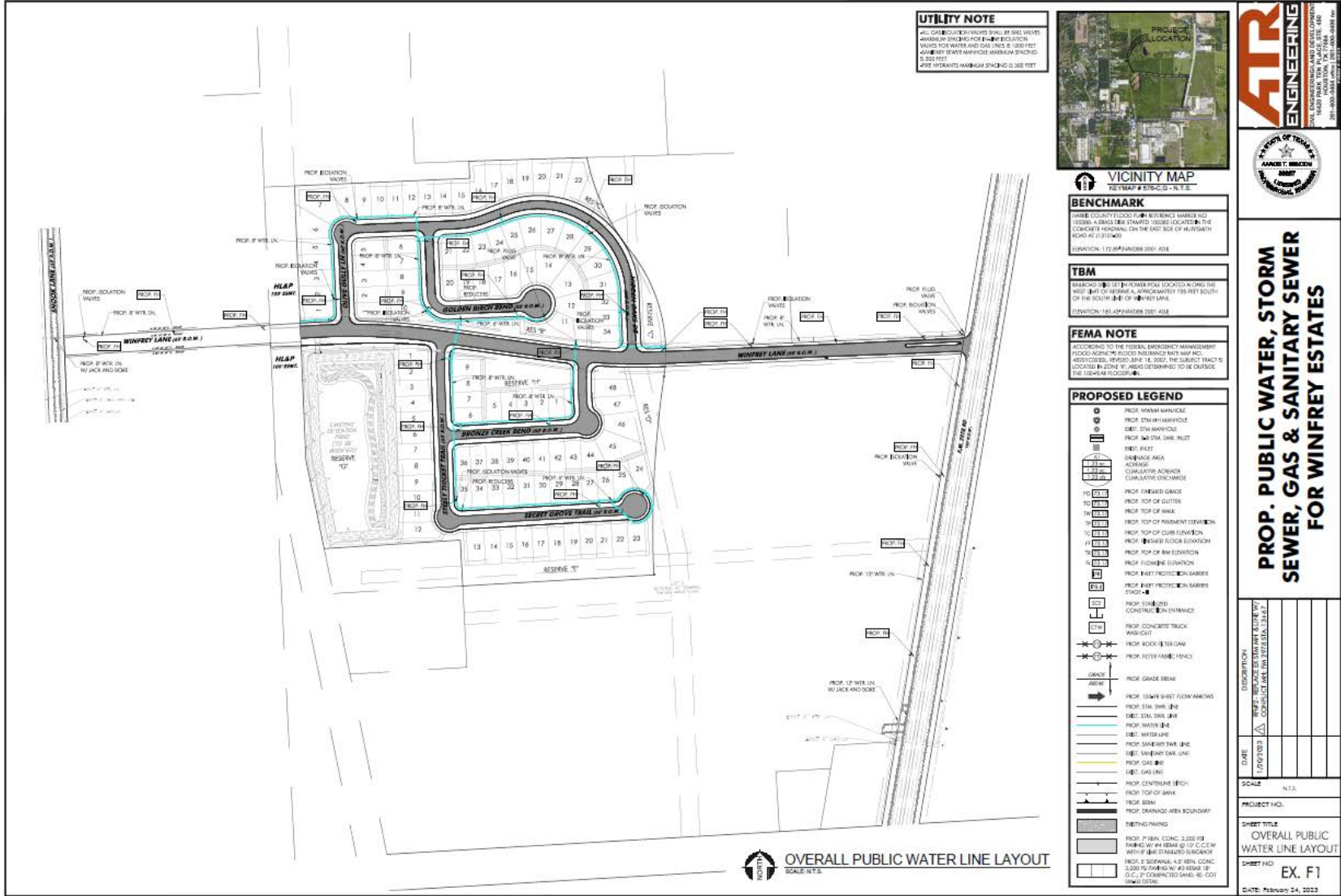
**Footnotes:**

[a] Interest on the Series 2025 Bonds is calculated at the actual rate of the Series 2025 Bonds.

[b] The Principal amount of the 2025 Annual Installment was contributed to the Series 2025 Bonds.

[c] The numbers shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.



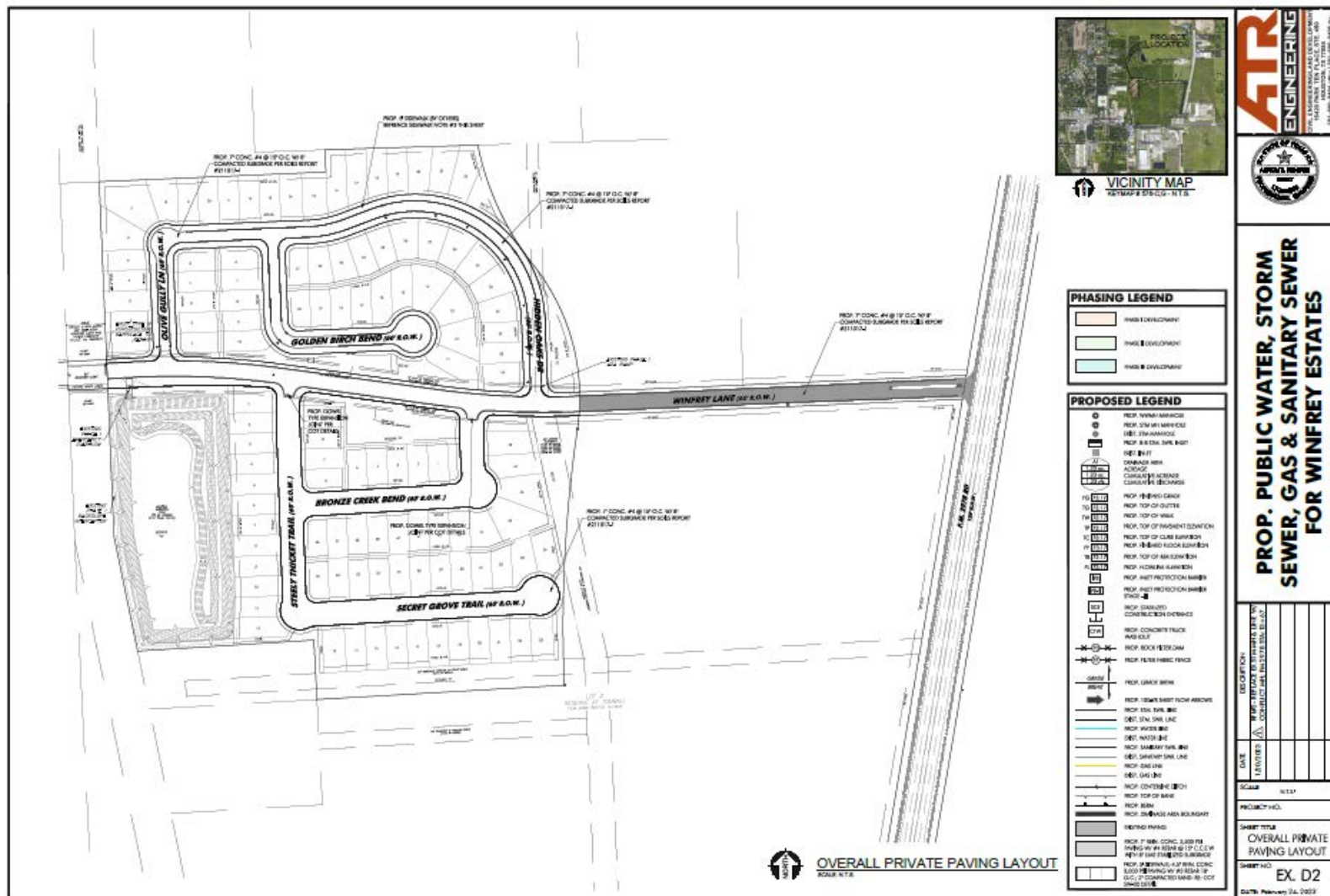








# EXHIBIT G-2 – MAPS OF PRIVATE IMPROVEMENTS

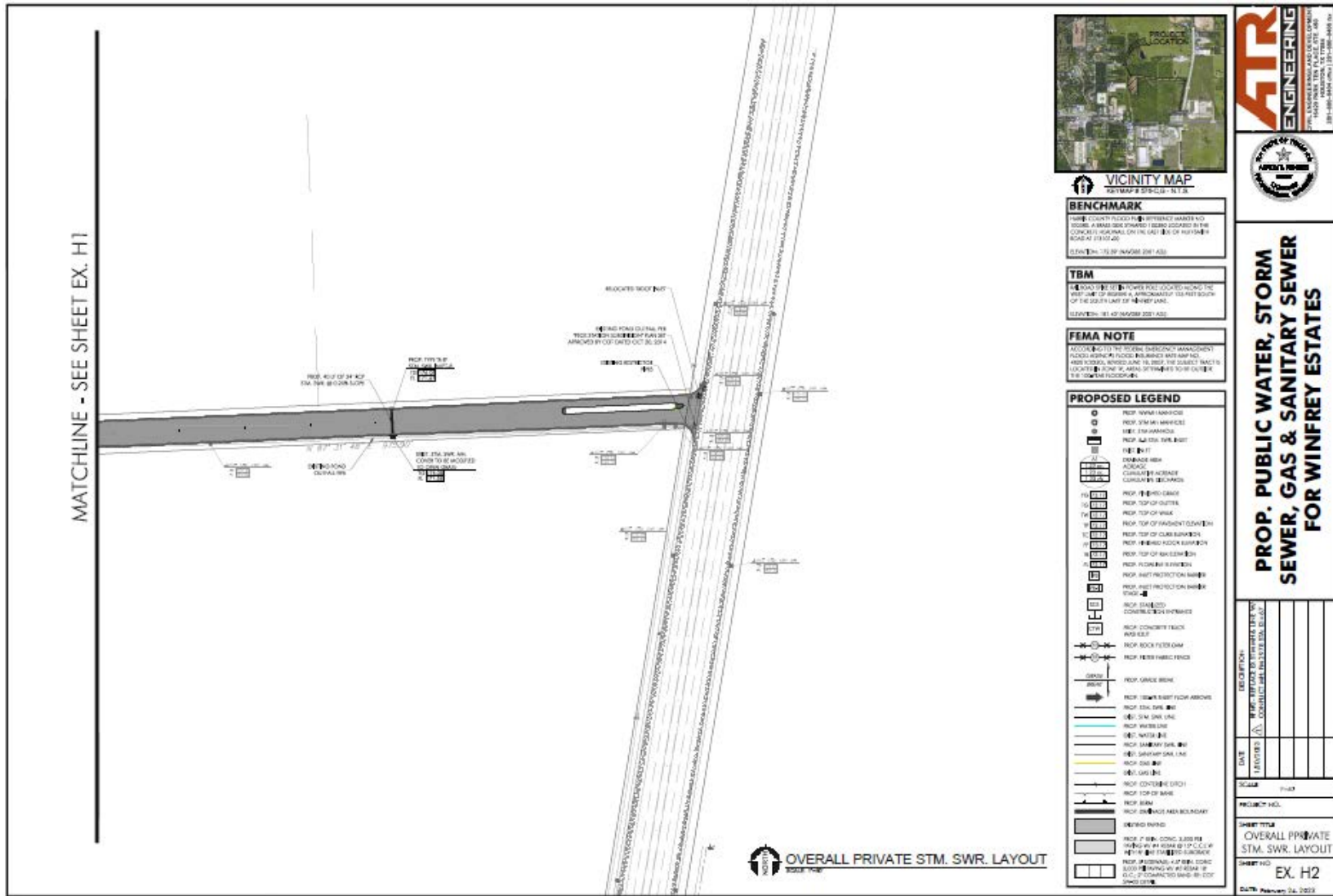


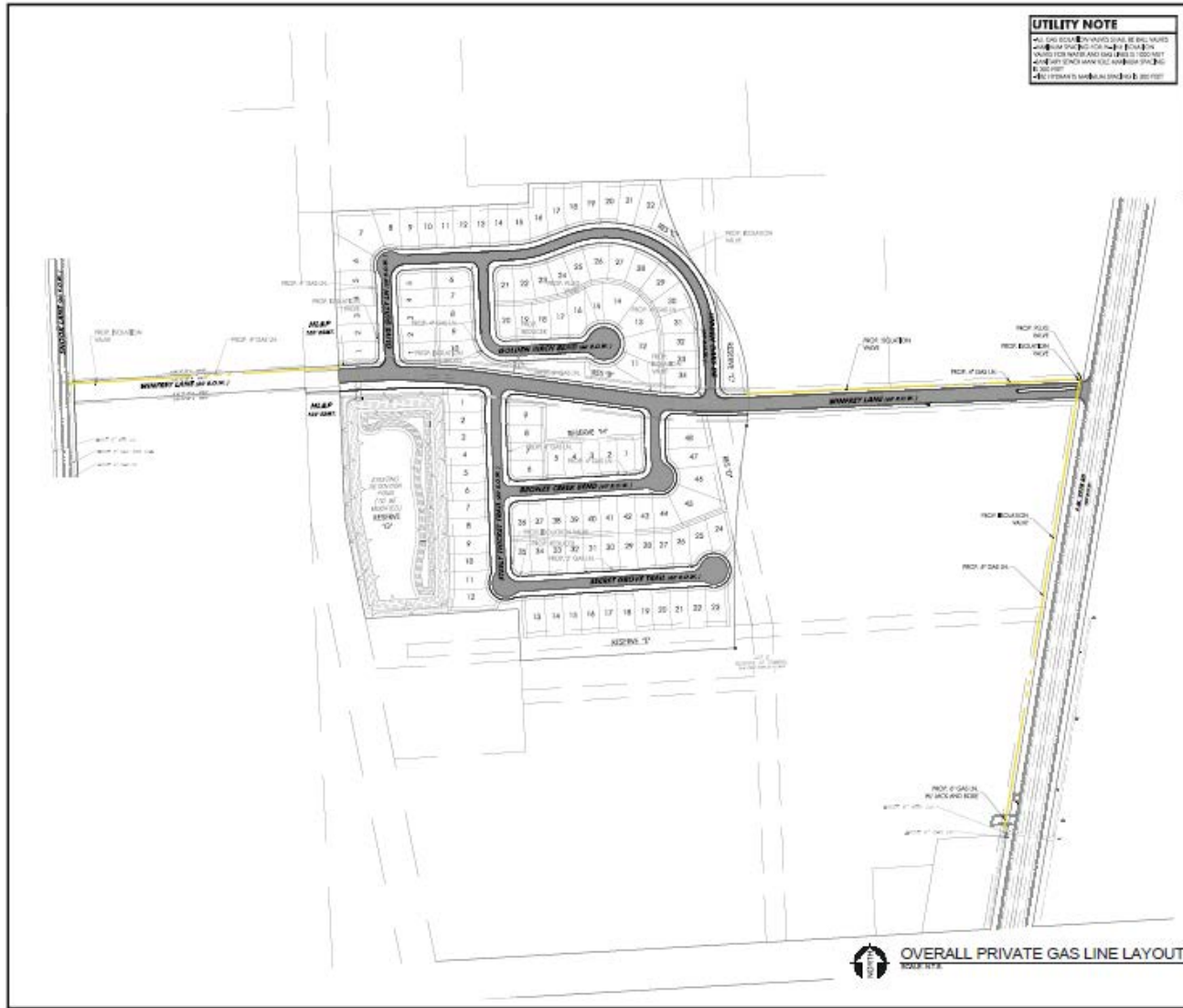
WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT  
AMENDED & RESTATED SERVICE AND ASSESSMENT PLAN











**UTILITY NOTE**

- ALL THE ABOVE UTILITIES SHALL BE SHOWN TO THE NEAREST FEET FOR THE 48\"/>



**BENCHMARK**

THE COUNTY DOES NOT REFERENCE MARKS TO THE STATE BENCHMARK SYSTEM. ELEVATIONS ARE REFERENCED TO THE CONCRETE ADJACENT ON THE EAST SIDE OF ALBERTA ROAD AT 113.044 FT.

ELEVATION: 113.044 (NGVD 2011 ADJ)

**TBM**

THE COUNTY DOES NOT REFERENCE CHECK POINTS TO THE STATE BENCHMARK SYSTEM. ELEVATIONS ARE REFERENCED TO THE CONCRETE ADJACENT ON THE EAST SIDE OF ALBERTA ROAD AT 113.044 FT.

ELEVATION: 113.044 (NGVD 2011 ADJ)

**FEMA NOTE**

ACCORDING TO THE FEDERAL DISASTER MANAGEMENT PREVENTION AND REDUCTION ACT (FEMA) AND 44 CFR 60.3, FLOOD HAZARD LINES ARE TO BE LOCATED AT THE 1% ANNUAL FLOOD PROBABILITY (100-YEAR FLOOD) FLOODPLAIN.

**PROPOSED LEGEND**

|          |                        |          |                        |
|----------|------------------------|----------|------------------------|
| (Symbol) | PROP. WATER SERVICE    | (Symbol) | PROP. SANITARY MANHOLE |
| (Symbol) | PROP. SANITARY SERVICE | (Symbol) | PROP. 24\"/>           |



**PROP. PUBLIC WATER, STORM SEWER, GAS & SANITARY SEWER FOR WINFREY ESTATES**

| DATE       | DESCRIPTION   |
|------------|---|
| 11/15/2023 | WORK BEFORE BY PERMITS (SEE PERMITS) CONSTRUCTION INCLUDES SEE PLAN |

SCALE: AS SHOWN

PROJECT NO.: 23-0000-0000

SHEET TITLE: OVERALL PRIVATE GAS LINE LAYOUT

SHEET NO.: EX. E2

DATE: February 22, 2023

# EXHIBIT H - FINAL PLAT

STATE OF TEXAS  
COUNTY OF HARRIS

We, CHTA DEVELOPMENT, INC. acting by and through ERIC HYMONTEZ, President and MIKE DISINGERER, Vice President being officers of CHTA DEVELOPMENT, INC. owners in this section after referred to as owners of the 33.3858 acre tract described in the above and foregoing plat of WINFREY ESTATES, do hereby make and establish said subdivision of said property according to all laws, covenants, restrictions and dedications on said plat and hereby dedicate to the use of the public for streets, alleys, paths, easements, drainage easements, and public places shown thereon for the purposes and considerations therein expressed; and do hereby bind ourselves, our heirs, successors and assigns to warrant and forever defend the title to the land so dedicated.

FURTHER, Owners have dedicated and by these presents do dedicate to the use of the public for public utility purposes former unrecorded aerial easements. The aerial easements shall extend horizontally on additional seven feet, six inches (7' 6") for ten feet (10') perimeter ground easements or seven feet, six inches (7' 6") for fourteen feet (14') perimeter ground easements or five feet, six inches (5' 6") for sixteen feet (16') perimeter ground easements. From a point sixteen feet (16') above the ground level upward, located adjacent to and adjoining said public utility easements that are designated with aerial easements (A.E. and A.E.C.) as indicated and depicted, herein, whereby the aerial easement totals twenty one feet, six inches (21' 6") in width.

IN TESTIMONY WHEREOF, the CHTA DEVELOPMENT, INC. has caused these presents to be signed by ERIC HYMONTEZ, its President, thereunto authorized, obtained by MIKE DISINGERER its Vice President, and its common seal hereunto affixed this 21st day of February, 2023.

CHTA DEVELOPMENT, INC.  
By ERIC HYMONTEZ, President  
Attest: MIKE DISINGERER, Vice President

STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared ERIC HYMONTEZ and MIKE DISINGERER, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and considerations therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 21st day of February, 2023.

Notary Public in and for the State of Texas

My Commission expires: 12/16/2025

STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared ANDREW R. JETT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and considerations therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 21st day of February, 2023.

Notary Public in and for the State of Texas

My Commission expires: 07/24/2025

STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared ANDREW R. JETT, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and considerations therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 21st day of February, 2023.

Notary Public in and for the State of Texas

My Commission expires: 07/24/2025

Reserve Table:  
Reserve 1: 8.4998 Acres  
Reserve 2: 278.2548 Acres  
Reserve 3: 171.2120 Acres

LOT TABLE:  
Block 1: 40 lots  
Block 2: 40 lots  
Block 3: 40 lots  
Block 4: 40 lots  
Block 5: 40 lots

RESERVE TABLE:  
Reserve 1: 8.4998 Acres  
Reserve 2: 278.2548 Acres  
Reserve 3: 171.2120 Acres

LOT TABLE:  
Block 1: 40 lots  
Block 2: 40 lots  
Block 3: 40 lots  
Block 4: 40 lots  
Block 5: 40 lots

LEGEND:  
A.E. - Unrecorded Aerial Easement  
C.U.E. - City of Tomball Utility Easement  
U.E. - Utility Easement  
C.L.R. - Copied from Red F.C. - Film Code  
PRO. - Flood Information Easement  
H.C.M.R. - Harris County Map Records  
H.C.D.R. - Harris County Deed Records  
H.C.D.F. - Harris County Clerk's File  
I.R. - Iron Roll  
O.P.R./R.P.R. - Official Public Records of Red Property

NOTES:  
Public Easements:  
Public easements denoted on this plat are hereby dedicated to the public for use. Any public utility, including the City of Tomball, shall have the right of all lines, of ingress and egress to and from and upon said easements for the purpose of construction, reconstruction, operation, repair or of installing and utilizing for or improvements thereon. Any public utility, including the City of Tomball, shall have the right to move and keep, remove all or part of any building, fences, trees, shrubs, other growth or improvements that in any way endanger or interfere with the construction, maintenance or efficiency of its respective systems on any of the easements shown on this plat. Neither the City of Tomball nor any other public utility shall be responsible for any damages to property within an easement arising out of the removal or relocation of any obstruction in the public easement.

Flood Information:  
According to FEMA Flood Panel No. 485210020L, with an Effective Date of 06/18/2007, this property is in Zone "X", and is not in the 0.2% Annual Chance Flood Plain.

Note #1:  
All oil/gas pipelines or pipeline easements with ownership through the subdivision have been shown.

Note #2:  
All oil/gas wells with ownership (plugged, abandoned, and/or active) through the subdivision have been shown.

Note #3:  
No building or structure shall be constructed across any pipeline, building lines, and/or easements. Building setback lines will be required adjacent to oil/gas pipelines. The setbacks at a minimum should be 10 feet off centerline of low pressure gas lines, and 30 feet off centerline of high pressure gas lines.

Note #4:  
This plat does not attempt to amend or remove any valid covenants or restrictions.

Note #5:  
A ten-foot wide City of Tomball utility easement is hereby dedicated to this plat and is centered on the gas meter easement from the City of Tomball right-of-way or City of Tomball utility easement up to and around the gas meter.

Note #6:  
The City of Tomball is responsible for the maintenance of sidewalks along the right-of-way.

Note #7:  
Lot markers shall be five-eighths inch or greater reinforcing bar, 24 inches long, or approved equal, and shall be placed at all lot corners flush with the ground, or below ground if necessary in order to avoid being disturbed.

WINFREY ESTATES  
A SUBDIVISION OF 33.3858 ACRES OF LAND LOCATED IN THE JESSE PRUITT SURVEY, ABSTRACT NO. 629, HARRIS COUNTY, TEXAS, BEING A REPLAT OF ALL OF RESERVES "A", RESERVE "B" AND WINFREY LANE PORTION ADJACENT THERETO OF PECK STATION ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 866106 OF THE HARRIS COUNTY MAP RECORDS

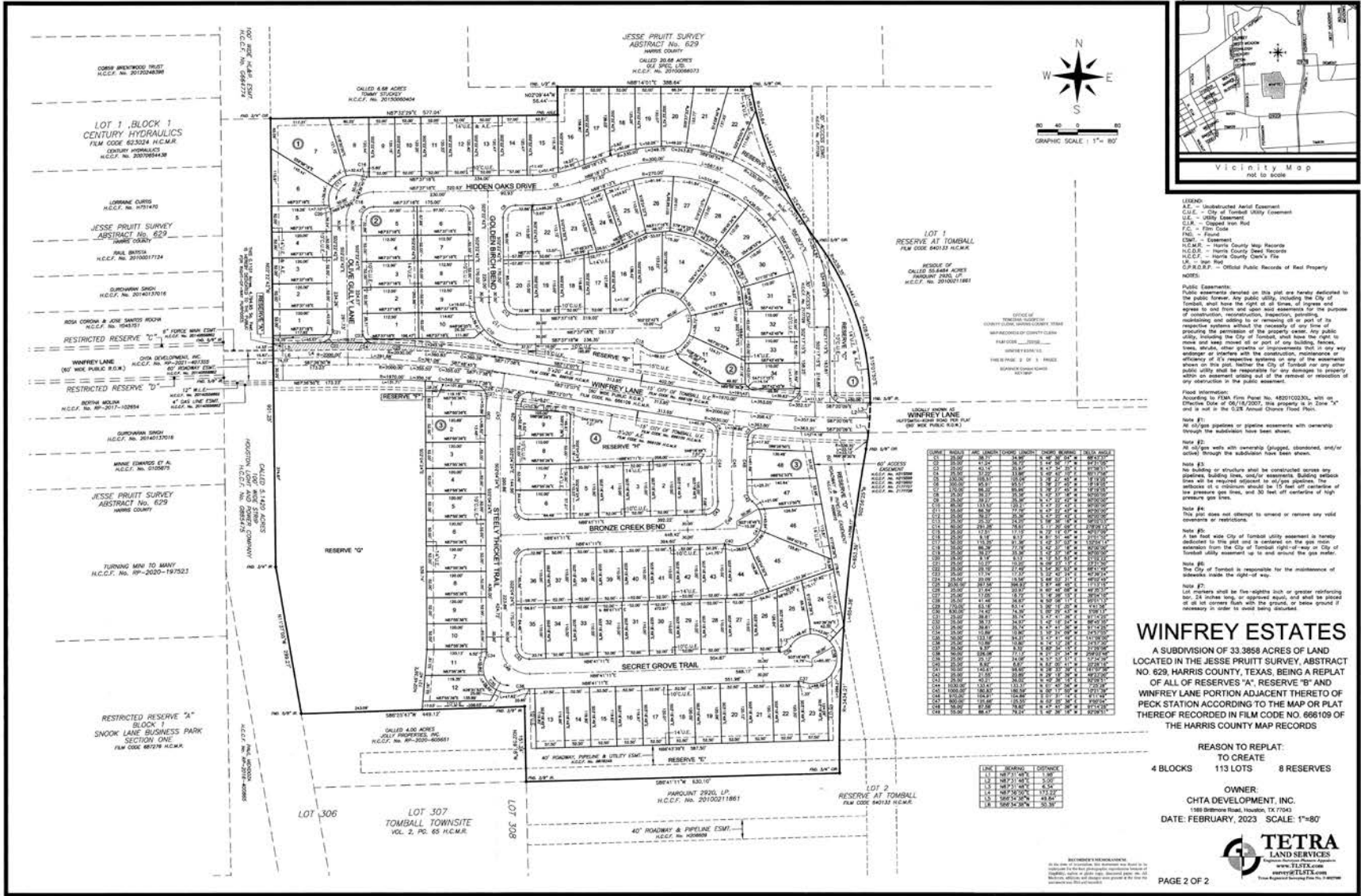
REASON TO REPLAT:  
TO CREATE  
4 BLOCKS 113 LOTS 8 RESERVES

OWNER:  
CHTA DEVELOPMENT, INC.  
1108 Britton Road, Houston, TX 77043

DATE: FEBRUARY, 2023 SCALE: 1"=80'

TETRA LAND SERVICES  
Engineer-Geologist-Planner-Appraiser  
www.TLSTX.com  
www@TLSTX.com

PAGE 1 OF 2



- LEGEND:**
- A.E. - Aerial Easement
  - C.L.E. - City of Tomball Utility Easement
  - U.E. - Utility Easement
  - R.P.R. - Right of Public Road
  - F.C. - Fire Code
  - N.L. - Flood
  - DMW - Easement
  - H.C.R. - Harris County Map Records
  - H.C.D.R. - Harris County Deed Records
  - H.C.C. - Harris County Clerk's File
  - C.P.R.O.D.P. - Official Public Records of Real Property Notes

**Public Easements:**  
Public easements shown on this plan are hereby dedicated to the public forever. Any public utility, including the City of Tomball, shall have the right at all times, at its expense and subject to such terms and conditions as may be required by the City of Tomball, to install, maintain, reconstruct, inspect, operate, regulate and adjust its or remove all or part of its respective systems within the easement at any time, including the easement of the property owner. Any public utility, including the City of Tomball, shall have the right to move and keep moved all or part of any building, fence, trees, shrubs, other plants or improvements on or over any easement or interfere with the construction, maintenance or efficiency of its respective systems on any of the easements shown on this plan. Neither the City of Tomball nor any other public utility shall be responsible for any damages to property which may result from the installation, maintenance or reconstruction of any easement or the public easement.

**Flood Information:**  
According to FEMA Flood Map Panel No. 480102030, with an Effective Date of 06/18/2007, this property is in Zone "X" and is not in the C.L.E. Aerial Easement Flood Plain.

- Note #1: All utility easements and public easements with easement through the subdivision have been shown.
- Note #2: All utility easements with easement through the subdivision have been shown.
- Note #3: No building or structure shall be constructed across any easement, building line, or easement. Building setback lines shall be maintained adjacent to all easements. The minimum setback shall be 15 feet left of easement of all easements, and 30 feet of easement of all easements.
- Note #4: The plan does not attempt to amend or remove any valid easements or restrictions.
- Note #5: A ten-foot wide City of Tomball utility easement is hereby dedicated to the plan and is centered on the gas main easement from the City of Tomball right-of-way or City of Tomball utility easement up to and around the gas meter.
- Note #6: The City of Tomball is responsible for the maintenance of easements inside the right-of-way.
- Note #7: Lot owners shall be the obligor for all or greater easement for 24 inches long, or approved equal, and shall be placed at 10 feet corner from the ground, or better ground if necessary in order to avoid being disturbed.

| LOT | ACRES | OWNER | DATE |
|-----|-------|-------|------|
| 1   | 0.12  | ...   | ...  |
| 2   | 0.12  | ...   | ...  |
| 3   | 0.12  | ...   | ...  |
| 4   | 0.12  | ...   | ...  |
| 5   | 0.12  | ...   | ...  |
| 6   | 0.12  | ...   | ...  |
| 7   | 0.12  | ...   | ...  |
| 8   | 0.12  | ...   | ...  |
| 9   | 0.12  | ...   | ...  |
| 10  | 0.12  | ...   | ...  |
| 11  | 0.12  | ...   | ...  |
| 12  | 0.12  | ...   | ...  |
| 13  | 0.12  | ...   | ...  |
| 14  | 0.12  | ...   | ...  |
| 15  | 0.12  | ...   | ...  |
| 16  | 0.12  | ...   | ...  |
| 17  | 0.12  | ...   | ...  |
| 18  | 0.12  | ...   | ...  |
| 19  | 0.12  | ...   | ...  |
| 20  | 0.12  | ...   | ...  |
| 21  | 0.12  | ...   | ...  |
| 22  | 0.12  | ...   | ...  |
| 23  | 0.12  | ...   | ...  |
| 24  | 0.12  | ...   | ...  |
| 25  | 0.12  | ...   | ...  |
| 26  | 0.12  | ...   | ...  |
| 27  | 0.12  | ...   | ...  |
| 28  | 0.12  | ...   | ...  |
| 29  | 0.12  | ...   | ...  |
| 30  | 0.12  | ...   | ...  |
| 31  | 0.12  | ...   | ...  |
| 32  | 0.12  | ...   | ...  |
| 33  | 0.12  | ...   | ...  |
| 34  | 0.12  | ...   | ...  |
| 35  | 0.12  | ...   | ...  |
| 36  | 0.12  | ...   | ...  |
| 37  | 0.12  | ...   | ...  |
| 38  | 0.12  | ...   | ...  |
| 39  | 0.12  | ...   | ...  |
| 40  | 0.12  | ...   | ...  |
| 41  | 0.12  | ...   | ...  |
| 42  | 0.12  | ...   | ...  |
| 43  | 0.12  | ...   | ...  |
| 44  | 0.12  | ...   | ...  |
| 45  | 0.12  | ...   | ...  |
| 46  | 0.12  | ...   | ...  |
| 47  | 0.12  | ...   | ...  |
| 48  | 0.12  | ...   | ...  |

**WINFREY ESTATES**  
A SUBDIVISION OF 33.3858 ACRES OF LAND LOCATED IN THE JESSE PRUITT SURVEY, ABSTRACT NO. 629, HARRIS COUNTY, TEXAS, BEING A PORTION OF ALL OF RESERVES "A", RESERVE "B" AND WINFREY LANE PORTION ADJACENT THERETO OF PECK STATION ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 686109 OF THE HARRIS COUNTY MAP RECORDS

**REASON TO REPLAT:**  
TO CREATE  
4 BLOCKS 113 LOTS 8 RESERVES

**OWNER:**  
CHTA DEVELOPMENT, INC.  
1188 DeWitt Road, Houston, TX 77043

DATE: FEBRUARY, 2023 SCALE: 1"=80'



**EXHIBIT I – FORM OF NOTICE OF PID ASSESSMENT LIEN TERMINATION**



P3Works, LLC  
9284 Huntington Square, Suite 100  
North Richland Hills, TX 76182

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[Date]  
Harris County Civil Courthouse  
[County Clerk Name]  
P.O. Box 4622  
Houston, Texas 77210-4622

**Re: City of Tomball Lien Release documents for filing**

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Tomball is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Tomball  
Attn: City Secretary  
401 Market Street  
Tomball, Texas 77375

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

P3Works, LLC  
P: (817)393-0353  
admin@p3-works.com

**AFTER RECORDING RETURN TO:**

[City Secretary]  
City of Tomball  
PO Box 349  
Tomball, Texas 77375

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN**

STATE OF TEXAS §  
§ KNOW ALL MEN BY THESE  
PRESENTS:  
COUNTY OF HARRIS §

**THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN** (this "Full Release") is executed and delivered as of the Effective Date by the City of Tomball, Texas.

**RECITALS**

**WHEREAS**, the governing body (hereinafter referred to as the "City Council") of the City of Tomball, Texas (hereinafter referred to as the "City "), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

**WHEREAS**, on or about April 18, 2022, the City Council for the City, approved Resolution No. 2022-10, creating the Winfrey Estates Public Improvement District; and

**WHEREAS**, the Winfrey Estates Public Improvement District consists of approximately 34.4945 contiguous acres located within the City; and

**WHEREAS**, on or about July 17, 2023, the City Council approved Ordinance No. 2023-20, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Winfrey Estates Public Improvement District; and

**WHEREAS**, the Assessment Ordinance imposed an assessment in the amount of \$ \_\_\_\_\_ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Harris County, Texas, according to the map or plat of record in Document/Instrument No. \_\_\_\_\_ of the Plat Records of Harris County, Texas (hereinafter referred to as the "Property"); and

**WHEREAS**, the property owners of the Property have paid unto the City the Lien Amount.

**RELEASE**

**NOW THEREFORE**, the City, the owner and holder of the Lien, as established by Ordinance No. \_\_\_\_\_, which levied the Assessment in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

**EXECUTED** to be **EFFECTIVE** this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**CITY OF TOMBALL, TEXAS,**

By: \_\_\_\_\_  
[Name], [Title]

**ATTEST:**

\_\_\_\_\_  
[Secretary Name], City Secretary

**STATE OF TEXAS**                   §  
   §  
**COUNTY OF HARRIS**           §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by [Name], [Title] for the City of Tomball, Texas, on behalf of said municipality.

\_\_\_\_\_  
Notary Public, State of Texas



## EXHIBIT J – LEGAL DESCRIPTION

TRACT 1  
RESERVES "A", "B", "C" AND "D", OF PECK STATION, A SUBDIVISION IN HARRIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN/UNDER FILM CODE NO. 666109 OF THE MAP/PLAT RECORDS OF HARRIS COUNTY, TEXAS.

TRACT 2  
ALL THAT CERTAIN TRACT OR PARCEL CONTAINING 0.9353 ACRES OF LAND SITUATED IN THE JESSE PRUITT SURVEY, A-629 IN HARRIS COUNTY, TEXAS SHOWN AS WINFREY LANE OF PECK STATION, A SUBDIVISION IN HARRIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 666109 OF THE PLAT RECORDS OF HARRIS COUNTY, TEXAS AND BEING PART OF A CALLED 1.1087 ACRE TRACT OF LAND CONVEYED TO 2978 PANORMUS, LP. AS REFERENCED IN A DEED FILED FOR RECORD UNDER HARRIS COUNTY CLERK'S FILE NO. 20130591816, SAID 0.9353 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS;

COMMENCING AT A 5/8 INCH IRON ROD (FOUND) IN THE EAST RIGHT-OF-WAY LINE OF SNOOK ROAD, (60.00 FEET IN WIDTH), MARKING THE SOUTHWEST CORNER OF RESTRICTED RESERVE "D" OF SAID PECK STATION AND THE SOUTHWEST CORNER OF THE SAID 1.1087 ACRE TRACT OF LAND;

THENCE N 02°23'10" W, (CALL N 02°23'09" W), A DISTANCE OF 5.57 FEET ALONG THE EAST RIGHT-OF-WAY LINE OF SAID SNOOK LANE AND THE WEST LINE OF SAID 1.1087 ACRE TRACT OF LAND TO A POINT FOR THE NORTHWEST CORNER OF SAID RESTRICTED RESERVE "D" AND POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE CONTINUING N 02°23'10" W, (CALL N 02°23'09" W), A DISTANCE OF 60.00 FEET ALONG THE EAST RIGHT-OF-WAY LINE OF SAID SNOOK LANE AND THE WEST LINE OF SAID 1.1087 ACRE TRACT OF LAND TO A POINT FOR THE SOUTHWEST CORNER OF RESTRICTED RESERVE "C" OF SAID PECK STATION AND THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE N 86°34'38" E, A DISTANCE OF 679.03 FEET, (CALL N 87°36'50" E, 678.85 FEET), ALONG THE SOUTH LINE OF SAID RESTRICTED RESERVE "C" TO A 5/8" IRON ROD (FOUND) IN THE WEST LINE OF A CALLED 5.1420 ACRE TRACT OF LAND, SAME BEING A 100.00 FOOT WIDE H.L.&P. COMPANY FEE STRIP AS DESCRIBED IN A DEED FILED FOR RECORD UNDER HARRIS COUNTY CLERK'S FILE NO. G885475 MARKING THE SOUTHEAST CORNER OF SAID RESTRICTED RESERVE "C" AND THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE S 02°22'42" E, A DISTANCE OF 60.00 FEET ALONG THE WEST LINE OF SAID H.L.&P. COMPANY FEE STRIP TO A POINT FOR THE NORTHEAST CORNER OF SAID RESTRICTED RESERVE "D" AND THE SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT OF LAND;

THENCE S 86°34'38" W, A DISTANCE OF 679.02 FEET, (CALL S 87°36'50" W, 678.84 FEET), ALONG THE NORTH LINE OF SAID RESTRICTED RESERVE "D" TO THE POINT OF BEGINNING AND CONTAINING WITHIN THESE CALLS 0.9353 ACRES OF LAND, MORE OR LESS.

TRACT 3  
EASEMENTS GRANTED TO THEM FROM CENTERPOINT ENERGY HOUSTON ELECTRIC FOR ROADWAY, WALKWAY AND UTILITY PURPOSES OVER AND ACROSS CENTERPOINT'S PROPERTY WHICH IS BETWEEN WINFREY LANE (1.1087 ACRES AT 20130591816); THIS EASEMENT INSTRUMENT IS RECORDED UNDER COUNTY CLERK'S FILE NO. 20140556862 OF THE REAL PROPERTY RECORDS OF HARRIS COUNTY, TEXAS.

**EXHIBIT K – SERIES 2025 BONDS DEBT SERVICE SCHEDULE**

[To be available at final pricing]

## APPENDIX A – DISTRICT ENGINEER’S REPORT



March 6, 2023

### Engineer’s Report **Winfrey Estates Public Improvement District**

Winfrey Estates Public Improvement District is a single-family residential development consisting of approximately 113 lots over approximately 33 acres of land as depicted on Exhibit A. The parcel is located west of the intersection of F.M. 2978 and Winfrey Lane. This Engineer’s Report includes documents requested by the City of Tomball, Texas for the formalization of the PID and the issuance of PID bonds by the City. PID Bonds are anticipated to be used to finance public infrastructure projects vital for the development within the PID.

**Development Costs:** An Engineer’s Estimate has been prepared for all on-site public infrastructure (Exhibit B).

**Development Improvements:** Development Improvement have been classified as PID improvements. The PID improvements are shown on exhibits C through K.



*Aaron T. Rendon 3-6-2023*

Aaron T. Rendon, P.E.  
Principal  
ATR Engineering

Page 1 of 1

STATE OF TEXAS  
COUNTY OF HARRIS

We, CHTA DEVELOPMENT, INC. acting by and through DICK HINOWITZ, President and MIC SENSHORN, Vice President being officers of CHTA DEVELOPMENT, INC., certify in the annexed plan that referred to as a survey of the 33,365.86 acre tract described in the above and foregoing plat of WINFREY ESTATES, do hereby make and establish said subdivision of said property according to all laws, deductions, restrictions and covenants and said plat and hereby dedicate to the use of the public, subject to all other laws, public conveniences, duties, advantages and public places above stated for the purposes and considerations therein expressed and do hereby bind ourselves, our heirs, successors and assigns to construct and deliver within the time to be fixed as indicated.

WE, CHTA DEVELOPMENT, INC. acting by and through DICK HINOWITZ, President and MIC SENSHORN, Vice President being officers of CHTA DEVELOPMENT, INC., certify in the annexed plan that referred to as a survey of the 33,365.86 acre tract described in the above and foregoing plat of WINFREY ESTATES, do hereby make and establish said subdivision of said property according to all laws, deductions, restrictions and covenants and said plat and hereby dedicate to the use of the public, subject to all other laws, public conveniences, duties, advantages and public places above stated for the purposes and considerations therein expressed and do hereby bind ourselves, our heirs, successors and assigns to construct and deliver within the time to be fixed as indicated.

IN TESTIMONY WHEREOF, the CHTA DEVELOPMENT, INC. has caused these presents to be signed by DICK HINOWITZ, its President, MIC SENSHORN, its Vice President, and its corporate seal hereunto affixed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

CHTA DEVELOPMENT, INC.  
By: DICK HINOWITZ, President

MIC SENSHORN, Vice President

STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared DICK HINOWITZ and MIC SENSHORN, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and considerations therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Notary Public in and for the State of Texas  
My Commission expires: \_\_\_\_\_

I, PAUL JOHNSON, HANCOCK WITNESS BANK, owner and holder of a lien against the property described in the plat known as WINFREY ESTATES, do hereby being authorized by instrument of record in the Clerk's file No. 86-12051-407255 of the O.P.R.S.R. of Harris County, Texas, do hereby in all things substitute my interest in said property to the purposes and effects of said plat and the deductions and restrictions shown herein to said subdivision plat and do hereby confirm that we are the present owner of said lots and have not assigned the same nor any part thereof.

By: PAUL JOHNSON, Bank Officer

STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared PAUL JOHNSON, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and considerations therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Notary Public in and for the State of Texas  
My Commission expires: \_\_\_\_\_

This is to certify that the planning and zoning commission of the City of Tomball has approved this plat and subdivision of WINFREY ESTATES in accordance with the laws of the state and the ordinance of the city as shown herein and authorized the recording of this plat this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

By: Kristine Tapia, Chairman

I, Terrell Haddock, County Clerk of Harris County, do hereby certify that the office instrument with its certificate of authenticity was filed for registration in my office on \_\_\_\_\_ 20\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_, and in its File Code Number \_\_\_\_\_ of the file records of Harris County for said county.

Witness my hand and seal of office, at Houston, this day and date last above written.

Terrell Haddock, County Clerk of Harris County, Texas

By: Deputy

LOT TABLE

Table with 5 columns: LOT, Area, Sq. Feet, and two unlabeled columns. Rows 1-32. Total: 3,331.18 ACRES.

Table with 5 columns: LOT, Area, Sq. Feet, and two unlabeled columns. Rows 1-32. Total: 3,331.18 ACRES.

Table with 5 columns: LOT, Area, Sq. Feet, and two unlabeled columns. Rows 1-32. Total: 3,331.18 ACRES.

RESERVE TABLE

Table with 5 columns: LAND USE TABLE, Original Area, Sq. Feet, and two unlabeled columns. Rows A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z. Total: 3,331.18 ACRES.



- LEGEND: A.C. - Unimproved Acreage; C.U.C. - City of Tomball Utility Coverage; U.C. - Utility Coverage; C.P.C. - Improved Acreage; P.M. - Front; C.M. - Center; H.C.M. - Harris County Map Records; H.C.R. - Harris County Deed Records; H.C.C. - Harris County Clerk's File; L.S. - Lot Size; O.P.R.S.R. - Official Public Records of Real Property.

Public easements located on this plat are hereby dedicated to the public use of the City of Tomball, including the right of ingress and egress to and from and upon said easements for the purpose of construction, reconstruction, inspection, painting, maintenance and other uses in or incidental to or part of its respective systems without the necessity of any type of permission from the City of Tomball. Any public utility within the City of Tomball shall have the right to cross and bury, run, and use any of its pipes, conduits, wires, cables, other systems or improvements that in any way interfere with the construction, maintenance or efficiency of its respective systems or any of the easements shown on this plat, within the City of Tomball, nor any public utility shall be responsible for any damage to property with an easement shown on the plat or otherwise if any obstruction to the public easement.

Flood Information: According to FEMA Flood Map No. 4802100330L with its Effective Date of 06/18/2022, this property is in Zone "X" and is not in the 0.2% Annual Chance Flood Plain.

- Note #1: All 48/psi pipelines or pipeline easements with ownership through the subdivision have been shown.
- Note #2: All 48/psi wells with ownership (plugged, abandoned, and/or active) through the subdivision have been shown.
- Note #3: No building or structure shall be constructed across any pipeline, utility line, and/or easements, building setback lines will be required adjacent to 48/psi pipelines. The setbacks of a minimum shall be 15 feet for easements of low pressure gas lines, and 30 feet for easements of high pressure gas lines.
- Note #4: This plat does not attempt to amend or remove any valid covenants or restrictions.
- Note #5: A ten foot wide City of Tomball utility easement is hereby dedicated to this plat and is centered on the gas main, whatever the City of Tomball right-of-way of City of Tomball utility easement is to and should the gas main.
- Note #6: The City of Tomball is responsible for the maintenance of all utility lines the right-of-way.
- Note #7: Lot markers shall be the middle inch or greater diameter but, 24 inches long, or approved equal, and shall be placed at all lot corners both wet ground or below ground if necessary in order to avoid being disturbed.

WINFREY ESTATES

A SUBDIVISION OF 33,365.86 ACRES OF LAND LOCATED IN THE JESSE PRUITT SURVEY, ABSTRACT NO. 829, HARRIS COUNTY, TEXAS, BEING A REPLAT OF ALL OF RESERVES "A", RESERVE "B" AND WINFREY LANE PORTION ADJACENT THERETO OF PECK STATION ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILE CODE NO. 888109 OF THE HARRIS COUNTY MAP RECORDS

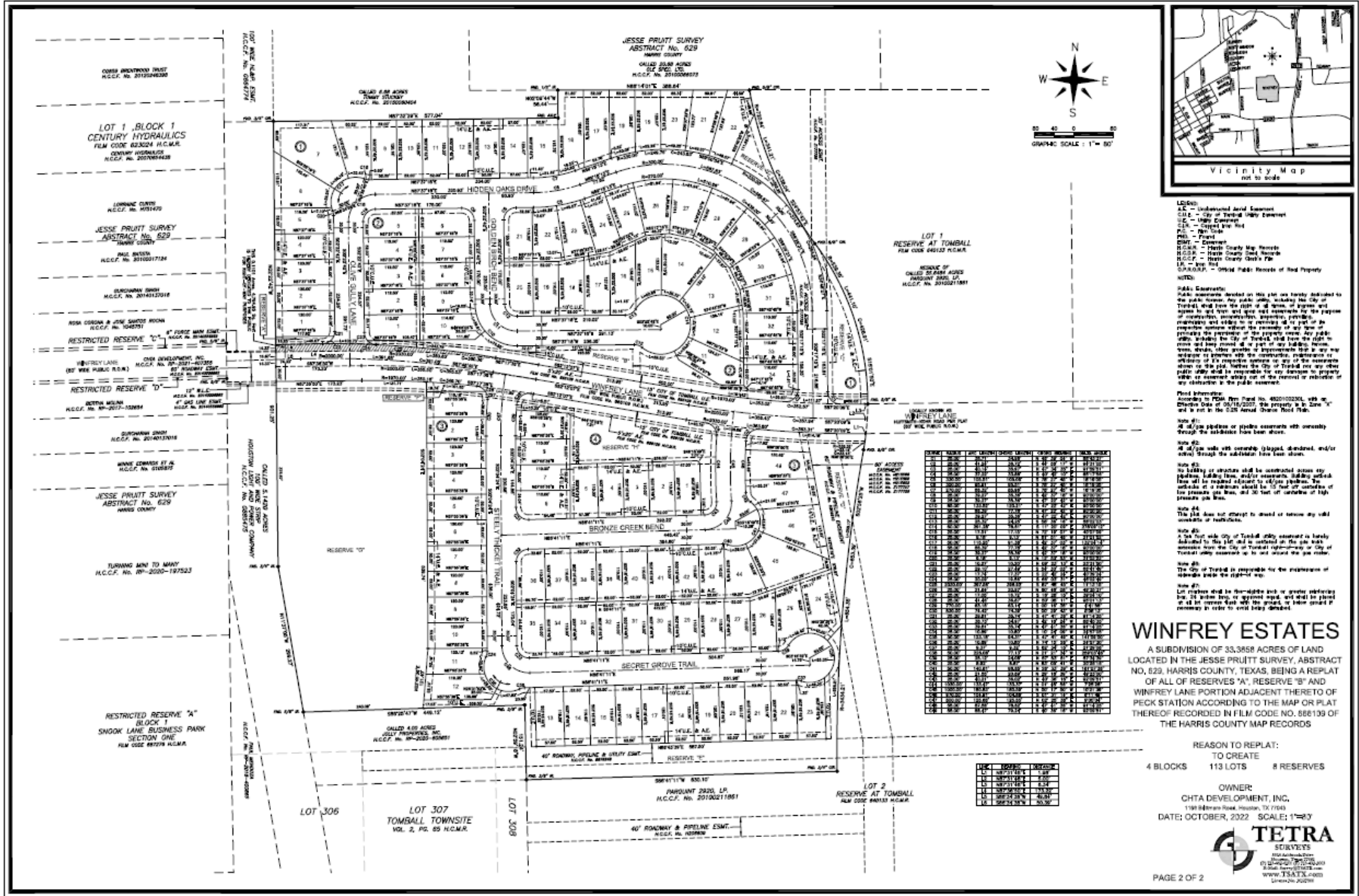
REASON TO REPLAT: TO CREATE 4 BLOCKS 113 LOTS 8 RESERVES

OWNER: CHTA DEVELOPMENT, INC. 1168 Blinn Road, Houston, TX 77045

DATE: OCTOBER, 2022 SCALE: 1"=80'



PAUL A. COWIE, Texas Registration No. 8374



**LEGEND**

- U.C. - Underserved Area Element
- C.C. - City of Tomball Utility Element
- L.C. - Light Commercial
- C.H. - Capital Hill Neigh.
- P.H. - Park
- P.M. - Project
- C.S. - Cemetery
- H.C.P. - Harris County Park Records
- H.C.D. - Harris County District Records
- L.P. - Lot Plan
- S.P.R. - Special Public Records of Real Property

**NOTES:**

**Public Improvements:** Public improvements located on this site are hereby dedicated to the public use of the City of Tomball, and the right of all space, all easements and rights in and to the site and adjacent areas for the purpose of construction, maintenance, operation, and use of the public improvements and other use or purposes of the public improvements located on the site, including the City of Tomball's right to use the site for the purpose of construction, maintenance, operation, and use of the public improvements. The City of Tomball shall be responsible for the construction, maintenance, operation, and use of the public improvements on the site, and the City of Tomball shall be responsible for the construction, maintenance, operation, and use of the public improvements on the site.

| LOT NO. | ACRES | AREA | PERMITS | REMARKS |
|---------|-------|------|---------|---------|
| 1       | 0.12  | 0.12 | 1       |         |
| 2       | 0.12  | 0.12 | 1       |         |
| 3       | 0.12  | 0.12 | 1       |         |
| 4       | 0.12  | 0.12 | 1       |         |
| 5       | 0.12  | 0.12 | 1       |         |
| 6       | 0.12  | 0.12 | 1       |         |
| 7       | 0.12  | 0.12 | 1       |         |
| 8       | 0.12  | 0.12 | 1       |         |
| 9       | 0.12  | 0.12 | 1       |         |
| 10      | 0.12  | 0.12 | 1       |         |
| 11      | 0.12  | 0.12 | 1       |         |
| 12      | 0.12  | 0.12 | 1       |         |
| 13      | 0.12  | 0.12 | 1       |         |
| 14      | 0.12  | 0.12 | 1       |         |
| 15      | 0.12  | 0.12 | 1       |         |
| 16      | 0.12  | 0.12 | 1       |         |
| 17      | 0.12  | 0.12 | 1       |         |
| 18      | 0.12  | 0.12 | 1       |         |
| 19      | 0.12  | 0.12 | 1       |         |
| 20      | 0.12  | 0.12 | 1       |         |
| 21      | 0.12  | 0.12 | 1       |         |
| 22      | 0.12  | 0.12 | 1       |         |
| 23      | 0.12  | 0.12 | 1       |         |
| 24      | 0.12  | 0.12 | 1       |         |
| 25      | 0.12  | 0.12 | 1       |         |
| 26      | 0.12  | 0.12 | 1       |         |
| 27      | 0.12  | 0.12 | 1       |         |
| 28      | 0.12  | 0.12 | 1       |         |
| 29      | 0.12  | 0.12 | 1       |         |
| 30      | 0.12  | 0.12 | 1       |         |
| 31      | 0.12  | 0.12 | 1       |         |
| 32      | 0.12  | 0.12 | 1       |         |
| 33      | 0.12  | 0.12 | 1       |         |
| 34      | 0.12  | 0.12 | 1       |         |
| 35      | 0.12  | 0.12 | 1       |         |
| 36      | 0.12  | 0.12 | 1       |         |
| 37      | 0.12  | 0.12 | 1       |         |
| 38      | 0.12  | 0.12 | 1       |         |
| 39      | 0.12  | 0.12 | 1       |         |
| 40      | 0.12  | 0.12 | 1       |         |
| 41      | 0.12  | 0.12 | 1       |         |
| 42      | 0.12  | 0.12 | 1       |         |
| 43      | 0.12  | 0.12 | 1       |         |
| 44      | 0.12  | 0.12 | 1       |         |
| 45      | 0.12  | 0.12 | 1       |         |
| 46      | 0.12  | 0.12 | 1       |         |
| 47      | 0.12  | 0.12 | 1       |         |
| 48      | 0.12  | 0.12 | 1       |         |
| 49      | 0.12  | 0.12 | 1       |         |
| 50      | 0.12  | 0.12 | 1       |         |
| 51      | 0.12  | 0.12 | 1       |         |
| 52      | 0.12  | 0.12 | 1       |         |
| 53      | 0.12  | 0.12 | 1       |         |
| 54      | 0.12  | 0.12 | 1       |         |
| 55      | 0.12  | 0.12 | 1       |         |
| 56      | 0.12  | 0.12 | 1       |         |
| 57      | 0.12  | 0.12 | 1       |         |
| 58      | 0.12  | 0.12 | 1       |         |
| 59      | 0.12  | 0.12 | 1       |         |
| 60      | 0.12  | 0.12 | 1       |         |
| 61      | 0.12  | 0.12 | 1       |         |
| 62      | 0.12  | 0.12 | 1       |         |
| 63      | 0.12  | 0.12 | 1       |         |
| 64      | 0.12  | 0.12 | 1       |         |
| 65      | 0.12  | 0.12 | 1       |         |
| 66      | 0.12  | 0.12 | 1       |         |
| 67      | 0.12  | 0.12 | 1       |         |
| 68      | 0.12  | 0.12 | 1       |         |
| 69      | 0.12  | 0.12 | 1       |         |
| 70      | 0.12  | 0.12 | 1       |         |
| 71      | 0.12  | 0.12 | 1       |         |
| 72      | 0.12  | 0.12 | 1       |         |
| 73      | 0.12  | 0.12 | 1       |         |
| 74      | 0.12  | 0.12 | 1       |         |
| 75      | 0.12  | 0.12 | 1       |         |
| 76      | 0.12  | 0.12 | 1       |         |
| 77      | 0.12  | 0.12 | 1       |         |
| 78      | 0.12  | 0.12 | 1       |         |
| 79      | 0.12  | 0.12 | 1       |         |
| 80      | 0.12  | 0.12 | 1       |         |
| 81      | 0.12  | 0.12 | 1       |         |
| 82      | 0.12  | 0.12 | 1       |         |
| 83      | 0.12  | 0.12 | 1       |         |
| 84      | 0.12  | 0.12 | 1       |         |
| 85      | 0.12  | 0.12 | 1       |         |
| 86      | 0.12  | 0.12 | 1       |         |
| 87      | 0.12  | 0.12 | 1       |         |
| 88      | 0.12  | 0.12 | 1       |         |
| 89      | 0.12  | 0.12 | 1       |         |
| 90      | 0.12  | 0.12 | 1       |         |
| 91      | 0.12  | 0.12 | 1       |         |
| 92      | 0.12  | 0.12 | 1       |         |
| 93      | 0.12  | 0.12 | 1       |         |
| 94      | 0.12  | 0.12 | 1       |         |
| 95      | 0.12  | 0.12 | 1       |         |
| 96      | 0.12  | 0.12 | 1       |         |
| 97      | 0.12  | 0.12 | 1       |         |
| 98      | 0.12  | 0.12 | 1       |         |
| 99      | 0.12  | 0.12 | 1       |         |
| 100     | 0.12  | 0.12 | 1       |         |

**WINFREY ESTATES**  
 A SUBDIVISION OF 33,365.8 ACRES OF LAND  
 LOCATED IN THE JESSE PRUITT SURVEY, ABSTRACT  
 NO. 629, HARRIS COUNTY, TEXAS, BEING A REPLAT  
 OF ALL OF RESERVES "A", RESERVE "B" AND  
 WINFREY LANE PORTION ADJACENT THERETO OF  
 PECK STATION ACCORDING TO THE MAP OR PLAT  
 THEREOF RECORDED IN FILM CODE NO. 886109 OF  
 THE HARRIS COUNTY MAP RECORDS

REASON TO REPLAT:  
 TO CREATE  
 4 BLOCKS 113 LOTS 8 RESERVES  
 OWNER:  
 CHTA DEVELOPMENT, INC.  
 1190 Eldorado Road, Houston, TX 77043  
 DATE: OCTOBER, 2022 SCALE: 1"=80'  
**TETRA**  
 SURVEYS  
 1100 American Drive  
 Houston, TX 77036  
 281-460-2200  
 www.tetra-surveys.com  
 License No. 20220

Winfrey Estates

| Construction Costs |                                     |               |                 |                |               |                  |                |               |                   |                 |
|--------------------|-------------------------------------|---------------|-----------------|----------------|---------------|------------------|----------------|---------------|-------------------|-----------------|
| #                  | Description                         | Phase I PID   | Phase I Private | Total Phase I  | Phase II PID  | Phase II Private | Total Phase II | Phase III PID | Phase III Private | Total Phase III |
| 1                  | Earthwork                           | \$ 130,928.09 | \$456,178.45    | \$587,104.54   |               |                  |                |               |                   |                 |
| 2                  | Water                               | \$ 91,288.73  | \$248,812.27    | \$338,099.00   | \$ 364,302.00 | \$0.00           | \$364,302.00   | \$ 227,314.00 | \$0.00            | \$227,314.00    |
| 3                  | Sanitary Sewer                      | \$ 141,233.49 | \$381,853.51    | \$523,087.00   | \$ 291,541.00 | \$0.00           | \$291,541.00   | \$ 360,969.00 | \$0.00            | \$360,969.00    |
| 4                  | Storm Sewer                         | \$ 562,520.65 | \$29,606.35     | \$592,127.00   | \$ 252,123.00 | \$0.00           | \$252,123.00   | \$ 372,897.00 | \$0.00            | \$372,897.00    |
| 5                  | Paving                              | \$ 263,752.89 | \$713,109.66    | \$976,862.55   | \$ 645,472.70 | \$0.00           | \$645,472.70   | \$ 577,548.75 | \$0.00            | \$577,548.75    |
| 6                  | Gas Line                            | \$ 48,880.28  | \$132,103.72    | \$180,964.00   | \$ 153,427.00 | \$0.00           | \$153,427.00   | \$ 116,262.00 | \$0.00            | \$116,262.00    |
| 7                  | Monument Sign, Landscaping & Design | \$ 300,000.00 | \$ -            | \$300,000.00   | -             | -                | -              | -             | -                 | -               |
| 7                  | Amenity Center / Amenities          | \$ -          | \$ 650,000.00   | \$650,000.00   | -             | \$0.00           | \$0.00         | -             | \$0.00            | \$0.00          |
| 8                  | Other                               | \$ 13,302.63  | \$35,966.37     | \$ 49,269.00   | \$ 90,303.40  | \$0.00           | \$90,303.40    | \$ 205,857.00 | \$0.00            | \$205,857.00    |
|                    |                                     |               |                 | \$4,197,513.09 |               |                  | \$1,797,169.10 |               |                   | \$1,880,847.75  |

| Miscellaneous Costs |                         |  |  |  |  |  |               |             |              |
|---------------------|-------------------------|--|--|--|--|--|---------------|-------------|--------------|
| #                   | Description             |  |  |  |  |  | PID           | Private     | Total        |
| 1                   | Engineering Fees        |  |  |  |  |  | \$ 233,738.00 | \$0.00      | \$233,738.00 |
| 2                   | Permits and Bonds       |  |  |  |  |  | \$ 322,496.00 | \$0.00      | \$322,496.00 |
| 3                   | Other Development Costs |  |  |  |  |  | \$ 184,760.00 | \$75,000.00 | \$259,760.00 |

| Summary |                         |  |  |  |  |  |                |                 |                 |
|---------|-------------------------|--|--|--|--|--|----------------|-----------------|-----------------|
| #       | Description             |  |  |  |  |  | PID            | Private         | Total           |
|         | Construction Cost       |  |  |  |  |  | \$5,209,899.61 | \$2,645,630.33  | \$7,855,529.94  |
|         | Miscellaneous Costs     |  |  |  |  |  | \$ 740,994.00  | \$75,000.00     | \$815,994.00    |
|         | Contingency Costs (10%) |  |  |  |  |  | \$ 595,089.36  | \$ 272,063.03   | \$ 867,152.39   |
|         | Net Project Costs       |  |  |  |  |  | \$6,545,982.97 | \$ 2,992,693.36 | \$ 9,538,676.33 |



*Aaron T. Rendon 5-5-2023*

Tomball 34.5 Acres

**Preliminary Pricing**

**Winfrey Estates- Clearing and Grubbing and Earthwork**



| Clearing and Grubbing |  |           |        |             |               |
|-----------------------|--|-----------|--------|-------------|---------------|
| #                     | Description  | Quantity  | Unit   | Unit Price  | Amount        |
| 1                     | Root Raked   | 5.94      | ac     | \$ 1,000.00 | \$ 5,940.00   |
| 2                     | Clear and Grub and Root Raked  | 27.66     | ac     | \$ 8,500.00 | \$ 235,110.00 |
| 3                     | SWPP Fence   | 10,805.00 | lf     | \$ 2.60     | \$ 28,093.00  |
| 4                     | Demo Existing Barns  | 2.00      | ls     | \$ 1,000.00 | \$ 2,000.00   |
| 5                     | Demo Existing Fence  | 570.00    | lf     | \$ 1.00     | \$ 570.00     |
| 6                     | Proposed 5 strand barbed wire fencing  | 570.00    | lf     | \$ 4.00     | \$ 2,280.00   |
| <b>Sub-Total</b>      |  |           |        |             | \$ 273,993.00 |
| Earthwork             |  |           |        |             |               |
| #                     | Description  | Quantity  | Unit   | Unit Price  | Amount        |
| 1                     | Cut (6" SCARIFICATION, Pond Not Included )   | 32,801.50 | cu yds | \$ 3.75     | \$ 123,005.63 |
| 2                     | Fill (6" SCARIFICATION, Pond Not Included )  | 33,687.03 | cu yds | \$ 1.50     | \$ 50,530.55  |
| 3                     | Proposed Pond Cut (TB 177, BTM 163.3)  | 9,163.80  | cu yds | \$ 3.75     | \$ 34,364.25  |
| 4                     | Proposed Pond Fill (TB 177, BTM 163.3)   | 62.61     | cu yds | \$ 3.75     | \$ 234.79     |
| 5                     | 4" OF GRASS TRIMMING LAID AND COMPACTED (within exist. pond)                                   | 1,739.99  | cu yds | \$ 1.50     | \$ 2,609.99   |
| 6                     | 12" OF HEAVY CLAY SOIL AS WET POND LINER LAID AND COMPACTED - <b>Assumed Imported Material</b> | 1,922.54  | cu yds | \$ 34.00    | \$ 65,366.36  |
| <b>Sub-Total</b>      |  |           |        |             | \$ 276,111.55 |
| Other Costs           |  |           |        |             |               |
| #                     | Description  | Quantity  | Unit   | Unit Price  | Amount        |
| 1                     | Surveying (Staking) - <b>By Others</b>   | 1         | ls     | n/a         | \$ 12,000.00  |
| 2                     | Material Testing - <b>By Others</b>  | 1         | ls     | n/a         | \$ 25,000.00  |
| <b>Sub-Total</b>      |  |           |        |             | \$ 37,000.00  |
| <b>Total</b>          |  |           |        |             | \$ 587,104.55 |

Company Name: Trilogy, LLC  
 Address: 1617 Peachleaf St, STE 108; Houston, TX 77039  
 Phone #: 832-243-5073  
 Printed Name: Ross Reeder

Bidder Signature: 



Winfrey Estates Phase I - Public Trilogy Proposal 8.8.22 REV. 3

| Water Distribution Systems |  |                           |                           |      |                  |                     |
|----------------------------|--|---------------------------|---------------------------|------|------------------|---------------------|
| #                          | Description  | Quantity<br>6.22.22 Plans | Quantity<br>7.28.22 Plans | Unit | Unit Price       | Amount              |
| 1                          | 12" C-400 Water Line (including fittings) - Bidding and Backfill | 3,888                     | 3,888                     | LF   | \$89.00          | \$346,932.00        |
| 2                          | 8" C-400 Water Line (including fittings) - Bidding and Backfill  | 1,888                     | 1,811                     | LF   | \$97.00          | \$176,427.00        |
| 3                          | 6" C-400 Water Line (including fittings) - Bidding and Backfill  | 118                       | 120                       | LF   | \$40.00          | \$4,720.00          |
| 4                          | 6" Gate Valve w/ Box   | 8                         | 8                         | EA   | \$1,771.00       | \$14,168.00         |
| 5                          | 8" Gate Valve w/ Box   | 1                         | 1                         | EA   | \$2,847.00       | \$2,847.00          |
| 6                          | 8" Plug Valve w/ Box   | 0                         | 0                         | EA   | \$4,076.00       | \$0.00              |
| 7                          | 12" Plug Valve w/ Box  | 0                         | 1                         | EA   | \$5,287.00       | \$5,287.00          |
| 8                          | 12" Gate Valve w/ Box  | 0                         | 0                         | EA   | \$4,471.00       | \$0.00              |
| 9                          | Fire Hydrant Assembly  | 8                         | 8                         | EA   | \$4,388.00       | \$35,104.00         |
| 10                         | 12" Water Line Jack and Bore w/ 20" Casing                       | 91                        | 91                        | LF   | \$292.00         | \$26,582.00         |
|                            |  |                           |                           |      | <b>Sub-Total</b> | <b>\$515,280.00</b> |

| Gas Distribution Systems |   |                           |                           |      |                  |                       |
|--------------------------|---|---------------------------|---------------------------|------|------------------|-----------------------|
| #                        | Description                             | Quantity<br>6.22.22 Plans | Quantity<br>7.28.22 Plans | Unit | Unit Price       | Amount                |
| 1                        | 4" Gas Line (including fittings)        | 8,728                     | 8,728                     | LF   | \$65.00          | \$567,420.00          |
| 2                        | 4" Ball Valve w/ Box                    | 4                         | 4                         | EA   | \$9,000.00       | \$36,000.00           |
| 3                        | 4" Plug Valve w/ Box                    | 0                         | 0                         | EA   | \$9,000.00       | \$0.00                |
| 4                        | 4" Gas Line Jack and Bore w/ 10" Casing | 91                        | 91                        | LF   | \$900.00         | \$81,900.00           |
| 5                        | Gas Line Backfill & Gravel              | 8,728                     | 8,728                     | LF   | \$9.00           | \$78,552.00           |
|                          |   |                           |                           |      | <b>Sub-Total</b> | <b>\$1,003,872.00</b> |

| Waste Water Collection System |   |                           |                           |      |                  |                       |
|-------------------------------|---|---------------------------|---------------------------|------|------------------|-----------------------|
| #                             | Description                                       | Quantity<br>6.22.22 Plans | Quantity<br>7.28.22 Plans | Unit | Unit Price       | Amount                |
| 1                             | 8" PVC 108 28 Sanitary Sewer (13' Maximum Depth)  | 389                       | 389                       | LF   | \$80.00          | \$31,120.00           |
| 2                             | 8" PVC 108 28 Sanitary Sewer (13' Maximum Depth)  | 281                       | 301                       | LF   | \$60.00          | \$18,060.00           |
| 3                             | 12" PVC 108 28 Sanitary Sewer (13' Maximum Depth) | 8260                      | 8188                      | LF   | \$105.00         | \$863,610.00          |
| 4                             | Sanitary Sewer Manhole (3'-6" Depth)              | 2                         | 1                         | EA   | \$4,948.00       | \$4,948.00            |
| 5                             | Sanitary Sewer Manhole (3-12' Depth)              | 13                        | 13                        | EA   | \$7,861.00       | \$114,193.00          |
| 6                             | 12" San. Sec. Jack and Bore w/ 20" Casing         | 108                       | 108                       | LF   | \$292.00         | \$31,536.00           |
| 7                             | Trash Safety                                      | 8703                      | 8687                      | LF   | \$1.00           | \$8,687.00            |
|                               |   |                           |                           |      | <b>Sub-Total</b> | <b>\$1,013,374.00</b> |

| Storm Water Collection System |  |                           |                           |      |                  |                     |
|-------------------------------|--|---------------------------|---------------------------|------|------------------|---------------------|
| #                             | Description  | Quantity<br>6.22.22 Plans | Quantity<br>7.28.22 Plans | Unit | Unit Price       | Amount              |
| 1                             | 18" CL 24 R.C.P. Storm Sewer Pipe (complete & in place Bidding and Backfill) | 26                        | 117                       | LF   | \$115.00         | \$12,150.00         |
| 2                             | 24" CL 24 R.C.P. Storm Sewer Pipe (complete & in place Bidding and Backfill) | 877                       | 843                       | LF   | \$121.00         | \$104,843.00        |
| 3                             | 30" CL 24 R.C.P. Storm Sewer Pipe (complete & in place Bidding and Backfill) | 87                        | 170                       | LF   | \$168.00         | \$27,710.00         |
| 4                             | 36" CL 24 R.C.P. Storm Sewer Pipe (complete & in place Bidding and Backfill) | 703                       | 703                       | LF   | \$224.00         | \$156,432.00        |
| 5                             | 42" CL 24 R.C.P. Storm Sewer Pipe (complete & in place Bidding and Backfill) | 288                       | 280                       | LF   | \$208.00         | \$59,904.00         |
| 6                             | 54" CL 24 R.C.P. Storm Sewer Pipe (complete & in place Bidding and Backfill) | 82                        | 82                        | LF   | \$482.00         | \$39,524.00         |
| 7                             | Type "B" 8" Storm Sewer (slab) (complete & in place Bidding and Backfill)    | 9                         | 9                         | EA   | \$6,813.00       | \$61,317.00         |
| 8                             | Storm Sewer MH (complete & in place Bidding and Backfill) - (3'-6" Depth)    | 2                         | 0                         | EA   | \$7,286.00       | \$14,572.00         |
| 9                             | Storm Sewer MH (complete & in place Bidding and Backfill) - (3-12' Depth)    | 9                         | 9                         | EA   | \$7,718.00       | \$69,462.00         |
| 10                            | Storm Sewer MH (complete & in place Bidding and Backfill) - (10-15' Depth)   | 4                         | 4                         | EA   | \$21,807.00      | \$87,228.00         |
| 11                            | Asphalt/Gravel Storm Water Structure   | 1                         | 1                         | EA   | \$6,500.00       | \$6,500.00          |
| 12                            | Trash Safety   | 1843                      | 1844                      | LF   | \$2.00           | \$3,688.00          |
|                               |  |                           |                           |      | <b>Sub-Total</b> | <b>\$662,227.00</b> |

| Paving Plan |                         |                           |                           |      |                  |                     |
|-------------|-------------------------|---------------------------|---------------------------|------|------------------|---------------------|
| #           | Description             | Quantity<br>6.22.22 Plans | Quantity<br>7.28.22 Plans | Unit | Unit Price       | Amount              |
| 1           | Subgrade Stabilization  | 86797                     | 86797                     | SF   | \$0.90           | \$78,117.30         |
| 2           | 7" Rein. Conc. Paving   | 86797                     | 86797                     | SF   | \$6.75           | \$585,479.25        |
| 3           | 8" Rein. Conc. Curb     | 8688                      | 8688                      | LF   | \$9.50           | \$82,536.00         |
| 4           | Three (3) inch curbside | 0                         | 1                         | LS   | \$9,000.00       | \$9,000.00          |
| 5           | 10' long, Curb and Edge | 0                         | 1                         | LS   | \$25,000.00      | \$25,000.00         |
| 6           | Traffic Control         | 0                         | 1                         | LS   | \$15,000.00      | \$15,000.00         |
|             |                         |                           |                           |      | <b>Sub-Total</b> | <b>\$975,662.55</b> |

| Other Costs |  |                           |                           |      |                  |                       |
|-------------|--|---------------------------|---------------------------|------|------------------|-----------------------|
| #           | Description  | Quantity<br>6.22.22 Plans | Quantity<br>7.28.22 Plans | Unit | Unit Price       | Amount                |
| 1           | PAVPP  | 1400                      | 1400                      | LF   | \$4.75           | \$6,650.00            |
| 2           | Surveys (Final)  | 0                         | 1                         | LS   | \$25,000.00      | \$25,000.00           |
| 3           | Material Testing                                       | 0                         | 1                         | LS   | \$21,000.00      | \$21,000.00           |
| 4           | 2 year Maintenance Bond for City of Fortale            | 0                         | 1                         | LS   | \$15,400.00      | \$15,400.00           |
| 5           | Reconstruction - Bidding under TxDOT Rules (if needed) | 0                         | 1                         | EA   | \$18,000.00      | \$18,000.00           |
|             |  |                           |                           |      | <b>Sub-Total</b> | <b>\$106,050.00</b>   |
|             |  |                           |                           |      | <b>Total</b>     | <b>\$1,984,639.55</b> |

**\*Clarifications:**  
 Pricing on this Unit Rate Proposal is valid for 7 days due to the uncertainty of price for piping/fittings and concrete in the weeks to follow.  
 Casual dewatering of Trilogy scope, due to rainwater, to an on-site discharge point clearly defined by the CONTRACT DOCUMENTS.  
 Paving Subgrade elevations assumed to be +/- .10-ft. per 7.29.22 Phase I Plans  
 Demolition of existing structures is excluded from this proposal.  
 Earthwork, Fine Grading, and Backfill of Curb/Islands are excluded from this proposal.  
 Sanitary Manholes and Storm Sewer Manholes are 6-8 Week lead times.  
 Due to cement shortages, project duration is dependent upon raw material availability at that time.  
 This Proposal includes one (1) mobilization with continuous production for ALL scopes outlined above.  
 Excludes Permitting and Fees  
 Excludes Performance and Payment bond  
 Excludes all work associated within Phase II & III  
 Excludes Electrical work

Company Name: Trilogy, LLC  
 Address: 1617 Peachleaf Dr, STE 106; Houston, TX 77039  
 Phone #: 832-243-9273  
 Printed Name:  
 Bidder Signature:





Winfrey Estates Phase 2 - Public Trilogy Proposal REV1 10.4.22

| Water Distribution System |  |                        |                        |      |            |                     |
|---------------------------|--|------------------------|------------------------|------|------------|---------------------|
| #                         | Description  | Quantity 8.16.22 Phase | Quantity 9.16.22 Phase | Unit | Unit Price | Amount              |
| 1                         | 6" C-900 Water Line with Trench Wire (including fittings) - bedding and backfill | 2029                   | 1976                   | LF   | \$18.00    | \$17,728.00         |
| 2                         | 6" C-900 Water Line with Trench Wire (including fittings) - bedding and backfill | 545                    | 538                    | LF   | \$42.00    | \$21,798.00         |
| 3                         | 1" 1/2" 8" Short Side Single Service Water Leads with Meter Boxes                | 0                      | 6                      | EA   | \$650.00   | \$3,900.00          |
| 4                         | 1" 1/2" 8" Long Side Single Service Water Leads with Meter Boxes                 | 0                      | 4                      | EA   | \$1,500.00 | \$6,000.00          |
| 5                         | 1" 1/2" 8" Short Side Dual Service Water Leads with Meter Boxes                  | 0                      | 18                     | EA   | \$675.00   | \$12,150.00         |
| 6                         | 1" 1/2" 8" Long Side Dual Service Water Leads with Meter Boxes                   | 0                      | 10                     | EA   | \$1,750.00 | \$17,500.00         |
| 7                         | 6" Gate Valve w/ Box   | 6                      | 12                     | EA   | \$1,771.00 | \$21,252.00         |
| 8                         | 6" Plug Valve w/ Box   | 1                      | 1                      | EA   | \$1,500.00 | \$1,500.00          |
| 9                         | 6" Gate Valve w/ Box   | 4                      | 5                      | EA   | \$2,567.00 | \$12,835.00         |
| 10                        | 6" Plug Valve w/ Box   | 2                      | 2                      | EA   | \$6,076.00 | \$8,112.00          |
| 11                        | Fire Hydrant Assembly  | 6                      | 12                     | EA   | \$6,288.00 | \$75,456.00         |
| 12                        | 6" C-900 Water Line Jack and Bored with 18" Casing                               | 0                      | 62                     | LF   | \$180.00   | \$10,980.00         |
| <b>Sub-Total</b>          |  |                        |                        |      |            | <b>\$194,302.00</b> |

| Gas Distribution System |                                  |          |          |      |            |                    |
|-------------------------|----------------------------------|----------|----------|------|------------|--------------------|
| #                       | Description                      | Quantity | Quantity | Unit | Unit Price | Amount             |
| 1                       | 6" Gas Line (including fittings) | 2,383    | 2,317    | LF   | \$18.00    | \$11,136.00        |
| 2                       | 6" Gas Line (including fittings) | 0        | 260      | LF   | \$15.00    | \$3,900.00         |
| 3                       | 6" Ball Valve w/ Box             | 4        | 3        | EA   | \$2,300.00 | \$6,900.00         |
| 4                       | 6" Plug Valve w/ Box             | 0        | 3        | EA   | \$2,300.00 | \$6,900.00         |
| 5                       | Gas Line Backfill & Grade        | 2,384    | 2,317    | LF   | \$1.00     | \$2,317.00         |
| <b>Sub-Total</b>        |                                  |          |          |      |            | <b>\$19,443.00</b> |

| Waste Water Collection System |   |          |          |      |            |                     |
|-------------------------------|---|----------|----------|------|------------|---------------------|
| #                             | Description   | Quantity | Quantity | Unit | Unit Price | Amount              |
| 1                             | 6" PVC 124 26 Sanitary Sewer (15' Maximum Depth)      | 2256     | 2256     | LF   | \$62.00    | \$140,472.00        |
| 2                             | 6" PVC 124 26 Short Side Sanitary Sewer Service Leads | 34       | 34       | EA   | \$1,800.00 | \$61,200.00         |
| 3                             | 6" PVC 124 26 Long Side Sanitary Sewer Service Leads  | 56       | 56       | EA   | \$1,400.00 | \$78,400.00         |
| 4                             | Sanitary Sewer Manhole (5-8' Depth)                   | 32       | 32       | EA   | \$4,546.00 | \$145,552.00        |
| 5                             | Sanitary Sewer Manhole (8-10' Depth)                  | 0        | 0        | EA   | \$7,881.00 | \$0.00              |
| 6                             | Trench Safety   | 6537     | 6537     | LF   | \$1.00     | \$6,537.00          |
| <b>Sub-Total</b>              |   |          |          |      |            | <b>\$332,561.00</b> |

| Storm Water Collection System |  |          |          |      |            |                     |
|-------------------------------|--|----------|----------|------|------------|---------------------|
| #                             | Description  | Quantity | Quantity | Unit | Unit Price | Amount              |
| 1                             | 18" CL 11 R.C.P. Storm Sewer Pipe (complete & in place - bedding and backfill) | 120      | 120      | LF   | \$115.00   | \$13,800.00         |
| 2                             | 18" CL 11 R.C.P. Storm Sewer Pipe (complete & in place - bedding and backfill) | 413      | 413      | LF   | \$141.00   | \$58,233.00         |
| 3                             | 18" CL 11 R.C.P. Storm Sewer Pipe (complete & in place - bedding and backfill) | 210      | 210      | LF   | \$184.00   | \$38,640.00         |
| 4                             | 18" CL 11 R.C.P. Storm Sewer Pipe (complete & in place - bedding and backfill) | 87       | 81       | LF   | \$224.00   | \$18,348.00         |
| 5                             | Type "B-4" Storm Sewer Inlet (complete & in place - bedding and backfill)      | 33       | 33       | EA   | \$6,518.00 | \$215,130.00        |
| 6                             | Storm Sewer MH (complete & in place - bedding and backfill) - (5-7' Depth)     | 2        | 2        | EA   | \$7,088.00 | \$14,176.00         |
| 7                             | Storm Sewer MH (complete & in place - bedding and backfill) - (8-10' Depth)    | 6        | 6        | EA   | \$7,748.00 | \$46,488.00         |
| 8                             | Trench Safety  | 949      | 949      | LF   | \$1.00     | \$949.00            |
| <b>Sub-Total</b>              |  |          |          |      |            | <b>\$370,124.00</b> |

| Paving Plan      |                          |          |          |      |             |                     |
|------------------|--------------------------|----------|----------|------|-------------|---------------------|
| #                | Description              | Quantity | Quantity | Unit | Unit Price  | Amount              |
| 1                | Subgrade Stabilization   | 68122    | 68122    | SF   | \$2.95      | \$201,459.90        |
| 2                | 1" Rebar, Conc. Paving   | 68122    | 68122    | SF   | \$7.95      | \$541,119.90        |
| 3                | 6" Rebar, Conc. Curb     | 4376     | 4376     | LF   | \$1.30      | \$5,688.80          |
| 4                | Edging, Rebars and Signs | 1        | 1        | LS   | \$17,500.00 | \$17,500.00         |
| 5                | Traffic Control          | 1        | 1        | LS   | \$8,000.00  | \$8,000.00          |
| <b>Sub-Total</b> |                          |          |          |      |             | <b>\$643,432.70</b> |

| Other Costs      |  |          |          |      |             |                       |
|------------------|--|----------|----------|------|-------------|-----------------------|
| #                | Description                              | Quantity | Quantity | Unit | Unit Price  | Amount                |
| 1                | Hydro-mulch                              | 0        | 22       | AC   | \$1,880.00  | \$41,360.00           |
| 2                | Pipe Grouting cuts for Positive Drainage | 56       | 56       | EA   | \$1,900.00  | \$106,400.00          |
| 3                | Surveying (Staking)                      | 1        | 1        | LS   | \$18,000.00 | \$18,000.00           |
| 4                | Materials Testing                        | 1        | 1        | LS   | \$16,000.00 | \$16,000.00           |
| 5                | 1 year Maintenance Bond                  | 1        | 1        | LS   | \$11,817.00 | \$11,817.00           |
| <b>Sub-Total</b> |  |          |          |      |             | <b>\$193,577.00</b>   |
| <b>Total</b>     |  |          |          |      |             | <b>\$1,791,388.00</b> |

**\*Clarifications:**  
Pricing on this Unit Rate Proposal is valid for **7 days** due to the uncertainty of price for piping/fittings and concrete in the weeks to follow.  
Casual dewatering of Trilogy scope, due to rainwater, to an on-site discharge point clearly defined by the **OWNER/ENGINEER**.  
Paving Subgrade elevations assumed to be +/- .10-FL per 7.29.22 Phase I Plans  
Quantities and Prices per IFA plans dated 9.16.22  
Demolition of existing structures is excluded from this proposal - Not to include the relocation/modification of existing storm structures per plans.  
Sanitary Manholes and Storm Sewer Manholes are 5-8 Week lead times.  
Tees, Leads, and Caps included for future tie-ins at Gas Lines  
Due to cement shortages, project duration is dependent upon raw material availability at that time.  
This Proposal includes one (1) mobilization with continuous production for ALL scopes outlined above.  
Excludes Permitting and fees  
Excludes Performance and Payment bond  
Excludes Electrical work  
Excludes Service Leads for City of Tomball T&SV per Lot

Company Name: Trilogy, LLC  
Address: 1617 Peachleaf St, STE 108; Houston, TX 77099  
Phone #: 832-243-5073



Winfrey Estates Phase 3 - Public Trilogy Proposal 1.19.23 REV. 2

| Water Distribution System |   |                           |                          |      |            |                     |
|---------------------------|---|---------------------------|--------------------------|------|------------|---------------------|
| #                         | Description   | Quantity<br>8-1/2-22 Pipe | Quantity<br>12-4-22 Pipe | Unit | Unit Price | Amount              |
| 1                         | 8" C-902 Water Line (Including Fittings - Bending and Backfill) | 1229                      | 1229                     | LF   | \$67.30    | \$82,921.30         |
| 2                         | 8" C-902 Water Line (Including Fittings - Bending and Backfill) | 876                       | 876                      | LF   | \$67.30    | \$58,966.80         |
| 3                         | 2" SDR 9 Short Side Single Service Water Leads w/1' Meter Room  | 0                         | 7                        | EA   | \$605.00   | \$4,235.00          |
| 4                         | 2" SDR 9 Long Side Single Service Water Leads w/1' Meter Room   | 0                         | 8                        | EA   | \$1,900.00 | \$15,200.00         |
| 5                         | 2" SDR 9 Short Side Dual Service Water Leads w/1' Meter Room    | 0                         | 8                        | EA   | \$925.00   | \$7,400.00          |
| 6                         | 2" SDR 9 Long Side Dual Service Water Leads w/1' Meter Room     | 0                         | 15                       | EA   | \$1,790.00 | \$26,850.00         |
| 7                         | 8" Gate Valve w/ Box  | 8                         | 8                        | EA   | \$1,771.00 | \$14,168.00         |
| 8                         | 8" Gate Valve w/ Box  | 8                         | 8                        | EA   | \$2,947.00 | \$23,576.00         |
| 9                         | Flow Hydrant Assembly   | 8                         | 8                        | EA   | \$8,289.00 | \$66,312.00         |
| 10                        | 8" Water Line Jack and Bore w/ 12" Casing                       | 80                        | 80                       | LF   | \$298.00   | \$23,840.00         |
| <b>Sub-Total</b>          |   |                           |                          |      |            | <b>\$227,814.80</b> |

| Gas Distribution System |   |                           |                          |      |            |                     |
|-------------------------|---|---------------------------|--------------------------|------|------------|---------------------|
| #                       | Description                             | Quantity<br>8-1/2-22 Pipe | Quantity<br>12-4-22 Pipe | Unit | Unit Price | Amount              |
| 1                       | 2" Gas Line (Including Fittings)        | 827                       | 827                      | LF   | \$16.00    | \$13,232.00         |
| 2                       | 4" Gas Line (Including Fittings)        | 1,269                     | 1,269                    | LF   | \$69.00    | \$87,581.00         |
| 3                       | 8" Ball Valve w/ Box                    | 8                         | 8                        | EA   | \$2,805.00 | \$22,440.00         |
| 4                       | 4" Gas Line Jack and Bore w/ 12" Casing | 80                        | 80                       | LF   | \$234.00   | \$18,720.00         |
| 5                       | Gas Line Backfill & Gravel              | 1,282                     | 1,282                    | LF   | \$7.00     | \$8,974.00          |
| <b>Sub-Total</b>        |   |                           |                          |      |            | <b>\$138,947.00</b> |

| Waste Water Collection System |   |                           |                          |      |             |                     |
|-------------------------------|---|---------------------------|--------------------------|------|-------------|---------------------|
| #                             | Description   | Quantity<br>8-1/2-22 Pipe | Quantity<br>12-4-22 Pipe | Unit | Unit Price  | Amount              |
| 1                             | 8" PVC SDR 26 Sanitary Sewer (12' Maximum Depth)      | 988                       | 981                      | LF   | \$61.30     | \$60,368.10         |
| 2                             | 12" PVC SDR 26 Sanitary Sewer (12' Maximum Depth)     | 1,381                     | 1,381                    | LF   | \$128.00    | \$176,768.00        |
| 3                             | 8" PVC SDR 26 Short Side Sanitary Sewer Service Leads | 19                        | 19                       | EA   | \$1,900.00  | \$36,100.00         |
| 4                             | 8" PVC SDR 26 Long Side Sanitary Sewer Service Leads  | 18                        | 18                       | EA   | \$8,450.00  | \$152,100.00        |
| 5                             | Sanitary Sewer Manhole (8'-12" Depth)                 | 12                        | 12                       | EA   | \$7,881.00  | \$94,572.00         |
| 6                             | Manhole Casing (All Phases)                           | 1                         | 1                        | LF   | \$11,074.00 | \$11,074.00         |
| 7                             | Trench Safety   | 2989                      | 2989                     | LF   | \$2.00      | \$5,978.00          |
| <b>Sub-Total</b>              |   |                           |                          |      |             | <b>\$682,960.10</b> |

| Storm Water Collection System |  |                           |                          |      |             |                     |
|-------------------------------|--|---------------------------|--------------------------|------|-------------|---------------------|
| #                             | Description  | Quantity<br>8-1/2-22 Pipe | Quantity<br>12-4-22 Pipe | Unit | Unit Price  | Amount              |
| 1                             | 12" CL 35 R.C.P. Storm Sewer Pipe (complete & to place - Bending and Backfill) | 89                        | 87                       | LF   | \$124.00    | \$11,032.00         |
| 2                             | 12" CL 35 R.C.P. Storm Sewer Pipe (complete & to place - Bending and Backfill) | 828                       | 826                      | LF   | \$131.00    | \$108,138.00        |
| 3                             | 12" CL 35 R.C.P. Storm Sewer Pipe (complete & to place - Bending and Backfill) | 30                        | 30                       | LF   | \$148.00    | \$4,440.00          |
| 4                             | 18" CL 35 R.C.P. Storm Sewer Pipe (complete & to place - Bending and Backfill) | 829                       | 829                      | LF   | \$225.00    | \$186,525.00        |
| 5                             | Type "B" 18" Storm Sewer Inlet (complete & to place - Bending and Backfill)    | 7                         | 7                        | EA   | \$6,518.00  | \$45,626.00         |
| 6                             | Storm Sewer MH (complete & to place - Bending and Backfill) - (8'-12" Depth)   | 1                         | 0                        | EA   | \$7,288.00  | \$7,288.00          |
| 7                             | Storm Sewer MH (complete & to place - Bending and Backfill) - (8'-12" Depth)   | 8                         | 8                        | EA   | \$7,798.00  | \$62,384.00         |
| 8                             | Storm Sewer MH (complete & to place - Bending and Backfill) - (10'-12" Depth)  | 1                         | 1                        | EA   | \$21,807.00 | \$21,807.00         |
| 9                             | Trench Safety  | 1396                      | 1396                     | LF   | \$2.00      | \$2,792.00          |
| <b>Sub-Total</b>              |  |                           |                          |      |             | <b>\$372,987.00</b> |

| Paving Plan      |                             |                           |                          |      |             |                     |
|------------------|-----------------------------|---------------------------|--------------------------|------|-------------|---------------------|
| #                | Description                 | Quantity<br>8-1/2-22 Pipe | Quantity<br>12-4-22 Pipe | Unit | Unit Price  | Amount              |
| 1                | Subgrade Modification       | 82119                     | 82119                    | SF   | \$0.80      | \$65,695.20         |
| 2                | 2" Rein. Conc. Paving       | 82119                     | 82119                    | SF   | \$7.89      | \$646,886.10        |
| 3                | 8" Rein. Conc. Curb         | 6788                      | 6788                     | LF   | \$8.82      | \$59,860.16         |
| 4                | Striping, Markers and Signs | 1                         | 1                        | LF   | \$18,900.00 | \$18,900.00         |
| 5                | Trench Control              | 1                         | 1                        | LF   | \$7,900.00  | \$7,900.00          |
| <b>Sub-Total</b> |                             |                           |                          |      |             | <b>\$877,341.56</b> |

| Other Costs      |   |                           |                          |      |             |                       |
|------------------|---|---------------------------|--------------------------|------|-------------|-----------------------|
| #                | Description                                 | Quantity<br>8-1/2-22 Pipe | Quantity<br>12-4-22 Pipe | Unit | Unit Price  | Amount                |
| 1                | Pipe Bending Lots for Precise Drainage      | 97                        | 97                       | EA   | \$200.00    | \$19,400.00           |
| 2                | Surveying (Starting)                        | 1                         | 1                        | LF   | \$18,000.00 | \$18,000.00           |
| 3                | Materials Testing                           | 1                         | 1                        | LF   | \$18,000.00 | \$18,000.00           |
| 4                | 2 year Maintenance Bond                     | 1                         | 1                        | LF   | \$19,467.00 | \$19,467.00           |
| 5                | Point Settlement - (0.1" Settlement Change) | 1                         | 1                        | LF   | \$88,888.00 | \$88,888.00           |
| 6                | Hydro Munch (in lieu of curb MH removal)    | 1                         | 1                        | LF   | \$14,888.00 | \$14,888.00           |
| 7                | Utility Spools                              | 1                         | 1                        | LF   | \$48,824.00 | \$48,824.00           |
| <b>Sub-Total</b> |   |                           |                          |      |             | <b>\$208,497.00</b>   |
| <b>Total</b>     |   |                           |                          |      |             | <b>\$1,862,847.56</b> |

**\*Clarifications:**

Pricing on this Unit Rate Proposal is valid for **7 days** due to the uncertainty of price for piping/fittings and concrete in the weeks to follow.

Casual dewatering of Trilogy scope, due to rainwater, to an on-site discharge point clearly defined by the OWNER/ENGINEER.

Paving Subgrade elevations assumed to be +/- .10-ft. per 10.6.22 Phase II Plans  
Quantities and Prices per IFC plans dated 10.6.22

Demolition of existing structures is excluded from this proposal - Not to include the relocation/modification of existing storm structures per plans.

Sanitary Manholes and Storm Sewer Manholes are 6-8 Week lead times.

Sanitary Sewer services to remain underground and plugged at 4" Wye at termination point on drawings per ATT's email confirmation dated 12.14.22

Due to cement shortages, project duration is dependent upon raw material availability at that time.

This Proposal includes one (1) mobilization with continuous production for ALL scopes outlined above.

Exclude Permitting and Fees

Exclude Performance and Payment bond

Exclude Electrical work

Company Name: Trilogy, LLC  
Address: 1617 Peachleaf St, STE 108; Houston, TX 77059  
Phone #: 832-243-5073



**PROP. PUBLIC WATER, STORM  
SEWER, GAS & SANITARY SEWER  
FOR WINFREY ESTATES**

**DESIGNER'S REVIEW**

| DATE | REVISIONS | CONSTRUCTION DISTANCE |
|------|-----------|-----------------------|
|      |           |                       |
|      |           |                       |
|      |           |                       |

**SCALE**      N.E.L.

**PAC/DATE**      N.E.L.

**SHEET TITLE**  
PHASING PLAN

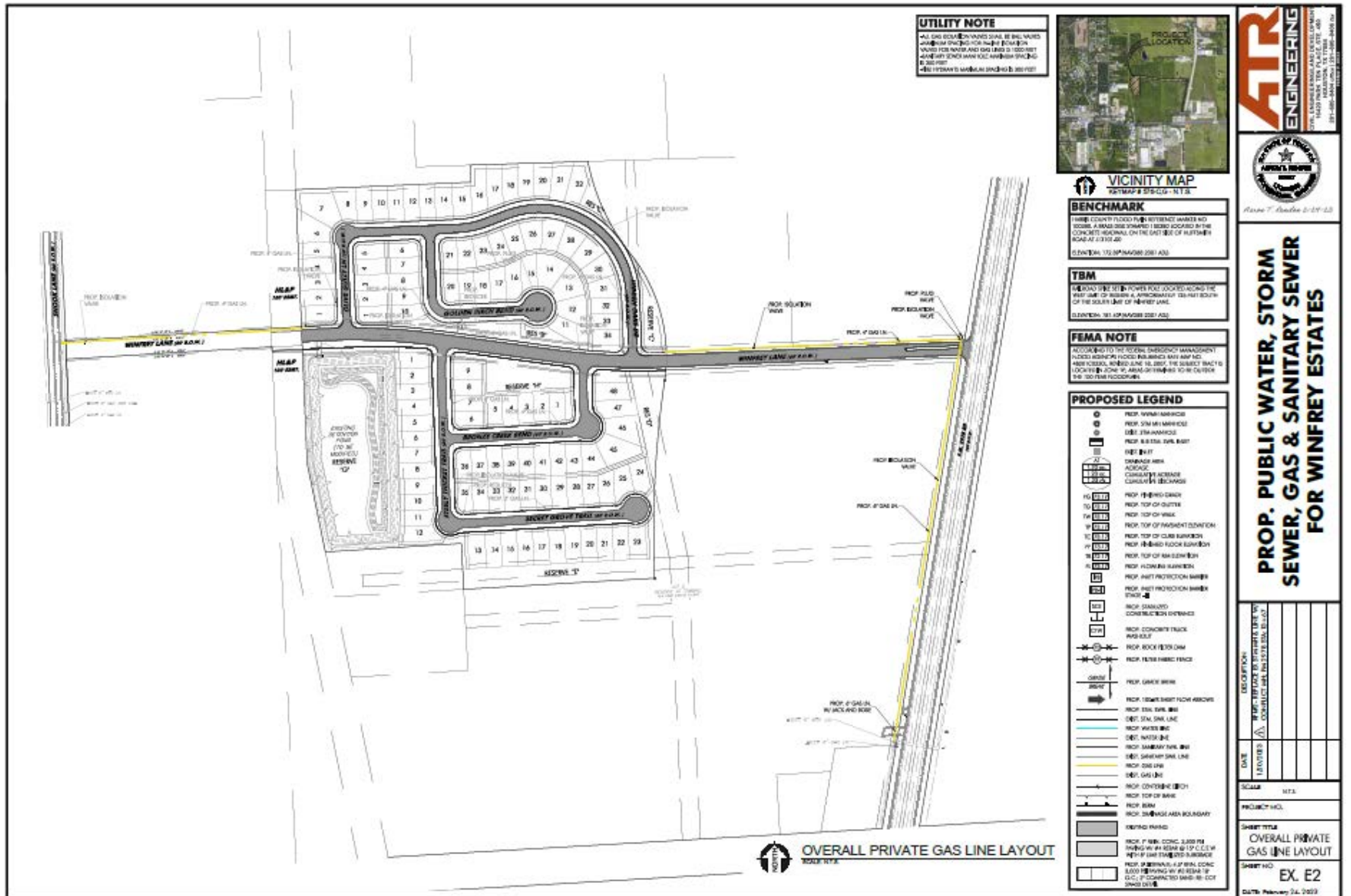
**SHEET NO.**      EX. C

**DATE**      February 24, 2019





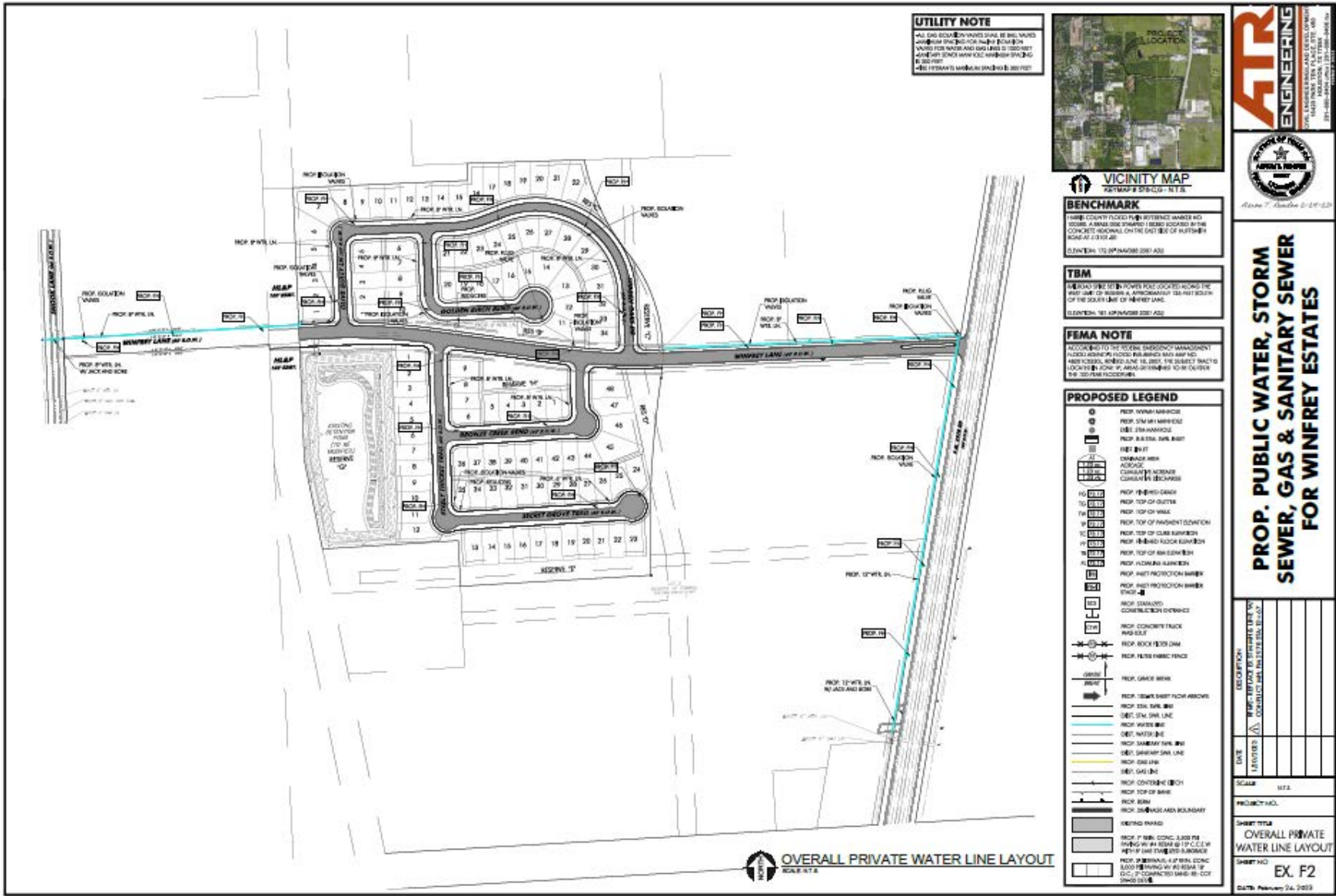




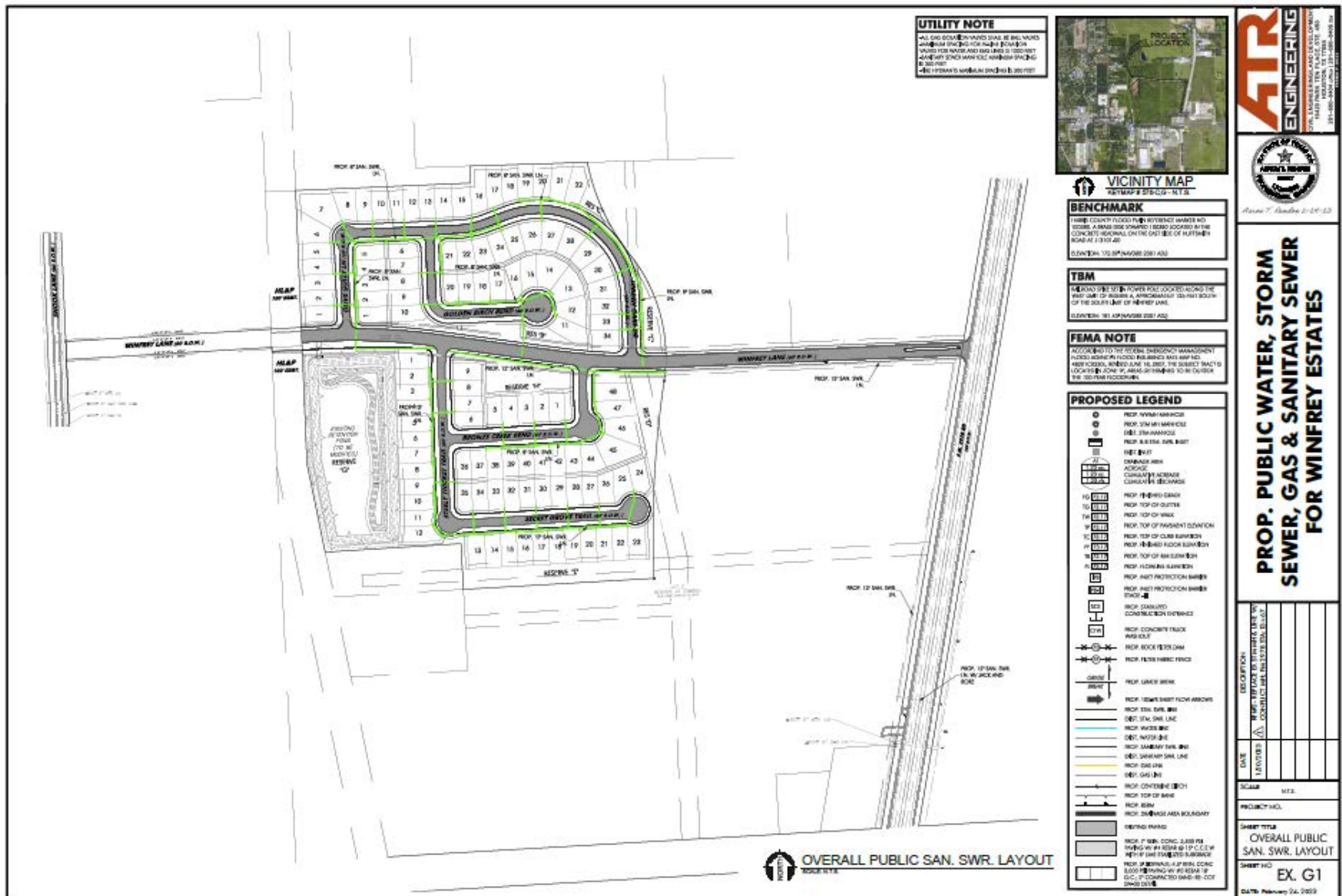
WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT  
 AMENDED & RESTATED SERVICE AND ASSESSMENT PLAN

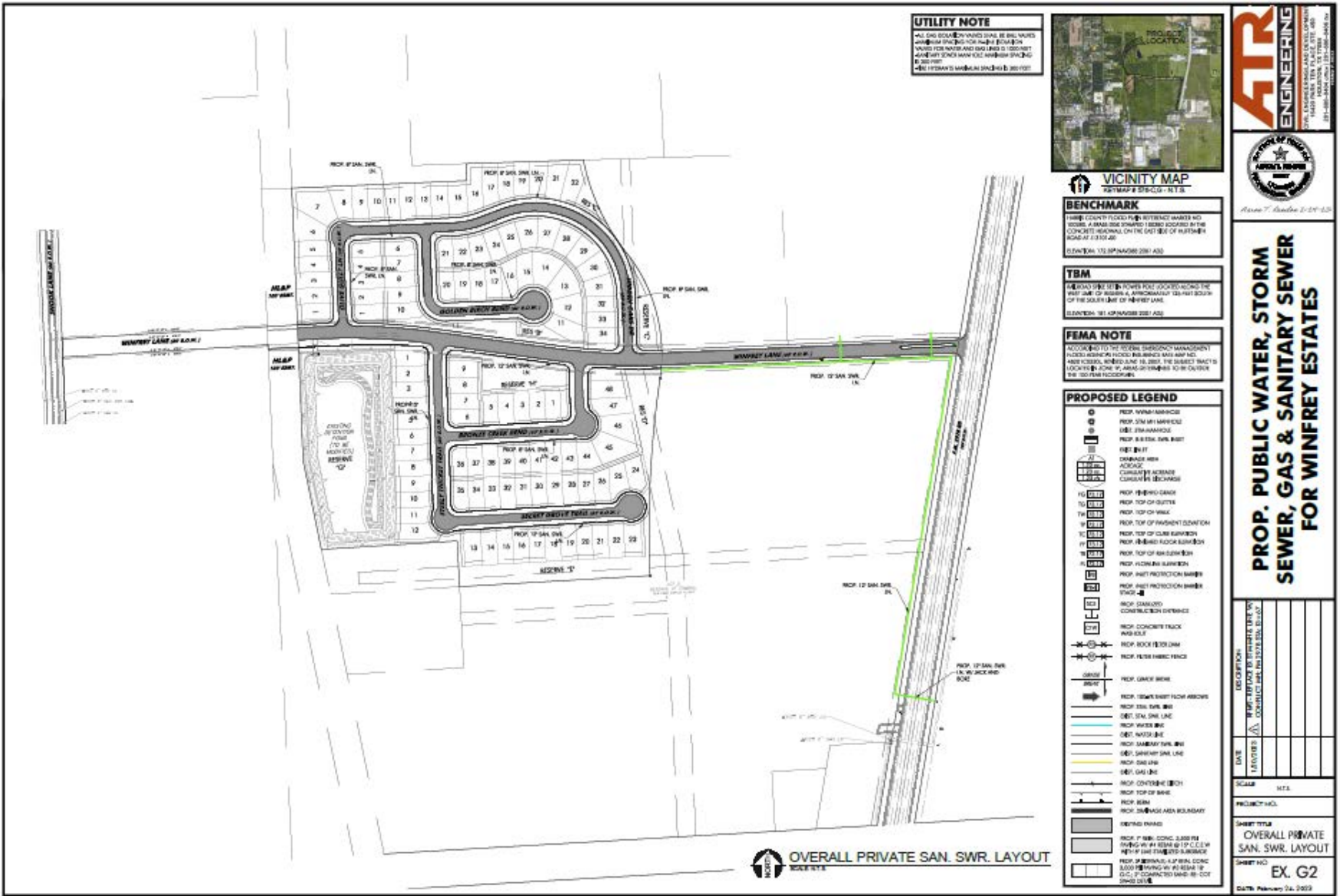




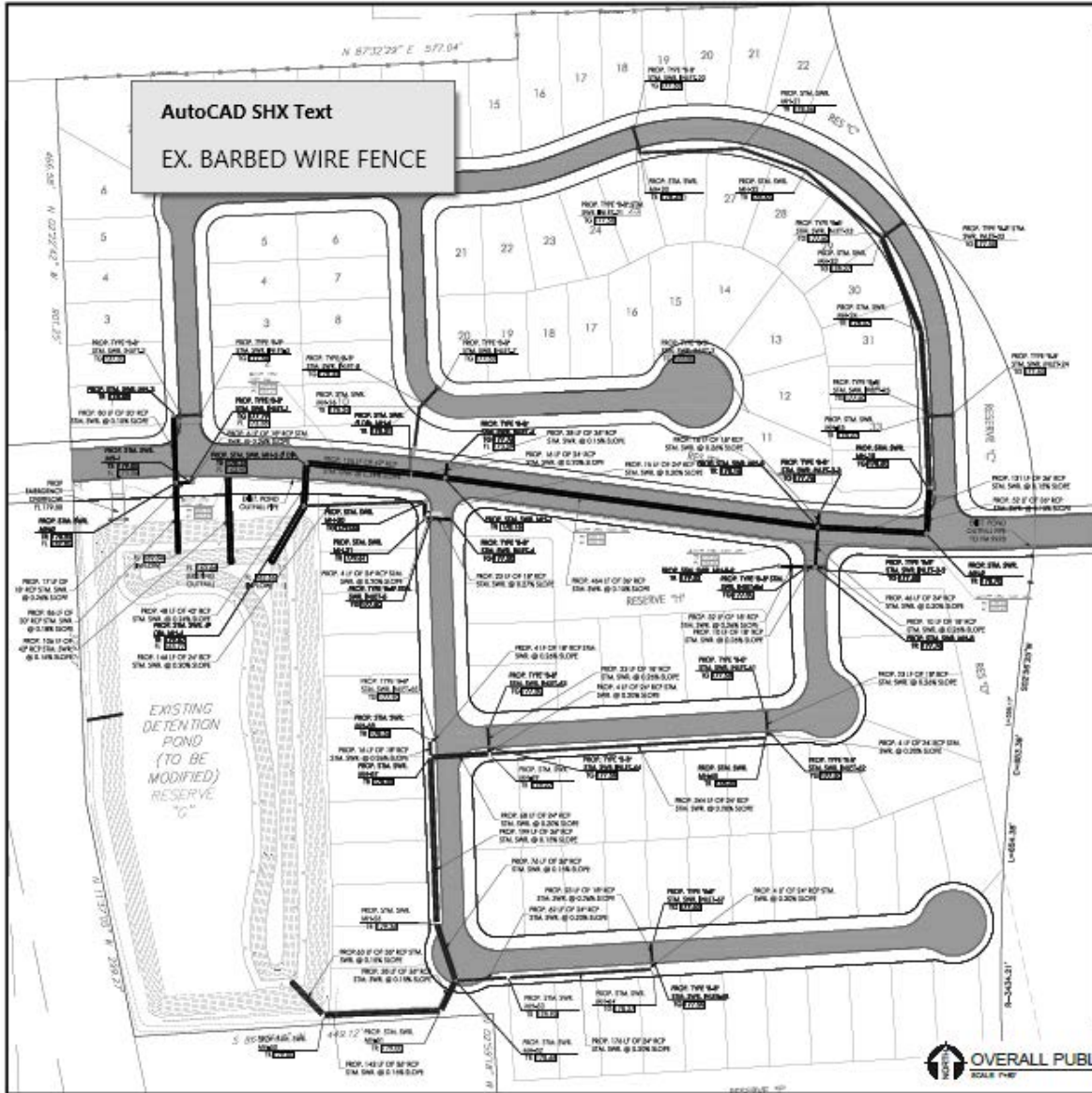


WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT  
 AMENDED & RESTATED SERVICE AND ASSESSMENT PLAN





WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT  
AMENDED & RESTATED SERVICE AND ASSESSMENT PLAN



**AutoCAD SHX Text**  
 EX. BARBED WIRE FENCE

MATCHLINE - SEE SHEET EX. H2



**VICINITY MAP**  
 PLANESHIP 7 10160225-12125

**BENCHMARK**  
 11905 COUNTY FLOODED FIVE REFERENCE MARKER AND  
 TOWERS. A MAND-ONCE-PINPOINT 10000 LOCATED BY THE  
 CONCRETE MONUMENT ON THE EAST SIDE OF HAYTHER  
 ROAD #11.010.466.

EGENETEM-12125 PLANESHIP 2201-A32

**TBM**  
 11905 ROAD 10161 ST. POWER POLE LOCATED ALONG THE  
 WEST SIDE OF HAYTHER ROAD. APPROXIMATELY 100 FEET SOUTH  
 OF THE SOUTH LINE OF HAYTHER ROAD.

EGENETEM-12125 PLANESHIP 2201-A32

**FEMA NOTE**  
 ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT  
 AGENCY (FEMA) FLOOD HAZARD PANELS MAP NO.  
 17025 C0014, FLOOD HAZARD LINE IS SHOWN. THE OBJECT OBJECT  
 LOCATIONS SHOWN IN AREA SHOWN TO BE OUTSIDE  
 THE 100-YEAR FLOODPLAIN.

**PROPOSED LEGEND**

- PROF. 10' TYP. SUP. STM. SWR. @ 0.5% SLOPE
- PROF. 24\"/>



Kevin J. Anselmi 01/21/23

**PROP. PUBLIC WATER, STORM  
 SEWER, GAS & SANITARY SEWER  
 FOR WINFREY ESTATES**

|      |             |
|------|-------------|
| DATE | DESCRIPTION |
|      |             |
|      |             |
|      |             |
|      |             |

SCALE: 1"=40'

PROJECT NO.: 2201-A32

SHEET TITLE: OVERALL PUBLIC STM. SWR. LAYOUT

SHEET NO.: EX. H1

DATE: February 24, 2023

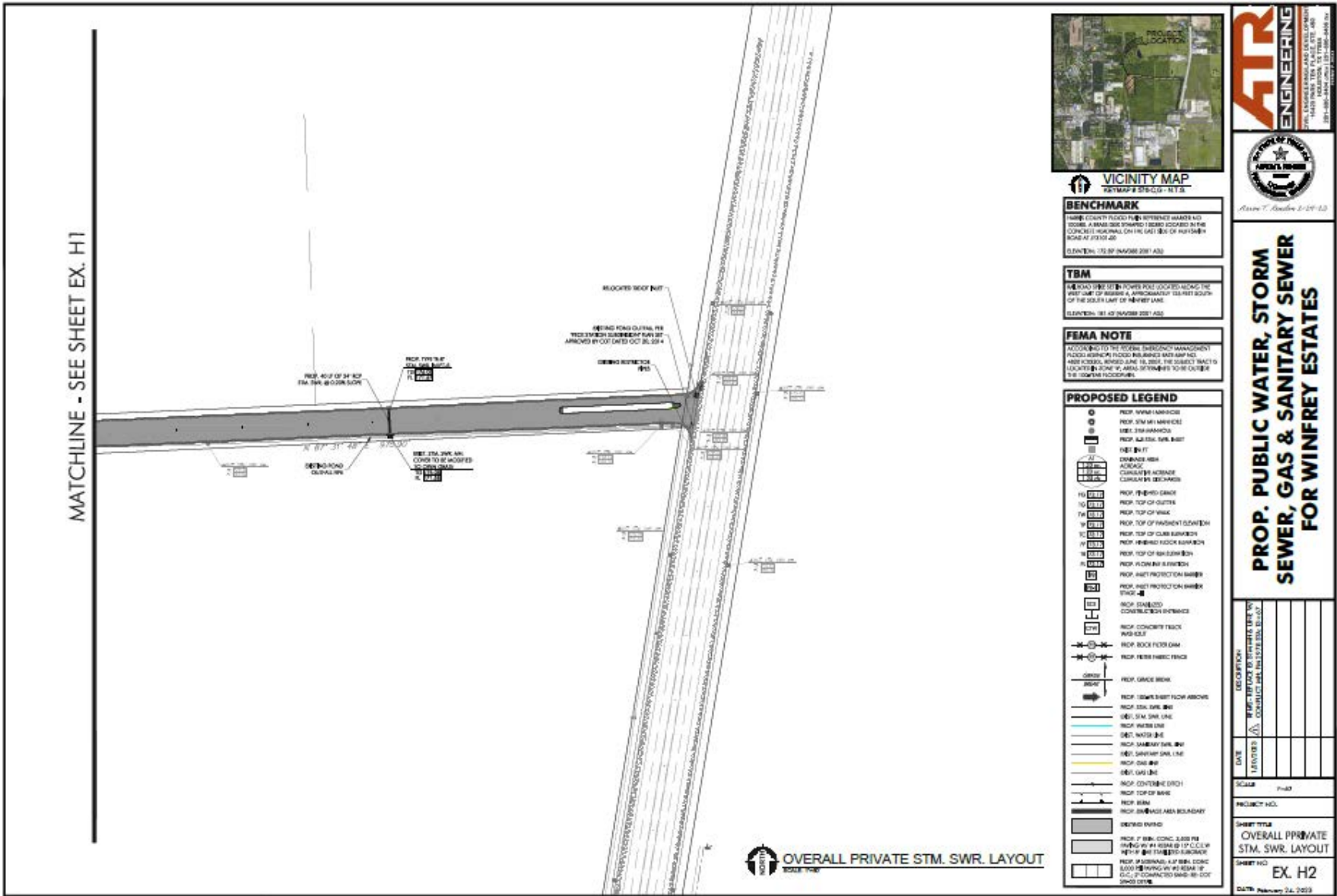


Exhibit K

Amenities for Winfrey Estates

- A 2,700 square foot amenity center / clubhouse
- Pool with restrooms
- Pickle Ball Court
- Bocci Ball Court

## **APPENDIX B – BUYER DISCLOSURE**

The buyer disclosure for Lot Type 1 is found in this Appendix.

**WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT – LOT TYPE 1 BUYER  
DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.



AFTER RECORDING<sup>1</sup> RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO  
TOMBALL, TEXAS  
CONCERNING THE FOLLOWING PROPERTY

\_\_\_\_\_  
PROPERTY ADDRESS

**LOT TYPE 1 PRINCIPAL ASSESSMENT: \$52,654.87**

As the purchaser of the real property described above, you are obligated to pay assessments to Tomball, 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 the *Winfrey Estates 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 Tomball. The exact amount of each annual installment will be approved each year by the Tomball City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City of Tomball.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

\_\_\_\_\_  
<sup>1</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Harris 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 HARRIS

§

§

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 Harris 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 HARRIS

§

§

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 Harris County.

## ANNUAL INSTALLMENTS - LOT TYPE 1

| Installment Due 1/31 | Principal           | Interest <sup>[a]</sup> | Additional Interest <sup>[b]</sup> | Debt Service Reserve Fund | Annual Collection Costs | Total Annual Installment Due <sup>[c]</sup> |
|----------------------|---------------------|-------------------------|------------------------------------|---------------------------|-------------------------|---|
| 2025                 | \$ 2,575.22         | \$ 1,307.60             | \$ -                               | \$ -                      | \$ 492.72               | \$ 4,375.53                                 |
| 2026                 | \$ 787.61           | \$ 3,004.78             | \$ 250.40                          | \$ -                      | \$ 502.57               | \$ 4,545.36                                 |
| 2027                 | \$ 823.01           | \$ 2,957.52             | \$ 246.46                          | \$ -                      | \$ 512.62               | \$ 4,539.61                                 |
| 2028                 | \$ 867.26           | \$ 2,908.14             | \$ 242.35                          | \$ -                      | \$ 522.88               | \$ 4,540.62                                 |
| 2029                 | \$ 920.35           | \$ 2,856.11             | \$ 238.01                          | \$ -                      | \$ 533.33               | \$ 4,547.80                                 |
| 2030                 | \$ 964.60           | \$ 2,800.88             | \$ 233.41                          | \$ -                      | \$ 544.00               | \$ 4,542.89                                 |
| 2031                 | \$ 1,017.70         | \$ 2,743.01             | \$ 228.58                          | \$ -                      | \$ 554.88               | \$ 4,544.17                                 |
| 2032                 | \$ 1,070.80         | \$ 2,681.95             | \$ 223.50                          | \$ -                      | \$ 565.98               | \$ 4,542.22                                 |
| 2033                 | \$ 1,132.74         | \$ 2,617.70             | \$ 218.14                          | \$ -                      | \$ 577.30               | \$ 4,545.88                                 |
| 2034                 | \$ 1,194.69         | \$ 2,549.73             | \$ 212.48                          | \$ -                      | \$ 588.84               | \$ 4,545.74                                 |
| 2035                 | \$ 1,256.64         | \$ 2,478.05             | \$ 206.50                          | \$ -                      | \$ 600.62               | \$ 4,541.81                                 |
| 2036                 | \$ 1,327.43         | \$ 2,402.65             | \$ 200.22                          | \$ -                      | \$ 612.63               | \$ 4,542.94                                 |
| 2037                 | \$ 1,398.23         | \$ 2,323.01             | \$ 193.58                          | \$ -                      | \$ 624.88               | \$ 4,539.71                                 |
| 2038                 | \$ 1,477.88         | \$ 2,239.12             | \$ 186.59                          | \$ -                      | \$ 637.38               | \$ 4,540.97                                 |
| 2039                 | \$ 1,566.37         | \$ 2,150.44             | \$ 179.20                          | \$ -                      | \$ 650.13               | \$ 4,546.15                                 |
| 2040                 | \$ 1,654.87         | \$ 2,056.46             | \$ 171.37                          | \$ -                      | \$ 663.13               | \$ 4,545.83                                 |
| 2041                 | \$ 1,743.36         | \$ 1,957.17             | \$ 163.10                          | \$ -                      | \$ 676.39               | \$ 4,540.02                                 |
| 2042                 | \$ 1,849.56         | \$ 1,852.57             | \$ 154.38                          | \$ -                      | \$ 689.92               | \$ 4,546.43                                 |
| 2043                 | \$ 1,955.75         | \$ 1,741.59             | \$ 145.13                          | \$ -                      | \$ 703.72               | \$ 4,546.20                                 |
| 2044                 | \$ 2,070.80         | \$ 1,624.25             | \$ 135.35                          | \$ -                      | \$ 717.80               | \$ 4,548.19                                 |
| 2045                 | \$ 2,185.84         | \$ 1,500.00             | \$ 125.00                          | \$ -                      | \$ 732.15               | \$ 4,542.99                                 |
| 2046                 | \$ 2,309.73         | \$ 1,368.85             | \$ 114.07                          | \$ -                      | \$ 746.79               | \$ 4,539.45                                 |
| 2047                 | \$ 2,451.33         | \$ 1,230.27             | \$ 102.52                          | \$ -                      | \$ 761.73               | \$ 4,545.85                                 |
| 2048                 | \$ 2,592.92         | \$ 1,083.19             | \$ 90.27                           | \$ -                      | \$ 776.96               | \$ 4,543.34                                 |
| 2049                 | \$ 2,743.36         | \$ 927.61               | \$ 77.30                           | \$ -                      | \$ 792.50               | \$ 4,540.78                                 |
| 2050                 | \$ 2,911.50         | \$ 763.01               | \$ 63.58                           | \$ -                      | \$ 808.35               | \$ 4,546.45                                 |
| 2051                 | \$ 3,079.65         | \$ 588.32               | \$ 49.03                           | \$ -                      | \$ 824.52               | \$ 4,541.51                                 |
| 2052                 | \$ 3,265.49         | \$ 403.54               | \$ 33.63                           | \$ -                      | \$ 841.01               | \$ 4,543.67                                 |
| 2053                 | \$ 3,460.18         | \$ 207.61               | \$ 17.30                           | \$ (3,882.81)             | \$ 857.83               | \$ 660.11                                   |
| <b>Total</b>         | <b>\$ 52,654.87</b> | <b>\$ 55,325.12</b>     | <b>\$ 4,501.46</b>                 | <b>\$ (3,882.81)</b>      | <b>\$ 19,113.59</b>     | <b>\$ 127,712.22</b>                        |

**Footnotes:**

[a] Interest on the Series 2025 Bonds is calculated at the actual rate of the Series 2025 Bonds.

[b] The Principal amount of the 2025 Annual Installment was contributed to the Series 2025 Bonds.

[c] The numbers shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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FORM OF BOND COUNSEL OPINION

[DATE]

\$ \_\_\_\_\_  
CITY OF TOMBALL, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)

We have represented the City of Tomball, Texas (the "Issuer"), as its bond counsel in connection with an issue of assessment revenue bonds (the "Bonds") described as follows:

CITY OF TOMBALL, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025 (WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT), dated [date of delivery], issued in the principal amount of \$ \_\_\_\_\_.

In such capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

The Bonds have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the "Act") and an Ordinance adopted by the Issuer on April 21, 2025 (the "Ordinance"). The Bonds are issued pursuant to an Indenture of Trust, dated as of April 15, 2025, (the "Indenture"), by and between the Issuer and Wilmington Trust, National Association, as Trustee (the "Trustee").

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

We have represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based on such examination, and in reliance on such representations, certifications and assumptions, it is our opinion that:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Trust Estate as and to the extent provided in the Indenture.
- (2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest

on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

Very truly yours,

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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**CITY OF TOMBALL, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)**

**CONTINUING DISCLOSURE AGREEMENT OF ISSUER**

This Continuing Disclosure Agreement of Issuer dated as of May 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among the City of Tomball, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates Public Improvement District)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

**SECTION 2. Definitions.** In addition to the definitions set forth above and in the Indenture of Trust, dated as of April 15, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“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 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.

“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.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds dated as of May 1, 2025, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the Director of Finance of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean 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.

“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 beginning October 1 and ending the following 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.

“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.

“Tax Year” means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

**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 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 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 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 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, the principal amount 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 Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (together, a “SAP Update”); 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 12 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 12-month period, and file audited financial statements when prepared and available.

A form for submitting the information described in subsection 4(a) above is attached as Exhibit B hereto.

(c) 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 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 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 the District in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB

will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three 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 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 pursuant to 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 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 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 Administrator and the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the 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 subsection 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 Collection 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 the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction) 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 this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs



collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable 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; 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 or 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 the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable 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 or payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or

omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, 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 the District, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator, each individually, make the following representation and verifications to enable the Issuer to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator, as the case may be, 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 prior to the expiration or earlier termination of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

(a) Not a Sanctioned Company. The Dissemination Agent and the Administrator, each individually, 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 and the Administrator 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 Dissemination Agent and the Administrator, each individually, 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 the Administrator, each individually, 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 the Administrator, each individually, 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 TOMBALL, TEXAS

By: \_\_\_\_\_  
Mayor

HTS CONTINUING DISCLOSURE SERVICES, a  
division of Hilltop Securities Inc.  
(solely in its capacity 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 Tomball, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates  
Public Improvement District)  
Date of Delivery: \_\_\_\_\_, 20\_\_  
CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Tomball, Texas (the “Issuer”), has not provided [an Annual Issuer Report] [an Annual Collections Report] [audited/unaudited financial statements] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement of Issuer, dated as of May 1, 2025, 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 Tomball, Texas  
(solely in its capacity as Dissemination Agent)

By: \_\_\_\_\_

Title: \_\_\_\_\_

cc: City of Tomball, Texas



**EXHIBIT B**

**CITY OF TOMBALL, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)**

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**ANNUAL ISSUER REPORT \***

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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:

**Section 4(a)(i)(A)**

**BONDS OUTSTANDING**

| CUSIP Number | Maturity Date | Interest Rate | Original Principal Amount | Outstanding Principal Amount | Outstanding Interest Amount |
|--------------|---------------|---------------|---------------------------|------------------------------|-----------------------------|
|              |               |               |                           |                              |                             |
|              |               |               |                           |                              |                             |
|              |               |               |                           |                              |                             |

**Section 4(a)(i)(B)**

**INVESTMENTS**

| Fund/Account Name | Investment Description | Par Value <sup>(1)</sup> | Book Value <sup>(1)</sup> | Market Value <sup>(1)</sup> |
|-------------------|------------------------|--------------------------|---------------------------|-----------------------------|
|                   |                        |                          |                           |                             |
|                   |                        |                          |                           |                             |

\* Excluding Audited Financial Statements of the Issuer

<sup>(1)</sup> According to account balance statement dated as of [insert date] as provided by the Trustee.

**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)(A)**

**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><br><u>(September 30)</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|-----------------|--------------|
|---|------------------|-----------------|--------------|

**Top Assessment Payers in the District <sup>(1)</sup>**

| <u>Property Owner</u> | <u>No. of</u><br><u>Parcels/Lots</u> | <u>Percentage of</u><br><u>Parcels/Lots</u> | <u>Outstanding</u><br><u>Assessments</u> | <u>Percentage of</u><br><u>Total</u><br><u>Assessments</u> |
|-----------------------|--------------------------------------|---|--|--|
|-----------------------|--------------------------------------|---|--|--|

<sup>(1)</sup> Does not include those owing less than one percent (1%) of total Assessments.

**Assessed Value of the District**

The [YEAR] certified total assessed value for the land in the District is approximately \$[AMOUNT] according to the Harris County Appraisal District.

**Section 4(a)(ii)(B)**

**FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR AND AS OF FEBRUARY 1 OF THE NEXT SUCCEEDING YEAR**

**Foreclosure History Related to the Assessments for the Past Five Fiscal Years**

| Fiscal Year Ended (9/30) | Delinquent Assessment Amount not in Foreclosure Proceedings | Parcels in Foreclosure Proceedings | Delinquent Assessment Amount in Foreclosure Proceedings | <u>Foreclosure Sales</u> | Foreclosure Proceeds Received |
|--------------------------|---|------------------------------------|---|--------------------------|-------------------------------|
| 20__                     | \$  |                                    | \$  |                          | \$                            |
| 20__                     |   |                                    |   |                          |                               |
| 20__                     |   |                                    |   |                          |                               |
| 20__                     |   |                                    |   |                          |                               |
| 20__                     |   |                                    |   |                          |                               |

[insert any necessary footnotes]

**Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years**

| Fiscal Year Ended (9/30) | Total Annual Installment Billed | Parcels Levied <sup>(1)</sup> | Delinquent Amount as of 3/1 | Delinquent % as of 3/1 | Delinquent Amount as of [9/1] | Delinquent % as of [9/1] | Total Assessments Collected <sup>(2)</sup> |
|--------------------------|---------------------------------|-------------------------------|-----------------------------|------------------------|-------------------------------|--------------------------|--|
| 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.

<sup>(3)</sup> Collected as of February 1, 20\_\_.

**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<br/>Prepayments</u> | <u>Amount of<br/>Prepayments</u><br>\$ | <u>Bond Call Date</u> | <u>Amount of<br/>Bonds<br/>Redeemed</u><br>\$ |
|---------------------------------|----------------------------------|--|-----------------------|---|
| 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 TOMBALL, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)**

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**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<br>Fiscal Year | Delinquent Annual<br>Installment Amount<br>not in Foreclosure<br><u>Proceedings</u> | Parcels in<br>Foreclosure<br><u>Proceedings</u> | Delinquent Annual<br>Installment Amount<br>in Foreclosure<br><u>Proceedings</u> | <u>Foreclosure<br/>Sales</u> | Foreclosure Proceeds<br><u>Received</u> |
|---------------------------|---|---|---|------------------------------|---|
| 20__                      | \$ _____  |   | \$ _____  |                              | \$ _____                                |

(i) Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

**Collection and Delinquency of Annual Installments** <sup>(1)</sup>

| <u>Succeeding<br/>Fiscal Year</u><br>20__ | <u>Total Annual<br/>Installments<br/>Levied</u><br>\$ | <u>Parcels<br/>Levied</u> <sup>(2)</sup> | <u>Delinquent<br/>Amount as<br/>of 3/1</u><br>\$ | <u>Delinquent %<br/>as of 3/1</u><br>% | <u>Total Annual<br/>Installments<br/>Collected</u> <sup>(3)</sup><br>\$ |
|---|---|--|--|--|---|
|---|---|--|--|--|---|

<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

<sup>(2)</sup> Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

<sup>(3)</sup> [Does/does not] include interest and penalties.

**Prepayment of Assessments** <sup>(1)</sup>

| <u>Succeeding<br/>Fiscal Year</u> | <u>Number of<br/>Prepayments</u> | <u>Amount of<br/>Prepayments</u><br>\$ | <u>Bond Call Date</u> | <u>Amount of<br/>Bonds<br/>Redeemed</u><br>\$ |
|-----------------------------------|----------------------------------|--|-----------------------|---|
|-----------------------------------|----------------------------------|--|-----------------------|---|

<sup>(1)</sup> Period covered includes October 1, 20\_\_ through March 1, 20\_\_.

## EXHIBIT D

### BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES\*

| <u>Date</u> | <u>Delinquency<br/>Clock (Days)</u> | <u>Activity</u>  |
|-------------|-------------------------------------|--|
| January 31  |                                     | Assessments are due.   |
| February 1  | 1                                   | Assessments delinquent if not received.  |
| February 15 | 15                                  | <p>Upon receipt, but no later than February 15, Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies</p> <p>Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding 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</p>   |

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\* 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.

such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.

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 the County Tax Assessor'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 County Tax Assessor's procedures.**

**Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.**



APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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**CITY OF TOMBALL, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)**

**CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER**

This Continuing Disclosure Agreement of Developer, dated as of May 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among CHTA Development, Inc., a Texas corporation (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 15, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“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 is controlled by, controls, or is under common control with another entity.

“Amenities” means the 2,700 square foot amenity center, a pool with restrooms, a pickleball court, and a bocci ball court constructed for the benefit of residents in the District.

“Certification Letter” shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean CHTA Development, Inc., a Texas corporation, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Event” 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 and among 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.

“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” shall mean any homebuilder who enters into a 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 Tomball, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within the District, any lot purchase 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.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“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 containing the information listed in Exhibit A attached 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.

“Significant Homebuilder” shall mean a Homebuilder that owns at least six (6) single-family residential lots in the District.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

### SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party shall, at its cost and expense, provide or cause to be provided to the Administrator not more than 10 days after each Quarterly Ending Date, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to subsection 3(d) hereof (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such Reporting Party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. 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 20 days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to such Person’s 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 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 Party pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than 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 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 35 days after each Quarterly Ending Date, the Quarterly Report containing the information described in subsection

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 10 days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereto.

#### SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District on Assessed Property owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within the District to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4 nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within District, including the Authorized Improvements and the Amenities;

(iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of the District undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within the District owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, or 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 the District, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any material change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District on Assessed Property owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within the District to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, or 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 hereof.

(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 Provider 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 10 Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if such Reporting Party is providing Quarterly Information on behalf of any other Reporting Party. Additionally, if a Significant Homebuilder does not execute the assignment and assumption of disclosure obligations pursuant to Section 6 hereof, and, therefore, the Developer is reporting on behalf of the Significant Homebuilder, the Developer shall not be required to conduct an independent investigation of the occurrence of a Significant Homebuilder Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the applicable 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 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. Reserved.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) As long as a Homebuilder is a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under subsections 3(d)(iv) and 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 clause (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in clause (a)(i) above, the Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to subsections 4(a)(ix) and 4(b)(vi) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder's delivery of an executed Significant Homebuilder Acknowledgment assuming 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 Homebuilder until an executed Significant Homebuilder Acknowledgment with respect to such real property is delivered to the Dissemination Agent, the 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. Additionally, for the avoidance of doubt, the Developer shall use commercially reasonable efforts to require that any Significant Homebuilder comply with obligations of this Section 6 with respect to any subsequent transfers by such Significant Homebuilder to any individual or entity meeting the definition of a "Significant Homebuilder" in the future, including the requirement, pursuant to Section 4(b)(vi) above, to direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Section 4(e) above.

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, or (ii) when the Developer or such Significant Homebuilder, including their respective Affiliates and/or successors and assigns, owns fewer than six (6) lots within the District, as of each Quarterly Ending Date; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with subsection 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, or (ii) when (x) the Developer, including its Affiliates and/or successors and assigns, owns fewer than six (6) lots within the District, and (y) such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective Affiliates and/or successors and assigns, owns fewer than six (6) lots within the District, as of each Quarterly Ending Date.

(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, of the termination of the applicable 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) and (b), if any, of this Section 7 and any Termination Notice required by subsection (c) 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 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. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into in accordance with this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent 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 under this Disclosure Agreement.

SECTION 12. Default. In the event of a failure of any Reporting Party or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and (ii) at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, the Dissemination Agent shall, take such actions as may be

necessary and appropriate to cause the Reporting Party and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party or the Administrator to comply with this Disclosure Agreement shall be an action in mandamus or specific performance. A default under this Disclosure Agreement by a Reporting Party shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by a Reporting Party or the Administrator. Additionally, a default by a Reporting Party of its obligations under this Disclosure Agreement shall not be deemed a default by any other Reporting Party of such Reporting Party's obligations under this Disclosure Agreement. 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 any Reporting Party and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding (i) liabilities due to the Dissemination Agent's negligence or willful misconduct, and (ii) liabilities resulting from claims made by the Developer against the Dissemination Agent. 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) 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 indemnify and hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim

of liability, but excluding (i) liabilities due to the Administrator's breach, negligence, or willful misconduct, and (ii) liabilities resulting from claims made by the Developer against the Administrator. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation, or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The Developer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent or the Administrator to which it is expressly entitled to be paid pursuant to this subsection 13(c) are Annual Collection Costs.

(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, director, shareholder, member, managing partner, 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 reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof, or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or

provision or other covenant, stipulation, obligation, agreement, act, or action, or part thereof, is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to be effective, operative, made, entered into, or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute 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 the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a 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:

CHTA Development, Inc.  
1169 Brittmoore Rd.  
Houston, Texas 77043  
E-mail: eric@roc-homes.com

If to the Dissemination Agent: HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.  
717 N. Harwood St., Suite 3400  
Dallas, Texas 75201  
E-mail: tanya.calvit@hilltopsecurities.com

If to Administrator: P3Works, LLC  
9284 Huntington Square  
North Richland Hills, Texas 76182  
E-mail: andrea@p3-works.com

If to the Issuer: City of Tomball, Texas  
401 Market Street  
Tomball, Texas 77375  
E-mail: desquivel@tomballtx.gov

If to Participating Underwriter: FMSbonds, Inc.  
5 Cowboys Way, Suite 300-25  
Frisco, Texas 75034  
E-mail: tdavenport@fmsbonds.com

If to the Trustee Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248

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 Section 7 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:

CHTA Development, Inc., a Texas corporation

By: \_\_\_\_\_  
Eric Hymowitz, President

P3Works, LLC,  
Administrator

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**CITY OF TOMBALL, TEXAS,  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)**

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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: 717 N. Harwood St., Suite 3400  
City: Dallas, Texas 75201  
Telephone:  
Contact Person: Attn: Tanya Calvit

**I. Unit Mix for Bond Assignment**

| <b>Product Type</b> | <b>Number of Units</b> |
|---------------------|------------------------|
| 52'                 | 113                    |

**II. Ownership of Lots/Units in the District**

PLANNED LOTS IN THE DISTRICT: 113

Of the 113 lots in the District:

1. Number of lots owned by the Developer: \_\_\_\_\_
2. If applicable, number of lots under contract but not closed to Homebuilder(s): \_\_\_\_\_
3. If applicable, number of lots owned by Homebuilder(s): \_\_\_\_\_
4. Number of units owned by homeowners: \_\_\_\_\_

**III. Lot Status in the District**

Of the 113 lots in the District, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 113
2. Planned lots as of the date of this Quarterly Report: 113
3. Lots developed: 113
4. Lots platted: 113
5. Expected completion date of all lots in the District (if incomplete): Completed March 2024

**IV. Home Sales Information in the District**

PLANNED HOMES IN THE DISTRICT: 113

Of the 113 homes planned for the District:

1. How many building permits were issued **during the current quarter?** \_\_\_\_\_
2. How many homes have closed with homebuyers **during the current quarter?** \_\_\_\_\_
3. How many homes have closed with homebuyers **cumulatively?** \_\_\_\_\_

**V. Expenditures Paid from Accounts under Indenture**

1. Total Budgeted Costs for the Authorized Improvements: \$6,545,983
2. Of the total budgeted costs, the total amount drawn from the Improvement Account:
  - a. Improvement Account: \$ \_\_\_\_\_
  - b. Improvement Area Major Improvements Account: N/A
  - c. Improvement Area Developer Improvement Account: N/A

**VI. Status of Improvements in the District**

1. Projected/actual completion date of the Authorized Improvements: March 2024
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: N/A

**VII. Amenities**

TOTAL EXPECTED/ACTUAL COSTS OF AMENITIES: \$650,000

Of the \$650,000 budgeted costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: \$650,000
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?
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 Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?
5. **Reserved.**
6. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.
7. **Other** – Provide any other material information that should be disclosed.

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO  
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Tomball, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates  
Public Improvement District) (the “Bonds”)  
CUSIP Numbers: [insert CUSIP Numbers]  
Date of Delivery: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that \_\_\_\_\_, a  
\_\_\_\_\_ (the [“Developer<sup>1</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 CHTA Development, Inc., a Texas corporation (the  
“Developer”), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a  
division of Hilltop Securities Inc., as Dissemination Agent. The [Developer][Significant  
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 Tomball, Texas

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<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

**EXHIBIT C**

**TERMINATION NOTICE**

[DATE]

Name of Issuer: City of Tomball, Texas  
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates Public Improvement District) (the “Bonds”)  
 CUSIP Numbers. [insert CUSIP Numbers]  
 Date of Delivery: \_\_\_\_\_, 20\_\_

FMSbonds, Inc.  
 5 Cowboys Way, Suite 300-25  
 Frisco, Texas 75034

HTS Continuing Disclosure Services, a division of  
 Hilltop Securities Inc.  
 717 N. Harwood St., Suite 3400  
 Dallas, Texas 75201

City of Tomball, Texas  
 731 E. Rock Island  
 Tomball, Texas 76023

CHTA Development, Inc.  
 1169 Brittmoore Rd.  
 Houston, Texas 77043

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that \_\_\_\_\_, a \_\_\_\_\_ (the [“Developer<sup>1</sup>”] [“Significant Homebuilder”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer related to such Bonds, by and among CHTA Development, Inc., a Texas corporation (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: \_\_\_\_\_

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<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).

**EXHIBIT D**

**CERTIFICATION LETTER**

[DATE]

Name of Issuer: City of Tomball, Texas  
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates  
Public Improvement District)  
CUSIP Numbers: [insert CUSIP Numbers]  
Quarterly Ending Date: \_\_\_\_\_, 20\_\_

Re: Quarterly Report for Winfrey Estates Public Improvement District

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among CHTA Development, Inc., a Texas corporation <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.

CHTA Development, Inc., a Texas corporation

By: \_\_\_\_\_  
Eric Hymowitz, President

[OR

Significant Homebuilder  
(as Significant Homebuilder)  
By: \_\_\_\_\_  
Title: \_\_\_\_\_]

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<sup>1</sup> If applicable, replace with applicable successor(s)/assign(s).



**EXHIBIT E**

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT  
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

**Re: Winfrey Estates Public Improvement District – Continuing Disclosure Obligation**

Dear \_\_\_\_\_,

As of \_\_\_\_\_, 20\_\_, you own \_\_\_\_ lots within Winfrey Estates 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 CHTA Development, Inc., a Texas corporation (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 Tomball, Texas, Special Assessment Revenue Bonds, Series 2025 (Winfrey Estates Public Improvement District),” any entity that owns six (6) or more of the single family residential lots within the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

CHTA Development, Inc., a Texas corporation

By: \_\_\_\_\_  
Eric Hymowitz, President

Acknowledged by:

**[INSERT ASSIGNEE NAME]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

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APPENDIX F  
APPRAISAL

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**AN APPRAISAL REPORT**  
**OF**  
**WINFREY ESTATES –**  
**TOMBALL PUBLIC IMPROVEMENT DISTRICT #12**

**BEING 113 FINISHED SINGLE-FAMILY LOTS, OUT OF A 33.3858-ACRE SECTION, AND 26  
DETACHED SFR UNITS, LOCATED ALONG THE WEST LINE OF HUFSMITH-KOHRVILLE ROAD,  
JUST NORTH OF F.M. 2920 AND EAST OF S.H. 249,  
IN THE CITY OF TOMBALL, HARRIS COUNTY, TEXAS 77375**

**FOR**

**MR. R.R. "TRIPP" DAVENPORT, III  
UNDERWRITER  
FMSBONDS, INC.  
5 COWBOYS WAY, SUITE 300-25  
FRISCO, TEXAS 75034**

**BY**

**BARLETTA & ASSOCIATES, INC.  
1313 CAMPBELL ROAD, BUILDING C  
HOUSTON, TEXAS 77055-6429**

**B&A FILE NUMBER: C9078-03**

**AS OF**

**DATE OF APPRAISAL TRANSMITTAL:  
DATE OF SITE VISIT & EFFECTIVE DATE OF VALUE:**

**MARCH 28, 2025  
FEBRUARY 5, 2025**

# BARLETTA & ASSOCIATES, INC.

REAL ESTATE APPRAISERS • CONSULTANTS

March 28, 2025

Mr. R.R. "Tripp" Davenport, III  
Underwriter  
FMSbonds, Inc.  
5 Cowboy Way, Suite 300-25  
Frisco, Texas 75034

Phone: 877-899-2220

Email: tdavenport@fmsbonds.com

**RE: An Appraisal Report of Winfrey Estates, an active adult, 55+ community, being 115 proposed single-family lots, out of a 33.3858-acre section and 26 detached SFR units**, located along the west line of Hufsmith-Kohrville Road, just north of F.M. 2920 and east of S.H. 249, in the city of Tomball, Harris County, Texas 77375.

**Client: FMSbonds, Inc.**  
**B&A File No. C9078-03**

Dear Mr. Davenport:

At your request, we have visited the above-referenced property, gathered comparable market data, and conducted a study of the market area for the purpose of providing our opinions of the **Hypothetically "As Vacant" Bulk Lot Market Value and the Hypothetically "As Complete" Retail Unit Values** as referenced above, in compliance with FMSbonds, Inc.'s Appraisal Instructions, the Uniform Standards of Professional Appraisal Practice, and the Appraisal Institute's Code of Professional Ethics. This appraisal also complies with applicable fair lending and anti-defamation laws including the Equal Credit Opportunity Act (ECOA), the Fair Housing Act (FHAct), the Civil Rights Act of 1866, as well as other federal, state or local laws that prohibit discrimination.

**At the request of the client, the "As Is" Market Value of the units that are complete/under-construction, have not been provided, only the hypothetical "As Vacant" value of the finished lots and the "As Complete" value of the units has been provided herein.**

It is our opinion that the **Hypothetically "As Vacant" Bulk Lot Market Value and the Hypothetically "As Complete" Retail SFR Unit Values** of the fee simple interest in the subject property, as of the indicated date, is as follows:

| Description                               | No. of Lots/Units | Avg. Lot FF | Bulk/Retail Value   | Effective Date |
|---|-------------------|-------------|---------------------|----------------|
| "As Vacant" Bulk Market Value - Lots Only | 113               | 52'         | <b>\$10,890,000</b> | 2/5/2025       |
| "As Complete" Retail Value - 26 Units*    | 26                | 52'         | <b>\$12,280,000</b> | 2/5/2025       |

\*Not Market Value

The Bulk Lot Market Value above is derived from a Sum of Retail Revenue of **\$12,339,600**, or \$109,200 per lot.

The estimated prospective **Marketing Period** and historic **Exposure Time** for the subject property at the above concluded Market Value in Bulk is estimated within 3-6 months, based upon discussions with area builders, and the marketing period for comparable properties that have recently sold.

**Extraordinary Assumptions:**

- 1.) This appraisal assumes that ROC Homes and New Home Company, or comparable production builder/s, will build upon the existing subject lots, detached single-family units with a projected base price range of \$375,000 to \$520,000.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions:**

- 1.) The subject 26 detached single-family units are in various stages of completion (under-construction/complete). However, per the client's request, this appraisal is based on the hypothetical condition that the subject units are finished as of the current effective date of this appraisal, February 5, 2025.
- 2.) The valuation of the subject improvements "As Complete" require valuations of the various subject improvements as hypothetically complete, based upon the plans and specifications provided. Developing this opinion of value requires the use of a hypothetical condition, because the subject in the value opinion is as though hypothetically complete. Therefore, we have relied upon specifications for the subject floor plans provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value conclusions are subject to revision.
- 3.) If any of these conditions prove to be false, it may have an effect on the Market Values contained herein.

As referenced herein, **Market Value** is defined by FIRREA, as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what

Mr. R.R. Tripp Davenport  
March 28, 2025  
Page 3

- they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
  - (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
  - (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, September 30, 2010, page 77472)

It has been a pleasure serving you. Please call if we may be of further assistance.

Sincerely,

**BARLETTA & ASSOCIATES, INC.**



Phillip F. Barletta, MAI, SRA  
President  
State Certified, TX-1320197-G



David M. Baehr, MAI, SRA, AI-GRS  
State Certified, TX-1380372-G



## CERTIFICATION

We certify, to the best of our knowledge and belief, the following:

### USPAP Certifications

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. David M. Baehr, MAI, SRA, AI-GRS and Phillip F. Barletta, MAI, SRA have provided no other real estate services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. They did; however, appraise in January 2022 for the same client.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this Appraisal Report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. David M. Baehr, MAI, SRA, AI-GRS made an unaccompanied visit to the site on February 5, 2025. Phillip F. Barletta, MAI, SRA did not inspect the property, but is familiar with the subject market area and the subject subdivision.
10. No one provided significant real property appraisal assistance to the signers of this appraisal report.
11. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. The appraisers have extensive experience in appraising subdivisions, subdivision lots, base master floor plans, and master-planned residential subdivisions, and are State General Certified; thus, they are well-qualified to appraise the subject property and fully satisfy the Competency Rule of the Uniform Standards of Professional Appraisal Practice.
13. Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS are State

Certified General Real Estate Appraisers by the Texas Appraiser Licensing and Certification Board for the State of Texas.

### **AI Certifications**

1. The reported analyses, opinions and conclusions were developed, and this report has also been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
2. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
3. As of the date of this report, Phillip F. Barletta, MAI, SRA and David M. Baehr, MAI, SRA, AI-GRS have completed the continuing education program for Designated Members of the Appraisal Institute.

It is our opinion that the **Hypothetically “As Vacant” Bulk Market Lot Value and the Hypothetically “As Complete” Retail SFR Unit Values** of the fee simple interest in the subject property, as of the indicated date, are as follows:

| Description                               | No. of Lots/Units | Avg. Lot FF | Bulk/Retail Value   | Effective Date |
|---|-------------------|-------------|---------------------|----------------|
| "As Vacant" Bulk Market Value - Lots Only | 113               | 52'         | <b>\$10,890,000</b> | 2/5/2025       |
| "As Complete" Retail Value - 26 Units*    | 26                | 52'         | <b>\$12,280,000</b> | 2/5/2025       |

\*Not Market Value

The estimated prospective **Marketing Period** and historic **Exposure Time** for the subject property at the above concluded Market Values in Bulk is estimated within 3-6 months, based upon discussions with area builders, and the marketing period for comparable properties that have recently sold.

### **Extraordinary Assumptions:**

- 1.) This appraisal assumes that ROC Homes and New Home Company, or comparable production builder/s, will build upon the existing subject lots, detached single-family units with a projected base price range of \$375,000 to \$520,000.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

### **Hypothetical Conditions:**

- 1.) The subject 26 detached single-family units are in various stages of completion (under-construction/complete). However, per the client's request, this appraisal is based on the hypothetical condition that the subject units are finished as of the current effective date of this appraisal, February 5, 2025.
- 4.) The valuation of the subject improvements "As Complete" require valuations of the various subject improvements as hypothetically complete, based upon the plans and

specifications provided. Developing this opinion of value requires the use of a hypothetical condition, because the subject in the value opinion is as though hypothetically complete. Therefore, we have relied upon specifications for the subject floor plans provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value conclusions are subject to revision.

5.) If any of these conditions prove to be false, it may have an effect on the Market Values contained herein.

**BARLETTA & ASSOCIATES, INC.**



Phillip F. Barletta, MAI, SRA  
President  
State Certified, TX-1320197-G



David M. Baehr, MAI, SRA, AI-GRS  
State Certified, TX-1380372-G

### **ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal is subject to the following conditions:

1. This Appraisal Report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice, Standards Rule 2-2 (a). As such, this report does, in fact, include narrative discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is included in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead contamination, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans With Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are

connected) shall be disseminated to the public through advertising, public relations, new sales, or other media without prior written consent and approval of the appraisers.

19. Texas is a non-disclosure state. It is important that the intended user of the appraisal understand that, in Texas, there is no legal requirement for grantors or grantees to disclose any information relative to a transfer of real property. In Texas, deeds typically do not contain information about the transaction other than the legal description, the parties involved in the transaction and minimum consideration of \$10.00. As a result, no data source provides absolute coverage of all transactions. It is possible that there are sales data in the market, of which the appraisers are unaware. Our sources provide the data typically available to appraisers in the ordinary course of business.

**Extraordinary Assumptions:**

- 1.) This appraisal assumes that ROC Homes and New Home Company, or comparable production builder/s, will build upon the existing subject lots, detached single-family units with a projected base price range of \$375,000 to \$520,000.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions:**

- 1.) The subject 26 detached single-family units are in various stages of completion (under-construction/complete). However, per the client's request, this appraisal is based on the hypothetical condition that the subject units are finished as of the current effective date of this appraisal, February 5, 2025.
- 2.) The valuation of the subject improvements "As Complete" require valuations of the various subject improvements as hypothetically complete, based upon the plans and specifications provided. Developing this opinion of value requires the use of a hypothetical condition, because the subject in the value opinion is as though hypothetically complete. Therefore, we have relied upon specifications for the subject floor plans provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value conclusions are subject to revision.
- 3.) If any of these conditions prove to be false, it may have an effect on the Market Values contained herein.

**TABLE OF CONTENTS**

|  |    |
|--|----|
| Certification .....  | i  |
| Assumptions And Limiting Conditions .....                                  | iv |
| Summary Of Salient Facts And Conclusions .....                             | 8  |
| Identification of the Subject Property .....                               | 11 |
| History of the Subject Property .....                                      | 11 |
| Intended Use/User of the Appraisal .....                                   | 12 |
| Scope of Work of the Appraisal .....                                       | 12 |
| Property Rights Appraised .....  | 13 |
| Definition of Market Value .....   | 13 |
| Dates of the Appraisal .....   | 15 |
| Zoning & Restrictions .....  | 15 |
| Ad Valorem Tax Data .....  | 15 |
| Greater Houston Area Data .....  | 17 |
| Houston Area Map .....   | 24 |
| Market Area Analysis .....   | 25 |
| Market Area Map .....  | 30 |
| Location Map .....   | 31 |
| Site Analyses .....  | 32 |
| Plat .....   | 35 |
| HCAD Map .....   | 37 |
| Flood Plain Map .....  | 38 |
| Aerial Photos .....  | 39 |
| Subject Property Photographs .....   | 40 |
| Improvement Analyses .....   | 43 |
| Highest and Best Use .....   | 45 |
| Sales Comparison Approach – Single-Family Home Valuation .....             | 49 |
| Improved SFR Sales Grid Analyses .....                                     | 50 |
| Improved Residential Sales Analyses .....                                  | 51 |
| Summary of Sales Comparison Approach “As Complete” Value Indications ..... | 59 |
| Sales Comparison Approach – Retail Lot Valuation .....                     | 60 |
| Location Map of Lot Sales Comparables .....                                | 67 |
| Builder Lot Sales Analyses .....   | 68 |
| Lot Sales Adjustment Grid .....  | 70 |
| Absorption Analysis .....  | 72 |
| Income Approach – “As Vacant” Market Value .....                           | 73 |
| Discounted Cash Flow Assumptions .....                                     | 74 |
| “As Vacant” Bulk Market Value DCF Analysis .....                           | 76 |
| Reconciliation And Final Market Value Conclusions .....                    | 78 |
| ADDENDA .....  | 80 |
| HOUSTON REGIONAL DATA .....  | 81 |
| QUALIFICATIONS OF THE APPRAISERS .....                                     | 87 |

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Property Name: **Winfrey Estates – Tomball Public Improvement District #12**

Type of Property: The subject consists of an active adult, 55+ community, being 113 finished single-family lots, out of a 33.3858-acre section, plus 26 detached single-family residences in various stages of construction, located along the west line of Hufsmith-Kohrville Road, just north of F.M. 2920 and east of S.H. 249, in the city of Tomball, Harris County, Texas 77375. The typical lot size is 52' x 120', or 6,240 SF.

Key Map Reference: 289-A/E

Postal Address: Tomball, Texas 77375

Location: The subject subdivision is located along the west line of Hufsmith-Kohrville Road, just north of F.M. 2920 and east of S.H. 249, in the city of Tomball, Harris County, Texas 77375.

Tract Size: 33.3858-acres (113 lots)

Density: 3.38 lots per acre

Subject Lot Mix:

| <b><u>No.</u></b> | <b><u>Description</u></b> | <b><u>Avg. FF</u></b> | <b><u>Avg. Size</u></b> |
|-------------------|---------------------------|-----------------------|-------------------------|
| 113               | Finished                  | 52'                   | 6,240 SF                |

**Appraisal Dates:**

- Date of Report Transmittal: March 28, 2025  
 - As Is Date of Value: February 5, 2025

Purpose of the Appraisal: To provide an opinion of the Hypothetically "As Vacant" Bulk Market Value of the 113 subject lots and a Hypothetically "As Complete" Market Value of the 26 SFR units, per U.S.P.A.P.; FMSbonds, Inc.'s Appraisal Guidelines; and the Appraisal Institute's Code of Professional Ethics.

Rights Appraised: Fee Simple Estate



Zoning/Restrictions: PDD (Planned Development District), City of Tomball/None adverse known, but the lots carry a 55+ active adult restriction.

Utilities/Services:

| Utilities/Services    |   |
|-----------------------|---|
| Electricity:          | CenterPoint Energy                            |
| Water/Sanitary Sewer: | City of Tomball                               |
| Gas:                  | City of Tomball                               |
| Phone:                | Verizon & others                              |
| Police Protection:    | City of Tomball/Harris County Sheriff's Dept. |
| Fire Protection:      | Harris County ESD #8                          |
| School District:      | Tomball ISD                                   |

Floodplain:

| FEMA Flood Map         |             |
|------------------------|-------------|
| Flood Map No.:         | 48201C0230L |
| Flood Map Date:        | 6/18/2017   |
| Flood Map Designation: | Zone X      |

Environmental: No adverse influences noted or known, such as endangered species, habitats, or wetlands.

Builder/s: ROC Homes and New Home Company

New Home Price Range: \$375,000 to \$520,000

**Highest & Best Uses:**

**Highest & Best Use of Lots:** Construction of single-family residential homes, as demand and market conditions warrant in the \$375,000 to \$520,000 price range by ROC Homes and New Home Company or comparable builders.

**Highest & Best Use of Units:** Retail sale to owner-occupant homebuyers, as demand and market conditions warrant.

**CONCLUSIONS:**

It is our opinion that the **Hypothetically “As Vacant” Bulk Lot Market Value and the Hypothetically “As Complete” Retail SFR Unit Values** of the fee simple interest in the subject property, as of the indicated dates, are as follows:

| Description                               | No. of Lots/Units | Avg. Lot FF | Bulk/Retail Value | Effective Date |
|---|-------------------|-------------|-------------------|----------------|
| "As Vacant" Bulk Market Value - Lots Only | 113               | 52'         | \$10,890,000      | 2/5/2025       |
| "As Complete" Retail Value - 26 Units*    | 26                | 52'         | \$12,280,000      | 2/5/2025       |

\*Not Market Value

**IDENTIFICATION OF THE SUBJECT PROPERTY**

The subject of this appraisal is Winfrey Estates, an active adult, 55+ community, being 113 finished single-family lots, out of a 33.3858-acre section, plus 26 detached single-family residences in various stages of construction, located along the west line of Hufsmith-Kohrville Road, just north of F.M. 2920 and east of S.H. 249, in the city of Tomball, Harris County, Texas 77375. The typical lot size is 52' x 120', or 6,240 SF. The subject can be legally identified as noted below:

A SUBDIVISION OF 33.3858 ACRES OF LAND  
LOCATED IN THE JESSE PRUITT SURVEY, ABSTRACT  
NO. 629, HARRIS COUNTY, TEXAS, BEING A REPLAT  
OF ALL OF RESERVES "A", RESERVE "B" AND  
WINFREY LANE PORTION ADJACENT THERETO OF  
PECK STATION ACCORDING TO THE MAP OR PLAT  
THEREOF RECORDED IN FILM CODE NO. 666109 OF  
THE HARRIS COUNTY MAP RECORDS

REASON TO REPLAT:  
TO CREATE  
4 BLOCKS      113 LOTS      8 RESERVES

**HISTORY OF THE SUBJECT PROPERTY**

Per the requirements of the Appraisal Institute's Standards of Professional Practice and the U.S.P.A.P., the following are comments pertaining to the three-year sales history of the subject property.

The site was purchased in 2021 by CHTA Development, Inc., the land development entity for ROC Homes, who developed the site into 113 finished lots. ROC Homes had been the exclusive builder in the community; however, ROC Homes sold 57 finished lots in bulk to The New Home Company for \$105,000 per lot, or \$2,019 per FF on December 16, 2024. Several of the SFR units appraised herein are closed/listed/pending for sale ranging from \$373,437 to \$520,229 per unit.

There are no other known contracts, listings, or offers pending with respect to the subject, and the appraisers are unaware of any other transactions involving the subject property during the past three years.

**INTENDED USE/USER OF THE APPRAISAL**

This appraisal is intended to offer our opinion of the **hypothetically “As Vacant” and Bulk Lot Market Value of the subject 113 finished lots, as well as the 26 detached single-family units hypothetically “As Complete”** to the client, FMSbonds, Inc., for the underwriting of Winfrey Estates (Tomball Public Improvement District #12) Bond transaction. The use of the appraisal by anyone other than Mr. Tripp Davenport, III and Mr. Robert Rivera (c/o FMSbonds, Inc.), or the Tomball Public Improvement District #12 (the “District”) is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the District, and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client. Any other party is an unintended unauthorized user.

**SCOPE OF WORK OF THE APPRAISAL**

Barletta & Associates, Inc. has an internal Quality Control Program. All appraisals are read a second time by an MAI who may or may not participate in the assignment. For this assignment, Quality Control Oversight was provided by Phillip F. Barletta, MAI, SRA, who was an active appraiser participant.

The scope of work of the appraisal is the process to support our opinion of the hypothetically “As Vacant” Bulk Lot Market Value of the 113 finished lots that comprise Winfrey Estates, as well as the 26 detached single-family units “As Complete” in various stages of vertical construction, employing all applicable approaches to value in a comprehensive appraisal process and presented in this Appraisal Report. In preparing this appraisal, the appraisers:

- visited the subject property and surrounding market area, unaccompanied;
- contacted Mr. Eric Hymowitz and Mr. Roland Ramirez with ROC Homes, who provided physical, financial and historical data for this valuation analysis;
- analyzed macro and micro market conditions of this region and market area;
- interviewed active market participants;

- gathered relevant available information on current comparable builder takedown lot sales and lot absorption data, referencing such publications as the Houston MLS, the Zonda Houston Metrostudy and the appraisers' extensive database;
- referenced other publications and services such as MapPro, Loop Net, Crexi, Google Earth, Realty Rates.com, the Harris County Appraisal District, and the Harris County Clerk's Office, among other services;
- confirmed and analyzed the data and applied the most applicable approaches to value; i.e. the Sales Comparison Approach-Retail Lot Sales and Retail value of the 26 detached single-family units "As Complete"; and the Income Approach-DCF analysis;
- the Cost Approach was not developed. At the request of the client, the "As Is" Market Value of the subject units have not been valued herein. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal;
- concluded the hypothetically "As Vacant" Bulk Market Value of the finished 113 lots to a single purchaser, and, as such, our report conforms to the reporting guidelines of the Appraisal Institute, the Texas Appraiser Licensing and Certification Board, the Appraisal Foundation's U.S.P.A.P., and Regulation 12 CFR Part 564; and
- concluded the hypothetically "As Vacant" Bulk Market Value of the finished subject lots, and the hypothetically "As Complete" Retail Value of the 26 detached single-family units, as of the stated effective date for a reasonable exposure period.

#### **PROPERTY RIGHTS APPRAISED**

The property rights appraised are the ***Fee Simple Estate***. Fee Simple Estate is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 73, as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

#### **DEFINITION OF MARKET VALUE**

As referred to herein, ***Market Value*** is defined by FIRREA, as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and each acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, September 30, 2010, page 77472)

### **DEFINITION OF “SUM OF THE RETAIL VALUES”**

As referred to herein, ***Sum of Retail Values*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 185, as follows:

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the aggregate of the retail values or aggregate retail selling price.

### **DEFINITION OF “AS IS” MARKET VALUE ON APPRAISAL DATE**

As referred to herein, ***“As Is” Market Value*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, published in 2022, Page 10, as follows:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraised date.

### **DEFINITION OF “BULK VALUE”**

As referred to herein, ***“Bulk Value”*** is defined by The Dictionary of Real Estate Appraisal, Seventh Edition, revised 2022, by the Appraisal Institute, Page 22, as follows:

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

#### **DATES OF THE APPRAISAL**

The hypothetically “As Vacant” Market Value of the finished lots and the hypothetically “As Complete” Retail Value of the SFR units have an effective date of value of February 5, 2025. The date of transmittal of the report is March 28, 2025.

#### **ZONING & RESTRICTIONS**

The Winfrey Estates subdivision is zoned PDD; Planned Development District, by the City of Tomball. The existing residential use is a legal conforming use. It is assumed the subdivision includes typical residential deed restrictions, none of which are assumed to be detrimental to value, but the lots carry a 55+ active adult restriction.

#### **AD VALOREM TAX DATA**

All properties in the State of Texas are taxed at 100% of their assessed value, which are determined for all taxing jurisdictions within a county by a central county appraisal district, in this case, the Harris County Appraisal District (HCAD). The finished lots are assessed for approximately \$70,000 per lot.

In most cases, the taxing entities typically assess lots at around 30% to 100% of the retail value. Within the discounted cash flow section of this report, the appraisers will utilize an average **75%** assessment-to-retail value ratio, which was derived from tax comparables from the subject’s subdivision.

2024 Tax Rates: The 2024 property tax rates per \$100, applicable to the subject, are summarized in the following table:

| <b>Taxing Authorities and 2024 Rates per \$100</b> |                 |
|--|-----------------|
| Tomball ISD  | \$1.0629        |
| Harris County                                      | \$0.3853        |
| Harris County Flood Control                        | \$0.0490        |
| Port of Houston Authority                          | \$0.0062        |
| Harris County Hospital District                    | \$0.1635        |
| Harris County Education Department                 | \$0.0048        |
| Lone Star College System                           | \$0.1076        |
| City of Tomball                                    | \$0.3364        |
| Harris County ESD #8                               | \$0.0978        |
| <b>2024 Cumulative Tax Rate per \$100:</b>         | <b>\$2.2133</b> |



### GREATER HOUSTON AREA DATA

(Please refer to the Addenda of this appraisal for a Houston MSA summary analysis.)

The subject property's regional area is the Houston-Galveston-Brazoria Consolidated Metropolitan Statistical Area (CMSA), which consists of Harris, Brazoria, Chambers, Liberty, Fort Bend, Montgomery, Waller, and Galveston Counties. The total land area of the Houston CMSA consists of approximately 8,778.34 square miles. The following data was taken in most part from research material published by the City of Houston and the Greater Houston Partnership's Research Department, together with secondary sources cited where applicable, as of February 2025.

Economic/Employment Update: Metro Houston added 57,800 jobs in the 12 months ending in 2024, down sharply from 102,900 jobs added in 2023. However, since May 2020 the area added 667,000 jobs and is up 308,000 jobs over pre pandemic levels. The region's payroll employment is over 3.5M; the gross domestic product now tops \$697 billion; and its population exceeds 7.3 million.

Purchasing Manager's Index (PMI): The Houston PMI declined to 51.2 in December 2024 after increasing sharply to 53.2 in November 2024, from 49.2 in October 2024, and 49.5 in September 2024. According to the Institute for Supply Management, readings above 50 indicate the local economy is expanding, below 50 indicate that it's contracting. Nationally, the GDP increased a healthy 2.9% in 2024 up slightly from 2.8% in 2023, and both over the 20-year average of 2.4%. The year ended with GDP growing at the rate of 2.3% in 4Q 2024.

Population Update: The U.S. Census Bureau data indicates that metro Houston's population grew by 139,789 residences, or 1.9% in 2023. The 10-county metro area topped 7.370 million residents in 2023, and now exceeds that of 37 states and the District of Columbia. Houston had the second largest numeric gain, which grew by 152,598 residence, or also by 1.9%. The nation's 3 most populous metros, New York, Los Angeles, and Chicago, declined in population. Just 5 of the nation's 20 largest major cities, Atlanta, Dallas-Fort Worth, Houston, Phoenix, and Tampa, had significant gains.

| County       | '23 Population   | '22 Population   | # Change       | % Change   |
|--------------|------------------|------------------|----------------|------------|
| Austin       | 31,070           | 31,677           | 607            | 2.0        |
| Brazoria     | 388,234          | 398,938          | 10,704         | 2.8        |
| Chambers     | 51,309           | 53,876           | 2,567          | 5.0        |
| Fort Bend    | 888,919          | 916,778          | 27,859         | 3.1        |
| Galveston    | 357,387          | 361,744          | 4,357          | 1.2        |
| Harris       | 4,781,337        | 4,835,125        | 53,788         | 1.1        |
| Liberty      | 102,462          | 108,272          | 5,810          | 5.7        |
| Montgomery   | 679,554          | 711,354          | 31,800         | 4.7        |
| San Jacinto  | 28,936           | 28,340           | 596            | 2.1        |
| Waller       | 61,852           | 53,553           | 1,701          | 2.8        |
| <b>Total</b> | <b>7,372,486</b> | <b>7,512,276</b> | <b>139,790</b> | <b>1.9</b> |

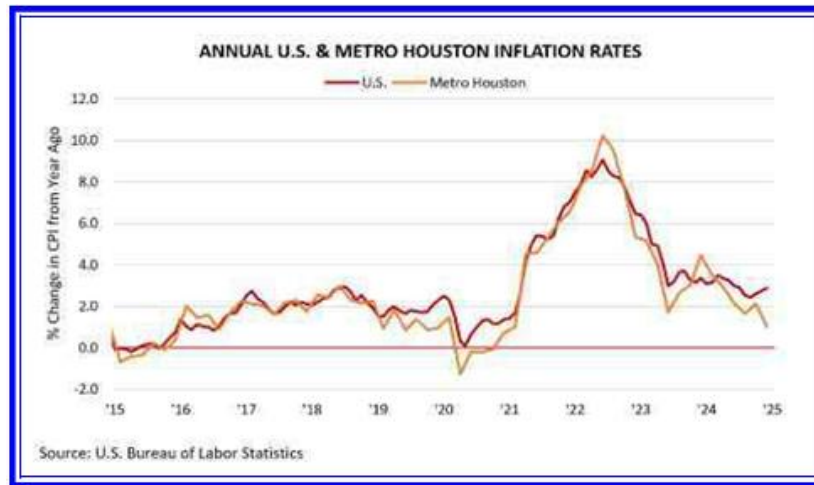
Source: U.S. Census Bureau, Population Estimates

| County       | Total Change   | Vital Events   |               |               | Net Migration |                |               |
|--------------|----------------|----------------|---------------|---------------|---------------|----------------|---------------|
|              |                | Natural Change | Births        | Deaths        | Inmi-gration  | Inter-national | Domestic      |
| Austin       | 607            | 47             | 390           | 343           | 562           | 3              | 559           |
| Brazoria     | 10,704         | 1,875          | 4,834         | 2,959         | 8,843         | 955            | 7,888         |
| Chambers     | 2,567          | 217            | 611           | 394           | 2,362         | 89             | 2,273         |
| Fort Bend    | 27,859         | 5,389          | 9,567         | 4,178         | 22,591        | 6,834          | 15,757        |
| Galveston    | 4,357          | 882            | 4,053         | 3,171         | 3,493         | 505            | 2,988         |
| Harris       | 53,788         | 34,695         | 65,450        | 30,755        | 18,873        | 41,665         | -22,792       |
| Liberty      | 5,810          | 400            | 1,415         | 1,015         | 5,447         | 52             | 5,395         |
| Montgomery   | 31,800         | 4,011          | 8,570         | 4,559         | 27,866        | 2,365          | 25,501        |
| San Jacinto  | 596            | -142           | 307           | 449           | 740           | 3              | 737           |
| Waller       | 1,701          | 279            | 761           | 482           | 1,421         | 83             | 1,338         |
| <b>Total</b> | <b>139,789</b> | <b>47,653</b>  | <b>95,958</b> | <b>48,305</b> | <b>92,198</b> | <b>52,554</b>  | <b>39,644</b> |

Source: U.S. Census Bureau, Population Estimates

Harris County led the nation in population growth, adding the most residents among the nation's 3,144 counties. However, 2023 is the 8<sup>th</sup> consecutive year that Harris County experienced negative domestic migration (i.e., more people moved out of Harris County than moved in from elsewhere in the U.S.). Harris County lost 22,792 residents to domestic out-migration last year. That was the 13<sup>th</sup> worst performance in the nation. By comparison, Montgomery County had the 2<sup>nd</sup> highest level of domestic migration (+25,501 residents) and Fort Bend the 8<sup>th</sup> best (+15,757). If not for the high number of births inside Harris County (65,450 last year), the county would have plummeted in growth rankings.

Inflation: Inflation, as measured by the Consumer Price Index for all Urban Consumers (CPI-U), was up to 2.9% nationwide in the 12 months ending in December 2024. In Houston, inflation has recently generally tracked under the national rate and declined to 1.0% in December 2024, primarily due to lower housing costs. The U.S. Federal Reserve lowered the interest rate by 50 basis points on September 18, 2024, and another 25 basis points on October 7, 2024.



Unemployment: The unemployment rate in Houston declined to 4.1% in December 2024 and down from 4.5% in October and November 2024. The unemployment rate in Texas ticked down to 3.7% in December 2024 from 4.2% in November and down from 4.1% in September and October 2024. The U.S. unemployment was also decreased to 3.8% from 4.0% in November and from 3.9% in September and October 2024. The rates are not seasonally adjusted.

| City            | Rate | City         | Rate | City          | Rate |
|-----------------|------|--------------|------|---------------|------|
| Alvin           | 4.4  | Friendswood  | 3.3  | League City   | 3.2  |
| Baytown         | 7.6  | Fulshear     | 5.0  | Missouri City | 4.2  |
| Beaumont        | 5.4  | Galveston    | 4.0  | Pasadena      | 5.1  |
| Bryan           | 2.6  | Houston      | 4.0  | Pearland      | 3.5  |
| College Station | 2.7  | Katy         | 3.7  | Rosenberg     | 3.9  |
| Conroe          | 3.8  | Lake Jackson | 4.2  | Sugar Land    | 3.2  |
| Deer Park       | 4.5  | La Porte     | 4.5  | Texas City    | 5.7  |

Source: Texas Workforce Commission \*Not seasonally adjusted

Crude Oil: The U.S. Energy Information Administration (EIA) estimates domestic crude production hit a record of 13.5M barrels per day (b/d) in November 2024. EIA expected a slight increase to 13.6M barrels per day in December 2024, with production remaining stable around that level in 2025. In Texas crude oil production remained in the range of about 172,000 to 180,000 barrels per day range in the 2<sup>nd</sup> half of 2024. Producers expect a friendlier regulatory environment under the President Trump’s administration. Further, regulatory changes will help increase production.

Following Russia’s invasion of Ukraine, oil prices peaked in mid-2022, but have fallen since. West Texas Intermediate (WTI), the U.S. benchmark for light sweet crude, averaged \$69.95 per barrel in November 2024, down from \$114.89 in June 2022. EIA projects WTI crude oil will average slightly less than \$70 in 2025. WTI crude oil futures fell below \$79 per barrel on January 17, 2025, down from a five-month high.

Global consumption of oil and other liquid fuels is largely unchanged from a year ago at roughly 103M b/d. EIA projects it will grow slightly to 105M b/d by November 2025, driven by demand from developing countries. Increased crude production from non-OPEC countries is expected to push prices down even with growing consumption.

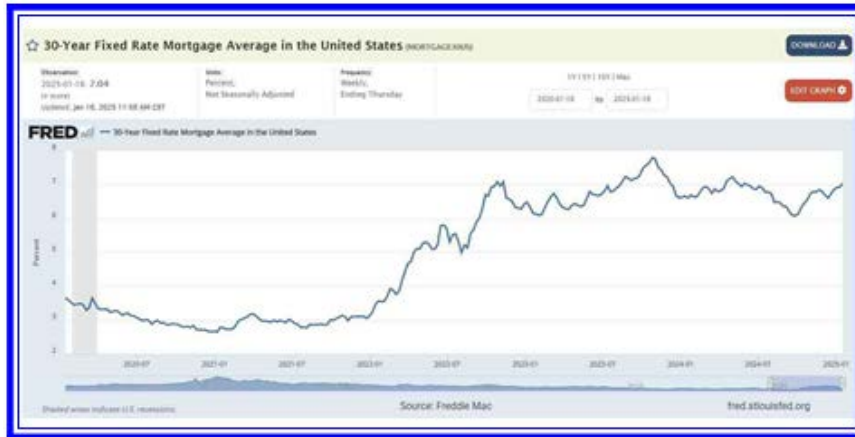
U.S. natural gas production slipped to 113.5B CF per day in November 2024 versus 115.6 B CF in November 2023. Natural gas inventories were above the average for the preceding five years as of November 2024 but are expected to fall during the winter heating season with spot prices rising from around \$2.10 per million BTUs in November 2024 to more

than \$3.00. EIA projects prices will drop in the spring of 2025, before ticking up again in late summer 2025.

Houston Area Existing Home Sales: Single-family sales totaled 85,163 in 2024, up 1.3% over 2023. This is much better than in 2022 and 2023, when annual sales declined 10.7% and 11.8%, respectively. The December 2024 home sales totaled 7,162 homes, a strong increase of 16.3% over December 2023. Overall, Houston is at a buyer’s housing market, with reasonable price increases, inventories at high levels and moderately increasing sales volume. However, decreasing interest rates may support price increases and improve sales.

Houston Area New Lot Development & Home Sales: The overall Houston Area had 9,660 closings and 8,480 starts in 4Q 2024, down -9.59% from 9,380 starts in 3Q 2024, and down 3.24% from the 8,214 starts in the 4Q 2024. The result is a stabilized new home inventory of 28,288 new homes, or 8.5 months for the overall Houston new home market. In 4Q 2024, there was a total existing inventory of 53,005 vacant developed lots in the Houston area. This equates to a shortage supply level of 16.4 months, down from 15.6 months in 3Q 2023, and down from 17.3 months in 4Q 2023. Housing starts continued at a steady pace in 4Q 2024 and are at levels similar to that prior to the spike in inflation and prior to the current high mortgage interest rates. Historically, a 20-to-24-month supply of vacant developed lots indicated a stabilized condition. Historical new home closings, starts, inventory and vacant lot inventory for the overall Houston Area, are summarized on the following chart:

| Market Area  |              | 4Q22   | 1Q23   | 2Q23   | 3Q23   | 4Q23   | 1Q24   | 2Q24   | 3Q24   | 4Q24   | Annual Rates/<br>Inventory<br>Supply (Mos) |
|--------------|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| Houston Area | Starts       | 5,978  | 7,200  | 10,559 | 10,343 | 8,214  | 9,922  | 10,989 | 9,380  | 8,480  | 38,771                                     |
|              | Closings     | 9,079  | 8,814  | 8,557  | 9,248  | 8,942  | 9,855  | 10,111 | 10,134 | 9,660  | 39,760                                     |
|              | Housing Inv. | 28,504 | 26,870 | 28,904 | 29,999 | 29,277 | 29,344 | 30,222 | 29,468 | 28,288 | 8.5 Mos.                                   |
|              | VDL Inv.     | 52,294 | 53,969 | 51,960 | 51,468 | 52,271 | 51,859 | 50,121 | 50,198 | 53,005 | 16.4 Mos.                                  |



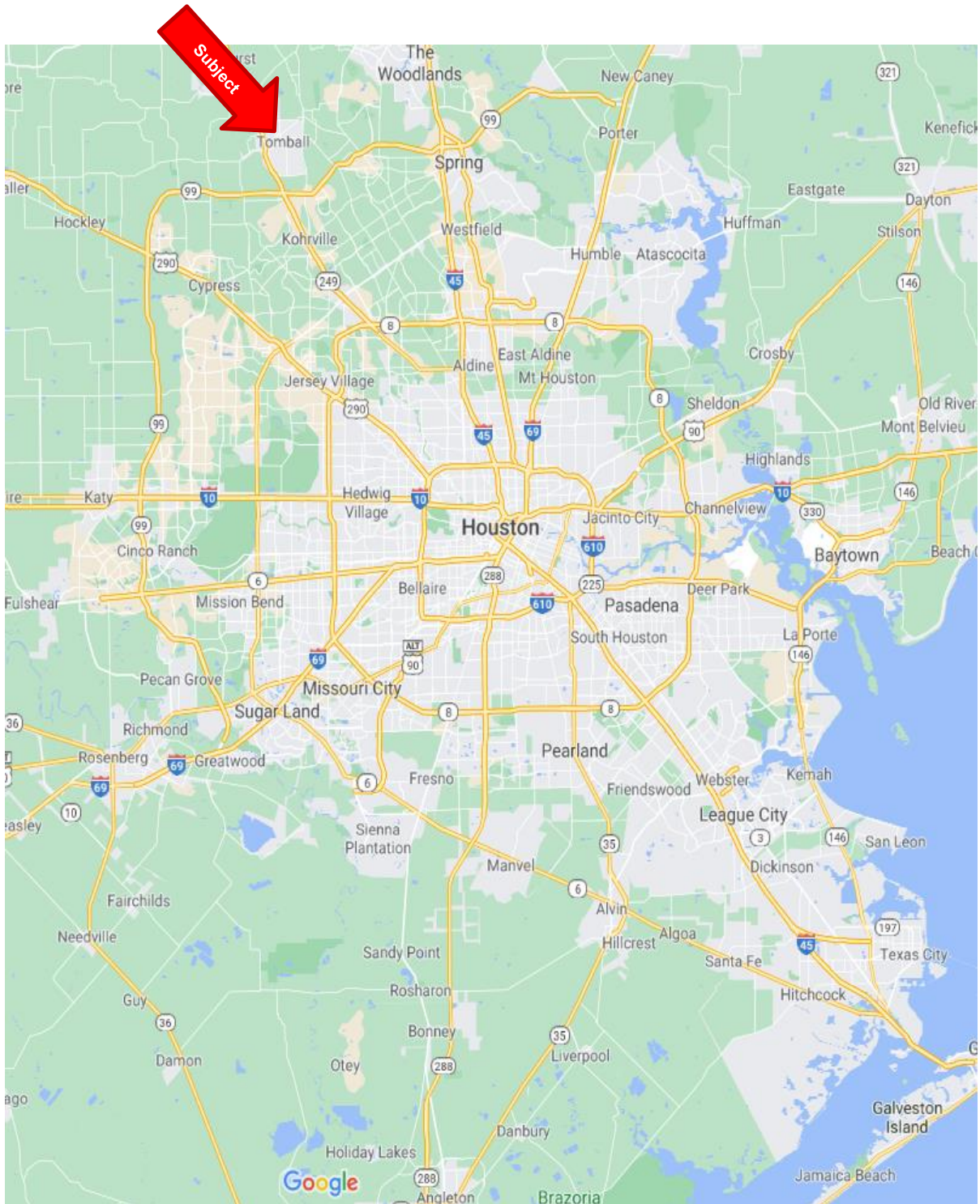
Mortgage interest rates have stabilized, ranging from 6.625% to 7.250% (5 lenders surveyed), in the Houston region, and averaging 6.880%, per Realtor.com, as of January 17, 2025, just under the national average of 7.04%.

Houston Commercial/Multifamily Real Estate: Per CoStar, overall rent and vacancy rates comparisons for end of year 2023, 2024, and year-to-date 2025 were as follows:

| Property Type | Rent     |          |          |          |          | Vacancy |       |          |          |          |
|---------------|----------|----------|----------|----------|----------|---------|-------|----------|----------|----------|
|               | 2023     | 2024     | % Change | YTD 2025 | % Change | 2023    | 2024  | % Change | YTD 2025 | % Change |
| Retail        | \$23.59  | \$23.83  | 1.0%     | \$24.60  | 3.2%     | 4.9%    | 5.1%  | 0.2%     | 5.1%     | 0.0%     |
| Office        | \$29.63  | \$30.46  | 2.8%     | \$30.69  | 0.8%     | 18.9%   | 19.1% | 0.2%     | 19.3%    | 0.2%     |
| Industrial    | \$8.93   | \$9.10   | 1.9%     | \$9.00   | -1.1%    | 6.9%    | 6.6%  | -0.3%    | 6.8%     | 0.2%     |
| Multifamily   | \$1,316  | \$1,370  | 4.1%     | \$1,365  | -0.4%    | 10.9%   | 11.3% | 0.4%     | 11.4%    | 0.1%     |
| Hospitality   | \$113.22 | \$120.47 | 6.4%     | \$120.94 | 0.4%     | 40.2%   | 35.6% | -4.6%    | 35.6%    | 0.0%     |

Source: CoStar 2-1-2025

**HOUSTON AREA MAP**





## MARKET AREA ANALYSIS

**Market Area Defined:** According to The Dictionary of Real Estate Appraisal, Seventh Edition, by the Appraisal Institute, 2022, page 116, a **market area** is defined as: “The geographic region from which a majority demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area.”

**Boundaries:** In order to discuss a market area, the boundaries must be established in order to distinguish it from the rest of the community. The market area boundaries are generally delineated as follows:

Kuykendahl Road to the east;  
S.H. 99 (Grand Parkway) to the south;  
Hardin Store Road to the north;  
Mueschke Road to the west.

**Access:** Estimated driving time to the Central Business District of Houston is about 45 to 60 minutes, except during peak traffic rush hours, which can be up to 90 minutes. The subject market area has average accessibility to downtown Houston, via State Highway 249 to Beltway 8, to Interstate 45, then south to the CBD.

**Major Streets:** The subject market area is approximately 60% built-up, with a general mix of predominantly residential and supportive commercial interests. The commercial uses are typically located along the major traffic arteries or in planned business parks. The major north-south thoroughfares within the market area include Mueschke Road, Cypress- Rosehill/Rosehill-Decker Prairie Road, Telge Road, State Highway 249, Hufsmith-Kohrville Road, Stuebner-Airline Road, and Kuykendahl/Kuykendahl-Hufsmith Road. The major east-west thoroughfares within the area include Nichols-Sawmill/Butera/Walnut Creek/Stagecoach Road, Hardin Store Road, F.M. 2920/Waller-Tomball Road (Main Street in Tomball), Boudreaux Road, Spring-Cypress Road and Louetta Road.

Other streets within the market area are, for the most part, residential or secondary access streets. Streets throughout the market area, for the most part, are asphalt-paved, with some having curbs and gutters, while some are concrete-paved. As the area has steadily grown, many new streets have been planned and constructed to provide increased accessibility throughout the area.

The Grand Parkway (S.H. 99) will be a 172 mile roadway that circles the city at a 25-30 mile radius and forms the fourth loop in the Houston area. The segment affecting the subject market area extends in a generally east/west direction as it passes just south of the subject market area boundary.

State Highway 249 (Tomball Parkway), formerly known as FM 149, is a primary northwest/ southeast traffic carrier for the subject market area and now goes into Grimes County all the way to College Station.

**Education:** The market area is predominantly in the Cypress-Fairbanks, Klein and Tomball ISDs. Numerous schools, from elementary through high school, are situated throughout the area. Private schools in the area include: Concordia Lutheran High School, Step by Step, Central Baptist Academy, Tomball Christian Academy, Saint Anne's Catholic Elementary School, Salem Lutheran School, Tomball Learning Center and Rosehill Christian School.

Lone Star College System and the University of Houston provide convenient classes for higher education. Lone Star College System offers a wide range of academic and occupational courses for recent high school graduates and community residents of all ages. Since 1973, the college district service area has grown to 1,400 square miles, four campuses, five offsite centers and The University Center. Over 83,000 credit students enroll each semester, with an additional 12,000 non-credit students enrolling annually. Lone Star College is the sixth-largest community college district in Texas and growing. One of the reasons for the college district's unrivaled growth is that Lone Star College's service area is one of the fastest growing suburban areas in the United States.

Tomball College, one of the campuses of the Lone Star College System, is a comprehensive community college located conveniently on State Highway 249 in Tomball, Texas. Campus offerings include traditional academic transfer, occupational programs, workforce training, and community education.

**Services/Utilities:** Police protection is provided by the Harris County, or Montgomery County sheriff's departments and local constables, while fire protection is provided by local volunteer fire departments, ESD's or the City of Tomball. Public utilities (electricity, gas, sewer, water, and telephone) are available to most developed properties, with water and sewer services supplied primarily by municipal utility districts (MUDs) within platted subdivisions or the City of Tomball.

**Employment Centers:** There are several major employment centers within the immediate subject market area, including Tomball ISD, Tomball Regional Hospital, BJ Services Company, and Tomball College (Lone Star College). The Tomball Regional Hospital is a non-profit community health care organization with a staff that includes over 250 physicians representing 32 specialties and sub-specialties. The four-story nursing tower is licensed for 204 beds and includes the newly expanded Outpatient Testing Center and seven (7) rooms for the Outpatient Surgical Center. Employing an average of 860 professionals, Tomball Regional Hospital system includes the Texas Sports Medicine Center, New Day Mental Health Center, The Rehab Care Center and the Pain and Management Center.

**Single-Family Residential:** The appraisers have referenced the Zonda Houston Metrostudy, 4th Quarter 2024. The subject of this appraisal is located within the FM 2920 Corridor Submarket and is located within the Northwest Market Area of the overall Houston region. The following chart summarizes the vital statistics for FM 2920 Corridor Submarket, the Northwest Market Area, and the overall Houston region.

| Zonda Houston Metrostudy 4Q 2024 |              |            |            |            |            |            |                        | % Change |
|----------------------------------|--------------|------------|------------|------------|------------|------------|------------------------|----------|
| Submarket/<br>Market Area        |              | 4Q<br>2023 | 1Q<br>2024 | 2Q<br>2024 | 3Q<br>2024 | 4Q<br>2024 | Yrly. Rates/<br>Supply | 12 Month |
| F.M. 2920<br>Submarket           | Starts       | 128        | 160        | 150        | 54         | 103        | 467                    | -19.53%  |
|                                  | Closings     | 182        | 128        | 167        | 125        | 147        | 567                    | -19.23%  |
|                                  | Housing Inv. | 345        | 377        | 360        | 289        | 245        | 5.2 mos.               | -28.99%  |
|                                  | VDL Inv.     | 970        | 810        | 800        | 746        | 740        | 19.0 mos.              | -23.71%  |
| Northwest<br>Market Area         | Starts       | 768        | 1,011      | 1,120      | 786        | 956        | 3,873                  | 24.48%   |
|                                  | Closings     | 896        | 820        | 1,013      | 883        | 948        | 3,664                  | 5.80%    |
|                                  | Housing Inv. | 1,818      | 2,009      | 2,116      | 2,019      | 2,010      | 6.6 mos.               | 10.56%   |
|                                  | VDL Inv.     | 4,700      | 4,123      | 3,954      | 4,071      | 4,149      | 12.9 mos.              | -11.72%  |
| Houston<br>Total                 | Starts       | 8,214      | 9,922      | 10,989     | 9,380      | 8,480      | 38,771                 | 3.24%    |
|                                  | Closings     | 8,942      | 9,855      | 10,111     | 10,134     | 9,660      | 39,760                 | 8.03%    |
|                                  | Housing Inv. | 23,493     | 23,560     | 24,438     | 23,690     | 22,215     | 6.7 mos.               | -5.44%   |
|                                  | VDL Inv.     | 52,271     | 51,859     | 50,121     | 50,198     | 53,005     | 16.4 mos.              | 1.40%    |

For the 4th Quarter 2024, the F.M. 2920 Submarket had 103 housing starts (a 19.53% decrease since 4th Quarter 2023), and 147 closings, (a -19.23% decrease since 4<sup>th</sup> Quarter 2023). The F.M. 2920 Submarket ended the quarter with a new home inventory of 245 units or a 5.2-month supply, which is superior to the 6.6-month supply for the Northwest Market Area new home market. The F.M. 2920 Submarket concluded the 4th Quarter 2024 with 740 vacant developed lots in inventory. This lot inventory equates to a 19.0-month **moderate shortage supply**, which is inferior to the 12.9-month severe VDL shortage supply for Northwest Market Area. A 20-to-24-month supply of lots is considered to be a market in equilibrium.

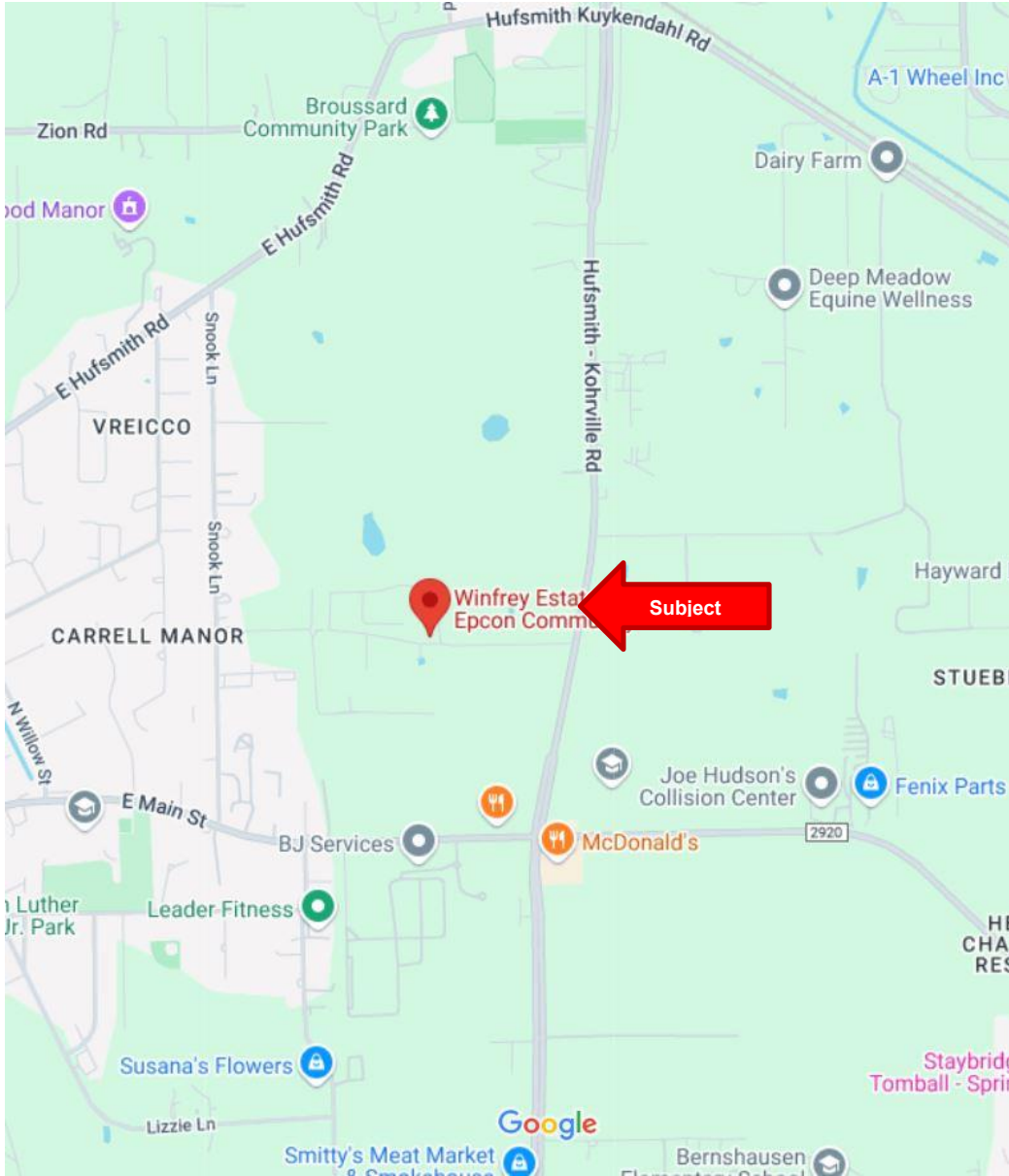
For the 4th Quarter 2024, the overall Northwest had 956 starts (a 24.48% increase since 4th Quarter 2023) and 948 closings (a 5.80% increase since 4th Quarter 2023). The result is a new home inventory of 2,010 units, or a 6.6-month supply, which is similar to the 6.7-month supply for the overall Houston new home market. At the time of this Zonda Houston Metrostudy report, there was a total inventory of 4,149 vacant developed lots in the Northwest Market Area. This equates to a 12.9-month **severe shortage supply**, which is superior to the 16.4-month shortage supply for the overall Houston region. Again, a 20-to-24-month supply of lots is considered to be a market in equilibrium.

**CONCLUSION:** The Tomball market area, with its convenient location and rapidly growing population has experienced rapid growth since late 2012, after several years of slower, post-recessionary growth. The majority of development has been a good balance of

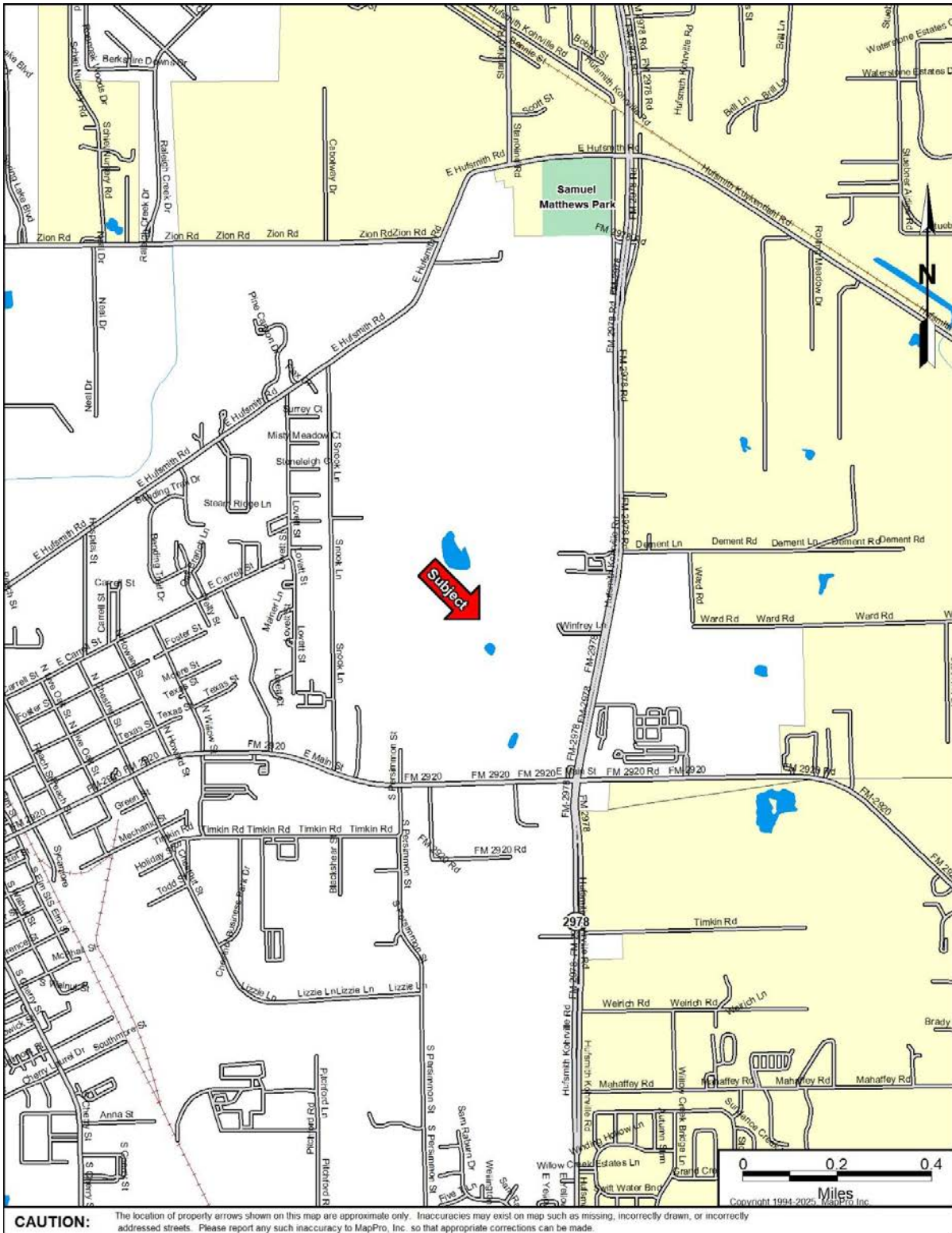
single-family residential and supportive commercial uses. Utilities are available to most properties in the area, and no adverse conditions were observed that would represent a negative influence for the market area. The commercial properties are generally located along the major thoroughfares and are considered to enhance rather than adversely affect the residential values.

Inflation has greatly recovered from its 2022 peak of about 9%, settling to 2.9%, as of the end of October 2024. The overall impact to the local residential market is to be determined, as mortgage rates remain stubbornly within the high end of the range of 6.5% to 7%, but most experts expect continued steady activity throughout 2025.

**MARKET AREA MAP**



### LOCATION MAP



**CAUTION:** The location of property arrows shown on this map are approximate only. Inaccuracies may exist on map such as missing, incorrectly drawn, or incorrectly addressed streets. Please report any such inaccuracy to MapPro, Inc. so that appropriate corrections can be made.

**SITE ANALYSES**

**Winfrey Estates – Tomball Public Improvement District #12**

Type of Property: The subject consists of an active adult, 55+ community, being 113 finished single-family lots, out of a 33.3858-acre section, plus 26 detached single-family residences in various stages of construction, located along the west line of Hufsmith-Kohrville Road, just north of F.M. 2920 and east of S.H. 249, in the city of Tomball, Harris County, Texas 77375. The typical lot size is 52' x 120', or 6,240 SF.

Key Map Reference: 289-A/E

Postal Address: Tomball, Texas 77375

Location: The subject subdivision is located along the west line of Hufsmith-Kohrville Road, just north of F.M. 2920 and east of S.H. 249, in the city of Tomball, Harris County, Texas 77375.

Tract Size: 33.3858-acres (113 lots)

Density: 3.38 lots per acre

Subject Lot Mix:

| <u>No.</u> | <u>Description</u> | <u>Avg. FF</u> | <u>Avg. Size</u> |
|------------|--------------------|----------------|------------------|
| 113        | Finished           | 52'            | 6,240 SF         |

Zoning/Restrictions: PDD (Planned Development District), City of Tomball/None adverse known, but the lots carry a 55+ active adult restriction.

Shape: The subject lots are generally rectangular in shape.

Topography: The topography of the subject lots are generally level.

Subdivision Improvements: Site improvements include public concrete-paved streets, water and sanitary sewer provided by the City of Tomball, electrical lines, natural gas lines, cable/telephone lines, concrete curb and gutter drainage and offsite detention.



Easements: The appraisers know of no easements that would adversely affect development of the subject lots to their highest and best use.

Soil/Subsoil Conditions: A soil and subsoil report has not been provided to the appraisers; however, as evidenced by the existing and surrounding development, the soil conditions appear to be adequate in all respects for most types of construction.

Environmental: Upon physical inspection of the subject, no obvious environmental hazards or endangered species were observed. The appraisers are not environmental engineers and are not qualified to detect environmental hazards or endangered species. For a conclusive analysis of the lots, a study by qualified environmental experts would be necessary.

Subdivision Amenities: Recreation center, fitness center, bocce ball, pickle ball court, pool and walking trails.

Utilities/Services:

| Utilities/Services    |   |
|-----------------------|---|
| Electricity:          | CenterPoint Energy                            |
| Water/Sanitary Sewer: | City of Tomball                               |
| Gas:                  | City of Tomball                               |
| Phone:                | Verizon & others                              |
| Police Protection:    | City of Tomball/Harris County Sheriff's Dept. |
| Fire Protection:      | Harris County ESD #8                          |
| School District:      | Tomball ISD                                   |

Floodplain:

| FEMA Flood Map         |             |
|------------------------|-------------|
| Flood Map No.:         | 48201C0230L |
| Flood Map Date:        | 6/18/2017   |
| Flood Map Designation: | Zone X      |

Subject Builders: ROC Homes and New Home Company

New Home Price Range: \$375,000 to \$520,000

**Conclusion:** All services and public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to the subject lots for new residential construction with an average price point of \$375,000

to \$520,000 by ROC Homes and New Home Company, or a comparable builder/s. Local employment and residential demand are anticipated to grow for the immediate market area and regional corridor. All services and public utilities are available, and the lower-move-up new home price range of the development is a good draw for the finished subject single-family lots.

PLAT

**STATE OF TEXAS  
COUNTY OF HARRIS**

WE, CHTA DEVELOPMENT, INC. acting by and through ERIC HINOWITZ, President and MIKE DÖNIGER, Vice President being officers of CHTA DEVELOPMENT, INC. owners in this section after referred to as owners of the 33.856 acre tract described in the above and foregoing plat of WINFREY ESTATES, do hereby make and establish said subdivision of said property according to the plat, dedications, restrictions and relations on said plat and hereby dedicate to the use of the public, highways, streets, alleys, public underground pipes, easements and public places shown thereon for the purposes and considerations therein expressed; and do hereby bind ourselves, our heirs, successors and assigns to support and forever defend the title to the land so dedicated.

FURTHER, owners have dedicated and by these presents do dedicate to the use of the public for public utility purposes forever unobstructed aerial easements, the aerial easements shall extend horizontally to an additional seven feet, six inches (7' 6") for ten feet (10') perimeter ground easements or seven feet, six inches (7' 6") for fourteen feet (14') perimeter ground easements or four feet, six inches (4' 6") for sixteen feet (16') perimeter ground easements, from a point within feet (6' 0") above the ground level surface, located adjacent to and adjoining and abutting aerial easements that are designated with aerial easements (A1C and A1D) on industrial zone plats, then, hereby the aerial easement (A1C) twenty one feet, six inches (21' 6") in width.

IN TESTIMONY WHEREOF, the CHTA DEVELOPMENT, INC. has caused these presents to be signed by ERIC HINOWITZ, its President, thereunto authorized, obtained by MIKE DÖNIGER its Vice President and its common seal hereunto affixed this 21st day of February, 2023.

ERIC HINOWITZ, President  
MIKE DÖNIGER, Vice President

**STATE OF TEXAS  
COUNTY OF HARRIS**

I, ANDREW J. JETT, the undersigned authority, on this day personally appeared ERIC HINOWITZ and MIKE DÖNIGER, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and considerations therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 21st day of February, 2023.

Notary Public in and for the State of Texas

My Commission expires: 12/16/2025

I, ANDREW J. JETT, LOT #14 IN LLC, owner and holder of a fee simple interest in the property described in the plat herein as WINFREY ESTATES, and I am hereby released by instrument of record in the Clerk's File No. RP-2023-118531 from the plat of WINFREY ESTATES, Texas, do hereby in all things subordinate my interest in said property to the purposes and effects of said plat and the dedications and relations shown herein to said subdivision plat and we hereby confirm that we are the present owner of said land and have not assigned the same nor any part thereof.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 21st day of February, 2023.

Notary Public in and for the State of Texas

My Commission expires: 07/27/2025

**RESERVE TABLE**

| Block | Lot    | Acres    | Sq. Feet | Land Use |
|-------|--------|----------|----------|----------|
| 1     | 0.1431 | 6,332.00 |          | Reserve  |
| 2     | 0.1432 | 6,332.00 |          | Reserve  |
| 3     | 0.1433 | 6,332.00 |          | Reserve  |
| 4     | 0.1434 | 6,332.00 |          | Reserve  |
| 5     | 0.1435 | 6,332.00 |          | Reserve  |
| 6     | 0.1436 | 6,332.00 |          | Reserve  |
| 7     | 0.1437 | 6,332.00 |          | Reserve  |
| 8     | 0.1438 | 6,332.00 |          | Reserve  |
| 9     | 0.1439 | 6,332.00 |          | Reserve  |
| 10    | 0.1440 | 6,332.00 |          | Reserve  |
| 11    | 0.1441 | 6,332.00 |          | Reserve  |
| 12    | 0.1442 | 6,332.00 |          | Reserve  |
| 13    | 0.1443 | 6,332.00 |          | Reserve  |
| 14    | 0.1444 | 6,332.00 |          | Reserve  |
| 15    | 0.1445 | 6,332.00 |          | Reserve  |
| 16    | 0.1446 | 6,332.00 |          | Reserve  |
| 17    | 0.1447 | 6,332.00 |          | Reserve  |
| 18    | 0.1448 | 6,332.00 |          | Reserve  |
| 19    | 0.1449 | 6,332.00 |          | Reserve  |
| 20    | 0.1450 | 6,332.00 |          | Reserve  |
| 21    | 0.1451 | 6,332.00 |          | Reserve  |
| 22    | 0.1452 | 6,332.00 |          | Reserve  |
| 23    | 0.1453 | 6,332.00 |          | Reserve  |
| 24    | 0.1454 | 6,332.00 |          | Reserve  |
| 25    | 0.1455 | 6,332.00 |          | Reserve  |
| 26    | 0.1456 | 6,332.00 |          | Reserve  |
| 27    | 0.1457 | 6,332.00 |          | Reserve  |
| 28    | 0.1458 | 6,332.00 |          | Reserve  |
| 29    | 0.1459 | 6,332.00 |          | Reserve  |
| 30    | 0.1460 | 6,332.00 |          | Reserve  |
| 31    | 0.1461 | 6,332.00 |          | Reserve  |
| 32    | 0.1462 | 6,332.00 |          | Reserve  |
| 33    | 0.1463 | 6,332.00 |          | Reserve  |
| 34    | 0.1464 | 6,332.00 |          | Reserve  |
| 35    | 0.1465 | 6,332.00 |          | Reserve  |
| 36    | 0.1466 | 6,332.00 |          | Reserve  |
| 37    | 0.1467 | 6,332.00 |          | Reserve  |
| 38    | 0.1468 | 6,332.00 |          | Reserve  |
| 39    | 0.1469 | 6,332.00 |          | Reserve  |
| 40    | 0.1470 | 6,332.00 |          | Reserve  |
| 41    | 0.1471 | 6,332.00 |          | Reserve  |
| 42    | 0.1472 | 6,332.00 |          | Reserve  |
| 43    | 0.1473 | 6,332.00 |          | Reserve  |
| 44    | 0.1474 | 6,332.00 |          | Reserve  |
| 45    | 0.1475 | 6,332.00 |          | Reserve  |
| 46    | 0.1476 | 6,332.00 |          | Reserve  |
| 47    | 0.1477 | 6,332.00 |          | Reserve  |
| 48    | 0.1478 | 6,332.00 |          | Reserve  |
| 49    | 0.1479 | 6,332.00 |          | Reserve  |
| 50    | 0.1480 | 6,332.00 |          | Reserve  |
| 51    | 0.1481 | 6,332.00 |          | Reserve  |
| 52    | 0.1482 | 6,332.00 |          | Reserve  |
| 53    | 0.1483 | 6,332.00 |          | Reserve  |
| 54    | 0.1484 | 6,332.00 |          | Reserve  |
| 55    | 0.1485 | 6,332.00 |          | Reserve  |
| 56    | 0.1486 | 6,332.00 |          | Reserve  |
| 57    | 0.1487 | 6,332.00 |          | Reserve  |
| 58    | 0.1488 | 6,332.00 |          | Reserve  |
| 59    | 0.1489 | 6,332.00 |          | Reserve  |
| 60    | 0.1490 | 6,332.00 |          | Reserve  |
| 61    | 0.1491 | 6,332.00 |          | Reserve  |
| 62    | 0.1492 | 6,332.00 |          | Reserve  |
| 63    | 0.1493 | 6,332.00 |          | Reserve  |
| 64    | 0.1494 | 6,332.00 |          | Reserve  |
| 65    | 0.1495 | 6,332.00 |          | Reserve  |
| 66    | 0.1496 | 6,332.00 |          | Reserve  |
| 67    | 0.1497 | 6,332.00 |          | Reserve  |
| 68    | 0.1498 | 6,332.00 |          | Reserve  |
| 69    | 0.1499 | 6,332.00 |          | Reserve  |
| 70    | 0.1500 | 6,332.00 |          | Reserve  |
| 71    | 0.1501 | 6,332.00 |          | Reserve  |
| 72    | 0.1502 | 6,332.00 |          | Reserve  |
| 73    | 0.1503 | 6,332.00 |          | Reserve  |
| 74    | 0.1504 | 6,332.00 |          | Reserve  |
| 75    | 0.1505 | 6,332.00 |          | Reserve  |
| 76    | 0.1506 | 6,332.00 |          | Reserve  |
| 77    | 0.1507 | 6,332.00 |          | Reserve  |
| 78    | 0.1508 | 6,332.00 |          | Reserve  |
| 79    | 0.1509 | 6,332.00 |          | Reserve  |
| 80    | 0.1510 | 6,332.00 |          | Reserve  |
| 81    | 0.1511 | 6,332.00 |          | Reserve  |
| 82    | 0.1512 | 6,332.00 |          | Reserve  |
| 83    | 0.1513 | 6,332.00 |          | Reserve  |
| 84    | 0.1514 | 6,332.00 |          | Reserve  |
| 85    | 0.1515 | 6,332.00 |          | Reserve  |
| 86    | 0.1516 | 6,332.00 |          | Reserve  |
| 87    | 0.1517 | 6,332.00 |          | Reserve  |
| 88    | 0.1518 | 6,332.00 |          | Reserve  |
| 89    | 0.1519 | 6,332.00 |          | Reserve  |
| 90    | 0.1520 | 6,332.00 |          | Reserve  |
| 91    | 0.1521 | 6,332.00 |          | Reserve  |
| 92    | 0.1522 | 6,332.00 |          | Reserve  |
| 93    | 0.1523 | 6,332.00 |          | Reserve  |
| 94    | 0.1524 | 6,332.00 |          | Reserve  |
| 95    | 0.1525 | 6,332.00 |          | Reserve  |
| 96    | 0.1526 | 6,332.00 |          | Reserve  |
| 97    | 0.1527 | 6,332.00 |          | Reserve  |
| 98    | 0.1528 | 6,332.00 |          | Reserve  |
| 99    | 0.1529 | 6,332.00 |          | Reserve  |
| 100   | 0.1530 | 6,332.00 |          | Reserve  |

RP-2023-118531  
4/8/2023 02:08 PM  
FILED  
4/7/2023 2:08 PM  
COUNTY CLERK

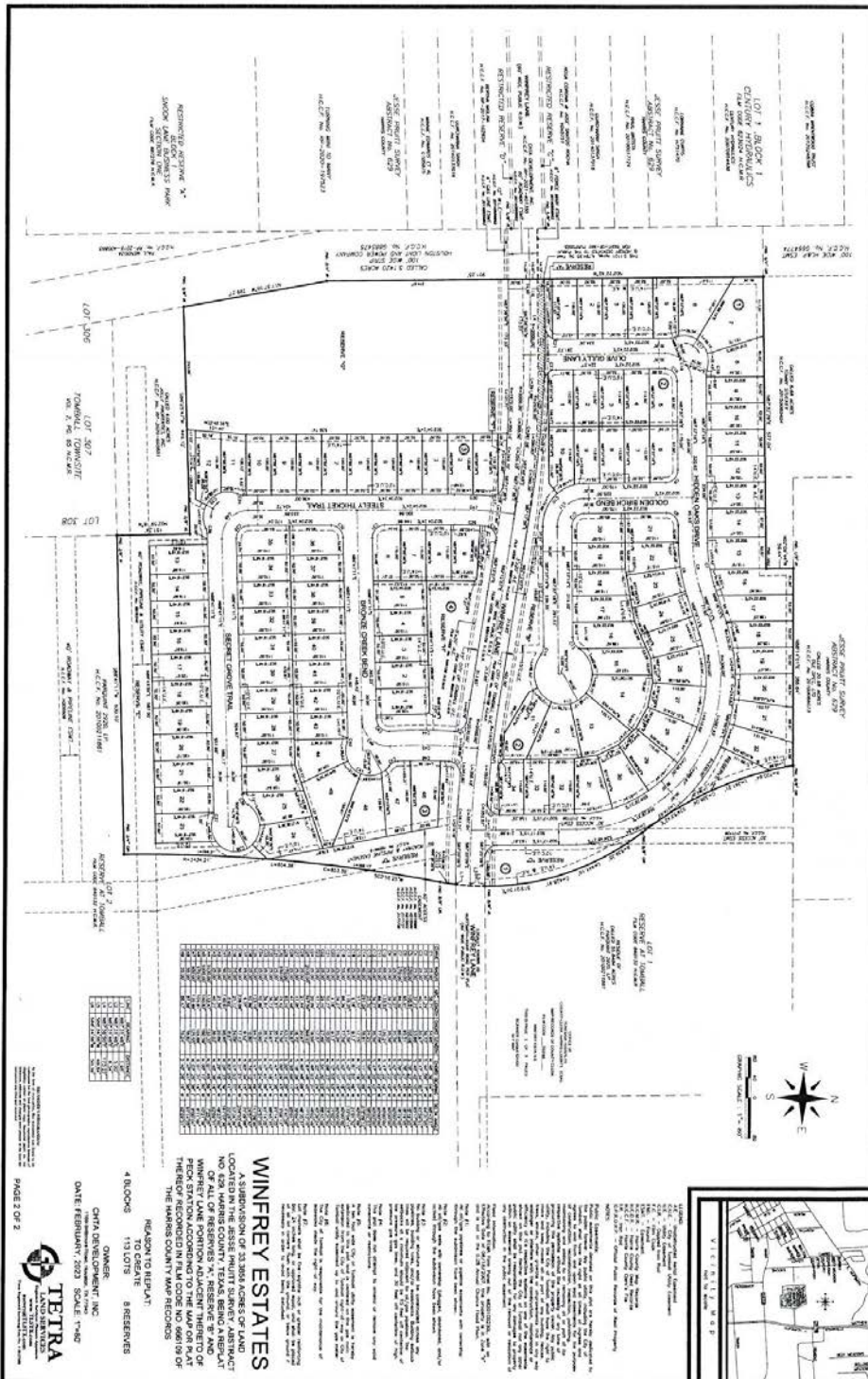
**WINFREY ESTATES**  
A SUBDIVISION OF 33.856 ACRES OF LAND LOCATED IN THE JESSE PRUITT SURVEY, ABSTRACT NO. 629, HARRIS COUNTY, TEXAS, BEING A REPLAT OF ALL OF RESERVES "A", RESERVE "B" AND WINFREY LANE PORTION ADJACENT THERETO OF PECK STATION ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN FILM CODE NO. 666109 OF THE HARRIS COUNTY MAP RECORDS

REASON TO REPEAT:  
TO CREATE  
4 BLOCKS 113 LOTS 8 RESERVES

OWNER:  
CHTA DEVELOPMENT, INC.  
1169 Birmore Road, Houston, TX 77048  
DATE: FEBRUARY, 2023 SCALE: 1"=80'

TETRA LAND SERVICES  
www.TETRA.com  
taylor@TETRA.com  
Texas Registered Surveyor No. 16128

PAGE 1 OF 2



**WINFREY ESTATES**

A SUBDIVISION OF 3.8369 ACRES OF LAND LOCATED IN THE JESSE HUNTT SURVEY ABSTRACT NO. 254, WARREN COUNTY, TENNESSEE, ABSTRACT WINFREY LANE PORTION ADJACENT THERETO OF RECORD IN THE PUBLIC RECORDS OF THE CLERK OF THE COUNTY CLERK OF WARREN COUNTY, TENNESSEE.

REASON'S REPORT TO CREATOR

4 BLOOMS TO BE CREATED

113 LOTS

OWNER: CHTA DEVELOPMENT, INC.

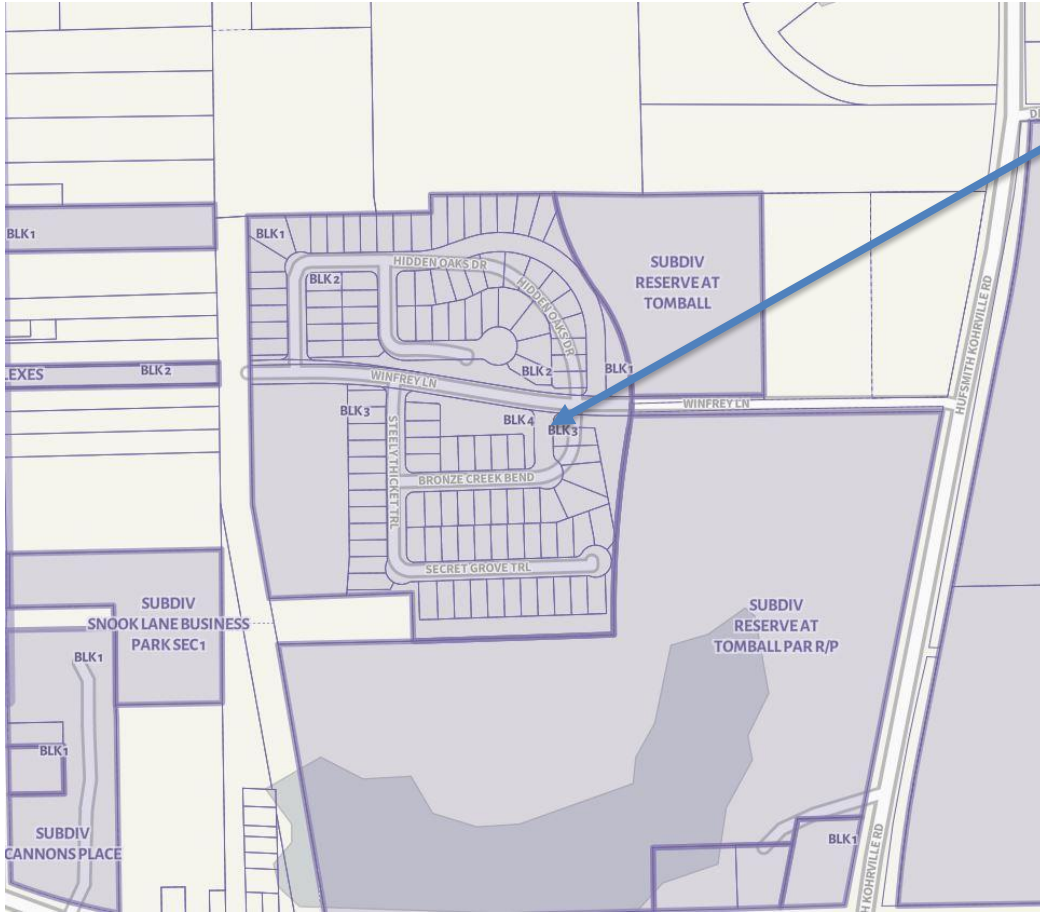
DATE: FEBRUARY, 2023 SCALE: 1"=40'

PREPARED BY: TETRA

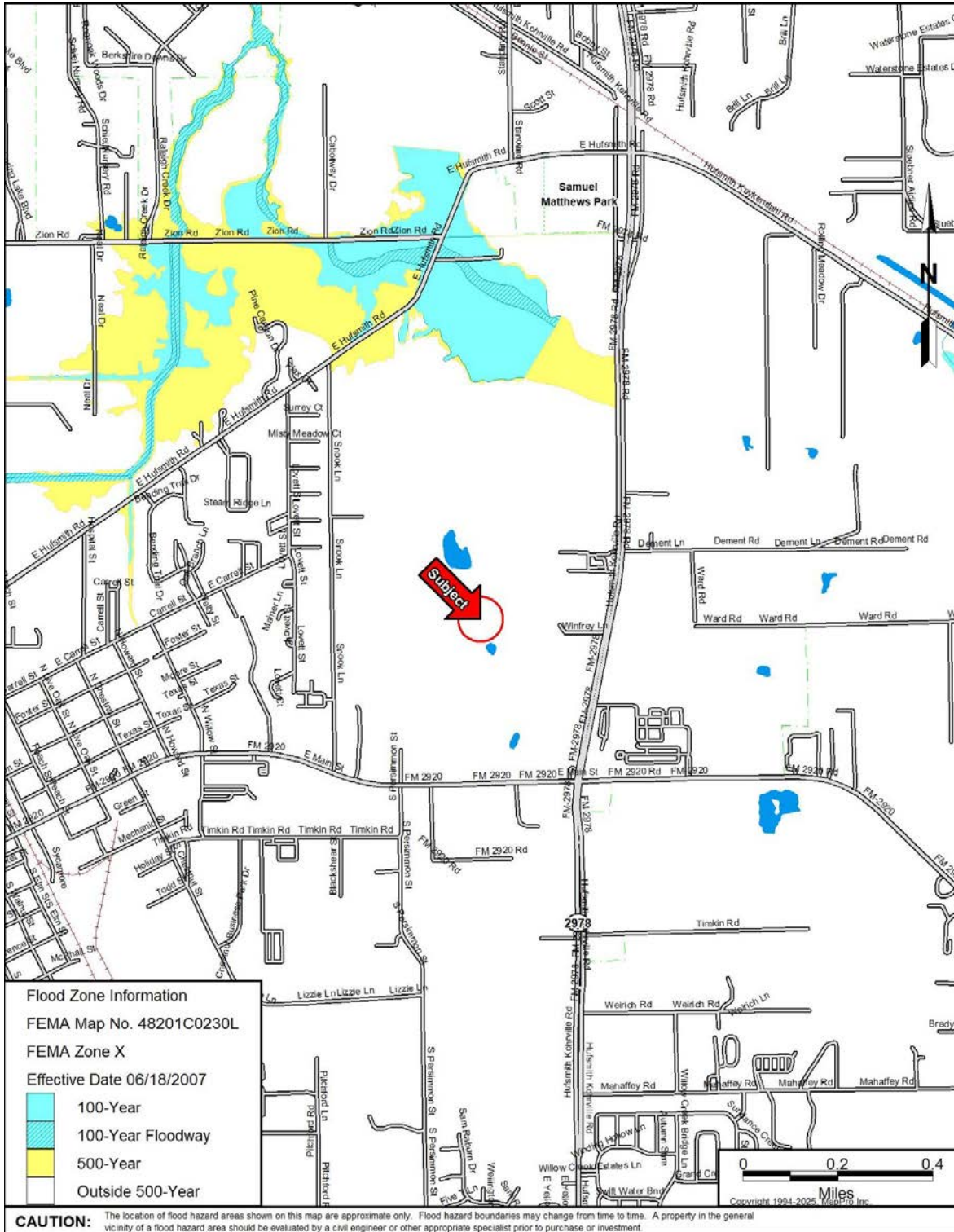
PROJECT NO. 20230011881

SHEET 2 OF 2

**HCAD MAP**



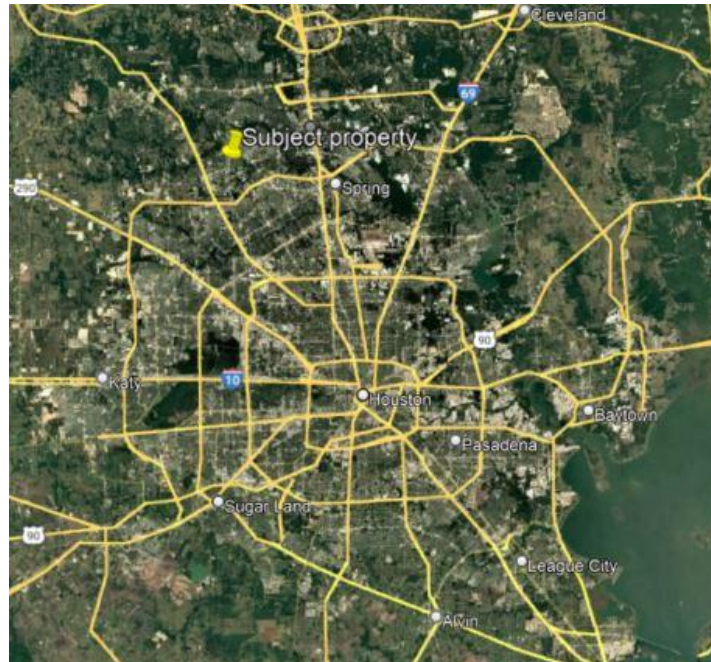
# FLOOD PLAIN MAP



**AERIAL PHOTOS**



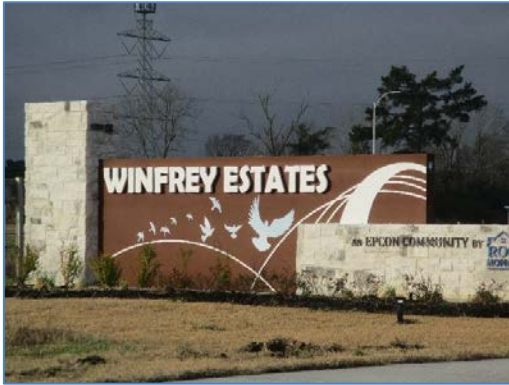
Micro Aerial



Macro Aerial

**SUBJECT PROPERTY PHOTOGRAPHS**





Entrance



Model home



Clubhouse



Finished house



Subject property



Subject property



Subject property



Subject property



Subject property



Subject property

**IMPROVEMENT ANALYSES**

Subject Units:                   The following table summarizes the 26 SFR units appraised herein:

| <b>Subject SFR Units<br/>Winfrey Estates Units</b> |                         |                |              |                   |                         |                           |                         |
|--|-------------------------|----------------|--------------|-------------------|-------------------------|---------------------------|-------------------------|
|  | <b>Address</b>          | <b>Lot No.</b> | <b>Block</b> | <b>GLA<br/>SF</b> | <b># of<br/>Stories</b> | <b>Bed/Bath<br/>Count</b> | <b>Garage<br/>Count</b> |
| 1  | 1326 Hidden Oaks Drive  | 34             | 2            | 2,468             | 1                       | 3/3                       | 2-car                   |
| 2  | 1310 Hidden Oaks Drive  | 30             | 2            | 2,053             | 1                       | 2/2                       | 2-car                   |
| 3  | 1210 Hidden Oaks Drive  | 23             | 2            | 2,053             | 1                       | 2/2                       | 2-car                   |
| 4  | 23639 Golden Birch Bend | 8              | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 5  | 1318 Hidden Oaks Drive  | 32             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   |
| 6  | 1235 Hidden Oaks Drive  | 22             | 1            | 1,898             | 1                       | 2/2                       | 2-car                   |
| 7  | 1314 Hidden Oaks Drive  | 31             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 8  | 1226 Hidden Oaks Drive  | 27             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 9  | 23635 Golden Birch Bend | 9              | 2            | 2,053             | 1                       | 2/2                       | 2-car                   |
| 10   | 23622 Golden Birch Bend | 16             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 11   | 23614 Golden Birch Bend | 14             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   |
| 12   | 23610 Olive Gully Lane  | 3              | 2            | 2,468             | 1                       | 3/3                       | 2-car                   |
| 13   | 1306 Hidden Oaks Drive  | 29             | 2            | 2,468             | 1                       | 3/3                       | 2-car                   |
| 14   | 1302 Hidden Oaks Drive  | 28             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   |
| 15   | 1218 Hidden Oaks Drive  | 25             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 16   | 1214 Hidden Oaks Drive  | 24             | 2            | 2,053             | 1                       | 2/2                       | 2-car                   |
| 17   | 1206 Hidden Oaks Drive  | 22             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   |
| 18   | 1202 Hidden Oaks Drive  | 21             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   |
| 19   | 23638 Golden Birch Bend | 20             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 20   | 23634 Golden Birch Bend | 19             | 2            | 2,468             | 1                       | 3/3                       | 2-car                   |
| 21   | 23630 Golden Birch Bend | 18             | 2            | 2,053             | 1                       | 2/2                       | 2-car                   |
| 22   | 23626 Golden Birch Bend | 17             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 23   | 23647 Golden Birch Bend | 6              | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 24   | 23643 Golden Birch Bend | 7              | 2            | 2,053             | 1                       | 2/2                       | 2-car                   |
| 25   | 23631 Golden Birch Bend | 10             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   |
| 26   | 1103 Hidden Oaks Drive  | 7              | 1            | 2,468             | 1                       | 3/3                       | 2-car                   |

The details of construction and specifications of the units appraised herein are as follows:

- 1-story homes
- Concrete slab foundation
- Wood frame studs, joists, trusses, rafters, etc.
- Brick and cement fiberboard exteriors
- Granite countertops in kitchen
- Fully built-in kitchen appliances
- 2-car garages with opener
- Walk-in closets
- Double-pane windows
- Composite shingle roofs

- Utility room that accommodates full-size washer/dryer
- Fenced rear yard
- Landscaped front yard

**HIGHEST AND BEST USE**

The "**Highest and Best Use**" is defined as:

The reasonably probable use of property, that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (The Dictionary of Real Estate Appraisal, Seventh Edition, 2022, pages 88-89, Appraisal Institute).

**Highest and Best Use of Land or a Site As Though Vacant:** Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 93, Appraisal Institute).

**Highest and Best Use of Property As Improved:** The use that should be made of a property as it exists. A near-complete property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the near-complete building and constructing a new one. (The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 94, Appraisal Institute).

The definition immediately above applies specifically to the highest and best use of land. In cases where a site has near-complete improvements, the highest and best use may be different from the near-complete use. The near-complete use will continue, however, unless or until land value in its highest and best use exceeds the total value of the property in its near-complete use.

Contribution of that specific use to community environment or to community development goals is implied within these definitions, in addition to wealth maximization. Also implied is that determination of the highest and best use is formulation of an opinion, not a fact, resulting from the appraiser's judgment and analysis. In appraisal practice, the concept of highest and best use is the premise on which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be "most probable use." In the current context of investment value, an alternative term would be "most profitable use".

In order to reasonably determine the highest and best use of the subject lots, the legally permissible uses, physically possible uses, financially feasible uses and the maximally productive use are considered.

**LEGALLY PERMISSIBLE**

**Zoning/Restrictions:** Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. Located in the city of Tomball in Harris County, the Winfrey Estates subdivision is zoned PDD by the city of Tomball, and the existing use is a legal conforming use. The subdivision is assumed to include typical residential deed restrictions (except for the 55+ active adult restriction), none of which the appraisers assume to be detrimental to value.

**PHYSICALLY POSSIBLE**

Site size, shape, topography, location, and the availability of utilities are generally held as the most important factors in determining uses by which land may be developed. Consistent with single-family residential lots located in the subject’s market area, the 113 finished 52’ subject lots are well-suited for construction of lower-move-up-priced single-family homes, as proposed by ROC Homes and The New Home Company.

**FINANCIALLY FEASIBLE**

Any use which produces a positive rate of return, is regarded as feasible from a financial point of view. Other important factors include the possible and legal uses as well as the location, size, shape and street frontage. The general character of the market area and adjacent land uses also provide indications of feasible use. This data along with other market data form the basis for analysis of various alternate investment returns.

The appraisers have referenced the Zonda Houston Metrostudy, 4th Quarter 2024. The subject of this appraisal is located within the FM 2920 Corridor Submarket and is located within the Northwest Market Area of the overall Houston region. The following chart

summarizes the vital statistics for FM 2920 Corridor Submarket, the Northwest Market Area, and the overall Houston region.

| Zonda Houston Metrostudy 4Q 2024 |              |            |            |            |            |            |                        | % Change |
|----------------------------------|--------------|------------|------------|------------|------------|------------|------------------------|----------|
| Submarket/<br>Market Area        |              | 4Q<br>2023 | 1Q<br>2024 | 2Q<br>2024 | 3Q<br>2024 | 4Q<br>2024 | Yrly. Rates/<br>Supply | 12 Month |
| F.M. 2920<br>Submarket           | Starts       | 128        | 160        | 150        | 54         | 103        | 467                    | -19.53%  |
|                                  | Closings     | 182        | 128        | 167        | 125        | 147        | 567                    | -19.23%  |
|                                  | Housing Inv. | 345        | 377        | 360        | 289        | 245        | 5.2 mos.               | -28.99%  |
|                                  | VDL Inv.     | 970        | 810        | 800        | 746        | 740        | 19.0 mos.              | -23.71%  |
| Northwest<br>Market Area         | Starts       | 768        | 1,011      | 1,120      | 786        | 956        | 3,873                  | 24.48%   |
|                                  | Closings     | 896        | 820        | 1,013      | 883        | 948        | 3,664                  | 5.80%    |
|                                  | Housing Inv. | 1,818      | 2,009      | 2,116      | 2,019      | 2,010      | 6.6 mos.               | 10.56%   |
|                                  | VDL Inv.     | 4,700      | 4,123      | 3,954      | 4,071      | 4,149      | 12.9 mos.              | -11.72%  |
| Houston<br>Total                 | Starts       | 8,214      | 9,922      | 10,989     | 9,380      | 8,480      | 38,771                 | 3.24%    |
|                                  | Closings     | 8,942      | 9,855      | 10,111     | 10,134     | 9,660      | 39,760                 | 8.03%    |
|                                  | Housing Inv. | 23,493     | 23,560     | 24,438     | 23,690     | 22,215     | 6.7 mos.               | -5.44%   |
|                                  | VDL Inv.     | 52,271     | 51,859     | 50,121     | 50,198     | 53,005     | 16.4 mos.              | 1.40%    |

For the 4th Quarter 2024, the F.M. 2920 Submarket had 103 housing starts (a 19.53% decrease since 4th Quarter 2023), and 147 closings, (a -19.23% decrease since 4<sup>th</sup> Quarter 2023). The F.M. 2920 Submarket ended the quarter with a new home inventory of 245 units or a 5.2-month supply, which is superior to the 6.6-month supply for the Northwest Market Area new home market. The F.M. 2920 Submarket concluded the 4th Quarter 2024 with 740 vacant developed lots in inventory. This lot inventory equates to a 19.0-month **moderate shortage supply**, which is inferior to the 12.9-month severe VDL shortage supply for Northwest Market Area. A 20-to-24-month supply of lots is considered to be a market in equilibrium.

For the 4th Quarter 2024, the overall Northwest had 956 starts (a 24.48% increase since 4th Quarter 2023) and 948 closings (a 5.80% increase since 4th Quarter 2023). The result is a new home inventory of 2,010 units, or a 6.6-month supply, which is similar to the 6.7-month supply for the overall Houston new home market. At the time of this Zonda Houston Metrostudy report, there was a total inventory of 4,149 vacant developed lots in the Northwest Market Area. This equates to a 12.9-month **severe shortage supply**, which is superior to the 16.4-month shortage supply for the overall Houston region. Again, a 20-to-24-month supply of lots is considered to be a market in equilibrium.

**MAXIMALLY PRODUCTIVE HIGHEST & BEST USE CONCLUSIONS**

Based on our analyses of the legally permissible, physically possible and financially feasible uses for the subject finished and proposed lots, we conclude that their maximally productive uses, and therefore, their highest and best uses, are as follows:

**Highest & Best Use of Lots:** Construction of detached residential units, as demand and market conditions warrant in the \$375,000 to \$520,000 price point by ROC Homes and The New Home Company or comparable builders.

**Highest & Best Use of Units:** Retail sale to owner-occupant homebuyers, as demand and market conditions warrant.



**SALES COMPARISON APPROACH – SINGLE-FAMILY HOME VALUATION**

The Sales Comparison Approach is “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.” (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for an individual SFR than the cost of acquiring a substitute property of similar utility and characteristics, as that of the typical subject residence.

The appraiser consulted with knowledgeable individuals active in the area, including real estate brokers, principals, developers, and builders for information that would aid in the investigation. All of the data presented were confirmed for accuracy, via the builder, local MLS and tax records.

The home sales listed represent the best available data for comparison to the subject floor plans.

**IMPROVED SFR SALES GRID ANALYSES**

The Sales Comparison Approach is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison.

The following table summarize the comparable sales.

| Summary of Home Sale Comps<br>Winfrey Estates |                 |                         |          |              |               |         |      |       |        |            |              |                  |                 |
|---|-----------------|-------------------------|----------|--------------|---------------|---------|------|-------|--------|------------|--------------|------------------|-----------------|
| Comp No.                                      | Subdivision     | Address                 | MLS#     | SF           | Lot Size (SF) | Stories | Beds | Baths | Garage | Year Built | Closing Date | Sales Price      | Price Per SF    |
| 1   | Winfrey Estates | 23639 Golden Birch Bend | Builder  | 1,776        | 6,240         | 1       | 2    | 2.0   | 2-Att. | 2024       | 8/27/2024    | \$460,259        | \$259.15        |
| 2   | Winfrey Estates | 23614 Golden Birch Bend | Builder  | 1,519        | 6,240         | 1       | 2    | 2.0   | 2-Att. | 2025       | Pending      | \$440,859        | \$290.23        |
| 3   | Winfrey Estates | 23622 Golden Birch Bend | Builder  | 1,776        | 6,240         | 1       | 2    | 2.0   | 2-Att. | 2025       | Pending      | \$438,780        | \$247.06        |
| 4   | Winfrey Estates | 1318 Hidden Oaks Drive  | Builder  | 1,898        | 6,240         | 1       | 2    | 2.0   | 2-Att. | 2024       | 9/27/2024    | \$492,465        | \$259.47        |
| 5   | Winfrey Estates | 1310 Hidden Oaks Drive  | Builder  | 2,053        | 6,240         | 1       | 2    | 2.0   | 2-Att. | 2024       | 3/18/2024    | \$460,984        | \$224.54        |
| 6   | Winfrey Estates | 23635 Golden Birch Bend | Builder  | 2,053        | 6,240         | 1       | 2    | 2.0   | 2-Att. | 2024       | 12/30/2024   | \$457,330        | \$222.76        |
| 7   | Winfrey Estates | 23610 Olive Gully Lane  | Builder  | 2,468        | 6,240         | 1       | 3    | 3.0   | 2-Att. | 2025       | Pending      | \$520,187        | \$210.77        |
| 8   | Winfrey Estates | 1326 Hidden Oaks Drive  | 79650168 | 2,468        | 6,240         | 1       | 3    | 3.0   | 2-Att. | 2023       | 12/29/2023   | \$559,346        | \$226.64        |
| <b>Average Comparable Sales Prices:</b>       |                 |                         |          | <b>2,001</b> |               |         |      |       |        |            |              | <b>\$478,776</b> | <b>\$239.22</b> |

Comparable sales are from the subject development.

### **IMPROVED RESIDENTIAL SALES ANALYSES**

The Sales Comparison Approach is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison.

#### **CUMULATIVE ADJUSTMENTS**

**Real Property Rights Conveyed:** The comparability of property interests must first be considered when utilizing sales for adjustment analysis. The real property rights conveyed of the sales were all found to feature fee simple interest. Therefore, no adjustments are necessary for this category, as it is considered that each sale adequately represents market activity in the subject area for fee simple estates.

**Financing/Cash Equivalent Considerations:** Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. When favorable financing occurred, the sale was adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. Where applicable adjustments were made for this element of comparison.

**Conditions of Sale:** This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but

must be considered, analyzed, and reasonably adjusted. All of the sales are arms-length transactions, and adjustments were therefore not warranted.

**Date of Sale:** A time adjustment is required if changes occur in market conditions between the time of sale of a comparable property, and the effective date of the appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at the date of appraisal, and an adjustment would be required to be made to the actual cash equivalent sales price for the sale to be used as a comparable. The comparable improved sales presented occurred within the past 2-11 months, plus current pending sales. Based on a comparison within the data set, no adjustment for market conditions has been applied.

**ADDITIVE ADJUSTMENTS**

**Location:** All Improved Sales are in the subject development, warranting no adjustment for this element of comparison.

**Construction Quality:** No adjustments were made for this element of comparison.

**Condition:** Like the subject residences, Improved Sales 1-7 were in new condition, and are considered very comparable to the subject's new status.

**Room Count:** Differences in the number of bedrooms are reflected in the adjustment for GLA. Where applicable, differences in full-bathrooms are adjusted at \$10,000.

**Gross Living Area:** Smaller homes typically bring higher prices per-square-foot than otherwise equally desirable larger homes. Differences in GLA are based on a rate of \$150 PSF for all 5 plans.

**Site Size:** The subject lots have typical size of 6,240 SF. Improved Sales 1 thru 7 are considered generally similar in lot size compared to the subject and have not been adjusted for this element of comparison.

**Garages:** No adjustments were needed for this element of comparison.

**IMPROVED SALES ADJUSTMENT GRIDS**

The following Improved Sales Adjustment Grids illustrate the adjustments that were extracted and applied in the analyses of the comparable improved sales to the subject 5 master base floor plans.

| ADJUSTMENT GRID - Master Base Plan # 1519 |                     |                         |                  |                         |                  |                         |                  |                        |                  |
|---|---------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|------------------------|------------------|
| ADJUSTMENT DATA                           | SUBJECT             | COMPARABLE 1            |                  | COMPARABLE 2            |                  | COMPARABLE 3            |                  | COMPARABLE 4           |                  |
| Development                               | Winfrey Estates     | Winfrey Estates         |                  | Winfrey Estates         |                  | Winfrey Estates         |                  | Winfrey Estates        |                  |
| Floor Plan                                | 1519                | N/A                     |                  | N/A                     |                  | N/A                     |                  | N/A                    |                  |
| Street Address                            | N/A                 | 23639 Golden Birch Bend |                  | 23614 Golden Birch Bend |                  | 23622 Golden Birch Bend |                  | 1318 Hidden Oaks Drive |                  |
| City, State, Zip                          | Tomball, TX 77375   | Tomball, TX 77375       |                  | Tomball, TX 77375       |                  | Tomball, TX 77375       |                  | Tomball, TX 77375      |                  |
| Sales Price                               |                     |                         | \$460,259        |                         | \$440,859        |                         | \$438,780        |                        | \$492,465        |
| Price per SF                              |                     |                         | \$259.15         |                         | \$290.23         |                         | \$247.06         |                        | \$259.47         |
| Data Source                               |                     | Builder                 | \$0              | Builder                 | \$0              | Builder                 | \$0              | Builder                | \$0              |
| Date of Sale                              |                     | 8/27/2024               | \$0              | Pending                 | \$0              | Pending                 | \$0              | 9/27/2024              | \$0              |
| Concessions                               |                     | Concessions             | \$0              | Concessions             | \$0              | Concessions             | \$0              | Concessions            | \$0              |
| Adjusted Sales Price                      |                     |                         | \$460,259        |                         | \$440,859        |                         | \$438,780        |                        | \$492,465        |
| Location                                  | Winfrey Estates     | Winfrey Estates         | \$0              | Winfrey Estates         | \$0              | Winfrey Estates         | \$0              | Winfrey Estates        | \$0              |
| Lot Size Adjustment (SF)                  | 6,240               | 6,240                   | \$0              | 6,240                   | \$0              | 6,240                   | \$0              | 6,240                  | \$0              |
| Product Type - Att or Det                 | Detached            | Detached                | \$0              | Detached                | \$0              | Detached                | \$0              | Detached               | \$0              |
| Construction Quality                      | Average - Base Plan | Similar                 | \$0              | Similar                 | \$0              | Similar                 | \$0              | Similar                | \$0              |
| Appliance Quality                         | Good                | Similar                 | \$0              | Similar                 | \$0              | Similar                 | \$0              | Similar                | \$0              |
| Age                                       | 2025                | 2024                    | \$0              | 2025                    | \$0              | 2025                    | \$0              | 2024                   | \$0              |
| Condition                                 | New                 | Good                    | \$0              | New                     | \$0              | New                     | \$0              | New                    | \$0              |
| Total Rooms                               | 6                   | 5                       |                  | 5                       |                  | 5                       |                  | 5                      |                  |
| Bedrooms                                  | 2                   | 2                       |                  | 2                       |                  | 2                       |                  | 2                      |                  |
| Bathrooms                                 | 2.0                 | 2.0                     | \$0              | 2.0                     | \$0              | 2.0                     | \$0              | 2.0                    | \$0              |
| Living Area Square Feet                   | \$150 1,519         | 1,776                   | (\$38,550)       | 1,519                   | \$0              | 1,776                   | (\$38,550)       | 1,898                  | (\$56,850)       |
| Functional Utility                        | Average             | Similar                 | \$0              | Similar                 | \$0              | Similar                 | \$0              | Similar                | \$0              |
| Number of Stories                         | 1-Story             | 1-Story                 | \$0              | 1-Story                 | \$0              | 1-Story                 | \$0              | 1-Story                | \$0              |
| Garage Parking                            | 2.0-Attached Gar.   | 2.0-Attached Gar.       | \$0              | 2.0-Attached Gar.       | \$0              | 2.0-Attached Gar.       | \$0              | 2.0-Attached Gar.      | \$0              |
| Air Conditioning/Heat                     | Central             | Central                 | \$0              | Central                 | \$0              | Central                 | \$0              | Central                | \$0              |
| Porch/Patio                               | Yes/Yes             | Yes                     | \$0              | Yes                     | \$0              | Yes                     | \$0              | Yes                    | \$0              |
| Total Net Adjustment                      |                     |                         | (\$38,550)       |                         | \$0              |                         | (\$38,550)       |                        | (\$56,850)       |
| <b>Indicated Value of Subject Plan</b>    |                     |                         | <b>\$421,709</b> |                         | <b>\$440,859</b> |                         | <b>\$400,230</b> |                        | <b>\$435,615</b> |
| Mean:                                     |                     | \$424,603               |                  |                         |                  |                         |                  |                        |                  |
| Median:                                   |                     | \$428,662               |                  |                         |                  |                         |                  |                        |                  |
| MV Conclusion                             |                     | \$425,000               |                  |                         |                  |                         |                  |                        |                  |
| Builder Asking Price:                     |                     | N/A                     |                  |                         |                  |                         |                  |                        |                  |

| ADJUSTMENT GRID - Master Base Plan #1776 |                     |                         |                  |                         |                  |                         |                  |                        |                  |
|--|---------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|------------------------|------------------|
| ADJUSTMENT DATA                          | SUBJECT             | COMPARABLE 1            |                  | COMPARABLE 2            |                  | COMPARABLE 3            |                  | COMPARABLE 4           |                  |
| Development                              | Winfrey Estates     | Winfrey Estates         |                  | Winfrey Estates         |                  | Winfrey Estates         |                  | Winfrey Estates        |                  |
| Floor Plan                               | 1776                | N/A                     |                  | N/A                     |                  | N/A                     |                  | N/A                    |                  |
| Street Address                           | N/A                 | 23639 Golden Birch Bend |                  | 23614 Golden Birch Bend |                  | 23622 Golden Birch Bend |                  | 1318 Hidden Oaks Drive |                  |
| City, State, Zip                         | Tomball, TX 77375   | Tomball, TX 77375       |                  | Tomball, TX 77375       |                  | Tomball, TX 77375       |                  | Tomball, TX 77375      |                  |
| Sales Price                              |                     |                         | \$460,259        |                         | \$440,859        |                         | \$438,780        |                        | \$492,465        |
| Price per SF                             |                     |                         | \$259.15         |                         | \$290.23         |                         | \$247.06         |                        | \$259.47         |
| Data Source                              |                     | Builder                 | \$0              | Builder                 | \$0              | Builder                 | \$0              | Builder                | \$0              |
| Date of Sale                             |                     | 8/27/2024               | \$0              | Pending                 | \$0              | Pending                 | \$0              | 9/27/2024              | \$0              |
| Concessions                              |                     | Concessions             | \$0              | Concessions             | \$0              | Concessions             | \$0              | Concessions            | \$0              |
| Adjusted Sales Price                     |                     |                         | \$460,259        |                         | \$440,859        |                         | \$438,780        |                        | \$492,465        |
| Location                                 | Winfrey Estates     | Winfrey Estates         |                  | Winfrey Estates         |                  | Winfrey Estates         |                  | Winfrey Estates        |                  |
| Lot Size Adjustment                      | 6,240               | 6,240                   |                  | 6,240                   |                  | 6,240                   |                  | 6,240                  |                  |
| Product Type - Att or Det                | Detached            | Detached                |                  | Detached                |                  | Detached                |                  | Detached               |                  |
| Construction Quality                     | Average - Base Plan | Similar                 |                  | Similar                 |                  | Similar                 |                  | Similar                |                  |
| Appliance Quality                        | Good                | Similar                 |                  | Similar                 |                  | Similar                 |                  | Similar                |                  |
| Age                                      | 2025                | 2024                    |                  | 2025                    |                  | 2025                    |                  | 2024                   |                  |
| Condition                                | New                 | Good                    |                  | New                     |                  | New                     |                  | New                    |                  |
| Total Rooms                              |                     | 6                       | 5                |                         | 5                |                         | 5                |                        | 5                |
| Bedrooms                                 |                     | 2                       | 2                |                         | 2                |                         | 2                |                        | 2                |
| Bathrooms                                |                     | 2.0                     | 2.0              | \$0                     | 2.0              | \$0                     | 2.0              | \$0                    | 2.0              |
| Living Area Square Feet                  | \$150               | 1,776                   | 1,776            | \$0                     | 1,519            | \$38,550                | 1,776            | \$0                    | 1,898            |
| Functional Utility                       | Average             | Similar                 |                  | Similar                 |                  | Similar                 |                  | Similar                |                  |
| Number of Stories                        | 1-Story             | 1-Story                 |                  | 1-Story                 |                  | 1-Story                 |                  | 1-Story                |                  |
| Garage Parking                           | 2.0-Attached Gar.   | 2.0-Attached Gar.       |                  | 2.0-Attached Gar.       |                  | 2.0-Attached Gar.       |                  | 2.0-Attached Gar.      |                  |
| Air Conditioning/Heat                    | Central             | Central                 |                  | Central                 |                  | Central                 |                  | Central                |                  |
| Porch/Patio                              | Yes/Yes             | Yes                     |                  | Yes                     |                  | Yes                     |                  | Yes                    |                  |
| Total Net Adjustment                     |                     |                         | \$0              |                         | \$38,550         |                         | \$0              |                        | (\$18,300)       |
| <b>Indicated Value of Subject Plan</b>   |                     |                         | <b>\$460,259</b> |                         | <b>\$479,409</b> |                         | <b>\$438,780</b> |                        | <b>\$474,165</b> |
| <b>Mean:</b>                             |                     | \$463,153               |                  |                         |                  |                         |                  |                        |                  |
| <b>Median:</b>                           |                     | \$467,212               |                  |                         |                  |                         |                  |                        |                  |
| <b>MV Conclusion</b>                     |                     | \$465,000               |                  |                         |                  |                         |                  |                        |                  |
| <b>Builder Asking Price:</b>             |                     | N/A                     |                  |                         |                  |                         |                  |                        |                  |

| ADJUSTMENT GRID - Master Base Plan #1898 |                     |                        |                  |                        |                  |                         |                  |                        |                   |
|--|---------------------|------------------------|------------------|------------------------|------------------|-------------------------|------------------|------------------------|-------------------|
| ADJUSTMENT DATA                          | SUBJECT             | COMPARABLE 4           |                  | COMPARABLE 5           |                  | COMPARABLE 6            |                  | COMPARABLE 8           |                   |
| Development                              | Winfrey Estates     | Winfrey Estates        |                  | Winfrey Estates        |                  | Winfrey Estates         |                  | Winfrey Estates        |                   |
| Floor Plan                               | 1898                | N/A                    |                  | N/A                    |                  | N/A                     |                  | N/A                    |                   |
| Street Address                           | N/A                 | 1318 Hidden Oaks Drive |                  | 1318 Hidden Oaks Drive |                  | 23635 Golden Birch Bend |                  | 1326 Hidden Oaks Drive |                   |
| City, State, Zip                         | Tomball, TX 77375   | Tomball, TX 77375      |                  | Tomball, TX 77375      |                  | Tomball, TX 77375       |                  | Tomball, TX 77375      |                   |
| Sales Price                              |                     |                        | \$492,465        |                        | \$460,984        |                         | \$457,330        |                        | \$559,346         |
| Price per SF                             |                     |                        | \$259.47         |                        | \$224.54         |                         | \$222.76         |                        | \$226.64          |
| Data Source                              |                     |                        | Builder \$0      |                        | Builder \$0      |                         | Builder \$0      |                        | MLS #79650168 \$0 |
| Date of Sale                             |                     |                        | 9/27/2024 \$0    |                        | 3/18/2024 \$0    |                         | 12/30/2024 \$0   |                        | 12/29/2023 \$0    |
| Concessions                              |                     |                        | Concessions \$0  |                        | Concessions \$0  |                         | Concessions \$0  |                        | Concessions \$0   |
| Adjusted Sales Price                     |                     |                        | \$492,465        |                        | \$460,984        |                         | \$457,330        |                        | \$559,346         |
| Location                                 | Winfrey Estates     | Winfrey Estates        | \$0              | Winfrey Estates        | \$0              | Winfrey Estates         | \$0              | Winfrey Estates        | \$0               |
| Lot Size Adjustment (SF)                 | 6,240               | 6,240                  | \$0              | 6,240                  | \$0              | 6,240                   | \$0              | 6,240                  | \$0               |
| Product Type - Att or Det                | Detached            | Detached               | \$0              | Detached               | \$0              | Detached                | \$0              | Detached               | \$0               |
| Construction Quality                     | Average - Base Plan | Similar                | \$0              | Similar                | \$0              | Similar                 | \$0              | Similar                | \$0               |
| Appliance Quality                        | Good                | Similar                | \$0              | Similar                | \$0              | Similar                 | \$0              | Similar                | \$0               |
| Age                                      | 2025                | 2024                   | \$0              | 2024                   | \$0              | 2024                    | \$0              | 2023                   | \$0               |
| Condition                                | New                 | New                    | \$0              | New                    | \$0              | New                     | \$0              | New                    | \$0               |
| Total Rooms                              | 6                   | 5                      |                  | 5                      |                  | 5                       |                  | 6                      |                   |
| Bedrooms                                 | 2                   | 2                      |                  | 2                      |                  | 2                       |                  | 3                      |                   |
| Bathrooms                                | 2.0                 | 2.0                    | \$0              | 2.0                    | \$0              | 2.0                     | \$0              | 3.0                    | (\$10,000)        |
| Living Area Square Feet                  | \$150 1,898         | 1,898                  | \$0              | 2,053                  | (\$23,250)       | 2,053                   | (\$23,250)       | 2,468                  | (\$85,500)        |
| Functional Utility                       | Average             | Similar                | \$0              | Similar                | \$0              | Similar                 | \$0              | Similar                | \$0               |
| Number of Stories                        | 1-Story             | 1-Story                | \$0              | 1-Story                | \$0              | 1-Story                 | \$0              | 1-Story                | \$0               |
| Garage Parking                           | 2.0-Attached Gar.   | 2.0-Attached Gar.      | \$0              | 2.0-Attached Gar.      | \$0              | 2.0-Attached Gar.       | \$0              | 2.0-Attached Gar.      | \$0               |
| Air Conditioning/Heat                    | Central             | Central                | \$0              | Central                | \$0              | Central                 | \$0              | Central                | \$0               |
| Porch/Patio                              | Yes/Yes             | Yes                    | \$0              | Yes                    | \$0              | Yes                     | \$0              | Yes                    | \$0               |
| Total Net Adjustment                     |                     |                        | \$0              |                        | (\$23,250)       |                         | (\$23,250)       |                        | (\$95,500)        |
| <b>Indicated Value of Subject Plan</b>   |                     |                        | <b>\$492,465</b> |                        | <b>\$437,734</b> |                         | <b>\$434,080</b> |                        | <b>\$463,846</b>  |
| <b>Mean:</b>                             |                     |                        | <b>\$457,031</b> |                        |                  |                         |                  |                        |                   |
| <b>Median:</b>                           |                     |                        | <b>\$450,790</b> |                        |                  |                         |                  |                        |                   |
| <b>MV Conclusion</b>                     |                     |                        | <b>\$455,000</b> |                        |                  |                         |                  |                        |                   |
| <b>Builder Asking Price:</b>             |                     |                        | <b>N/A</b>       |                        |                  |                         |                  |                        |                   |



| ADJUSTMENT GRID - Master Base Plan #2053  |                     |                        |                  |                        |                  |                         |                  |                        |
|---|---------------------|------------------------|------------------|------------------------|------------------|-------------------------|------------------|------------------------|
| ADJUSTMENT DATA   | SUBJECT             | COMPARABLE 4           |                  | COMPARABLE 5           |                  | COMPARABLE 6            |                  | COMPARABLE 8           |
| Development   | Winfrey Estates     | Winfrey Estates        |                  | Winfrey Estates        |                  | Winfrey Estates         |                  | Winfrey Estates        |
| Floor Plan  | 2053                | N/A                    |                  | N/A                    |                  | N/A                     |                  | N/A                    |
| Street Address  | N/A                 | 1318 Hidden Oaks Drive |                  | 1310 Hidden Oaks Drive |                  | 23635 Golden Birch Bend |                  | 1326 Hidden Oaks Drive |
| City, State, Zip  | Tomball, TX 77375   | Tomball, TX 77375      |                  | Tomball, TX 77375      |                  | Tomball, TX 77375       |                  | Tomball, TX 77375      |
| Sales Price   |                     |                        | \$492,465        |                        | \$460,984        |                         | \$457,330        | \$559,346              |
| Price per SF  |                     |                        | \$259.47         |                        | \$224.54         |                         | \$222.76         | \$226.64               |
| Data Source   |                     | Builder                | \$0              | Builder                | \$0              | Builder                 | \$0              | MLS #79650168          |
| Date of Sale  |                     | 9/27/2024              | \$0              | 3/18/2024              | \$0              | 12/30/2024              | \$0              | 12/29/2023             |
| Concessions   |                     | Concessions            | \$0              | Concessions            | \$0              | Concessions             | \$0              | Concessions            |
| Adjusted Sales Price  |                     |                        | \$492,465        |                        | \$460,984        |                         | \$457,330        | \$559,346              |
| Location  | Winfrey Estates     | Winfrey Estates        |                  | Winfrey Estates        |                  | Winfrey Estates         |                  | Winfrey Estates        |
| Lot Size Adjustment (SF)  | 6,240               | 6,240                  |                  | 6,240                  |                  | 6,240                   |                  | 6,240                  |
| Product Type - Att or Det   | Detached            | Detached               |                  | Detached               |                  | Detached                |                  | Detached               |
| Construction Quality  | Average - Base Plan | Similar                |                  | Similar                |                  | Similar                 |                  | Similar                |
| Appliance Quality   | Good                | Similar                |                  | Similar                |                  | Similar                 |                  | Similar                |
| Age   | 2025                | 2024                   |                  | 2024                   |                  | 2024                    |                  | 2023                   |
| Condition   | New                 | Good                   |                  | New                    |                  | New                     |                  | New                    |
| Total Rooms   | 6                   | 5                      |                  | 5                      |                  | 5                       |                  | 6                      |
| Bedrooms  | 2                   | 2                      |                  | 2                      |                  | 2                       |                  | 3                      |
| Bathrooms   | 2.0                 | 2.0                    |                  | 2.0                    |                  | 2.0                     |                  | 3.0 (\$10,000)         |
| Living Area Square Feet   | \$150 2,053         | 1,898                  |                  | 2,053                  |                  | 2,053                   |                  | 2,468 (\$62,250)       |
| Functional Utility  | Average             | Similar                |                  | Similar                |                  | Similar                 |                  | Similar                |
| Number of Stories   | 1-Story             | 1-Story                |                  | 1-Story                |                  | 1-Story                 |                  | 1-Story                |
| Garage Parking  | 2.0-Attached Gar.   | 2.0-Attached Gar.      |                  | 2.0-Attached Gar.      |                  | 2.0-Attached Gar.       |                  | 2.0-Attached Gar.      |
| Air Conditioning/Heat   | Central             | Central                |                  | Central                |                  | Central                 |                  | Central                |
| Porch/Patio   | Yes/Yes             | Yes                    |                  | Yes                    |                  | Yes                     |                  | Yes                    |
| Total Net Adjustment  |                     |                        | \$23,250         |                        | \$0              |                         | \$0              | (\$72,250)             |
| <b>Indicated Value of Subject Plan</b>  |                     |                        | <b>\$515,715</b> |                        | <b>\$460,984</b> |                         | <b>\$457,330</b> | <b>\$487,096</b>       |
| <p> <b>Mean: \$480,281</b><br/> <b>Median: \$474,040</b><br/> <b>MV Conclusion \$475,000</b><br/> <b>Builder Asking Price: N/A</b> </p> |                     |                        |                  |                        |                  |                         |                  |                        |

| ADJUSTMENT GRID - Master Base Plan #2468 |                     |                        |             |                  |                         |                  |                        |                  |                        |                  |
|--|---------------------|------------------------|-------------|------------------|-------------------------|------------------|------------------------|------------------|------------------------|------------------|
| ADJUSTMENT DATA                          | SUBJECT             | COMPARABLE 5           |             |                  | COMPARABLE 6            |                  | COMPARABLE 7           |                  | COMPARABLE 8           |                  |
| Development                              | Winfrey Estates     | Winfrey Estates        |             |                  | Winfrey Estates         |                  | Winfrey Estates        |                  | Winfrey Estates        |                  |
| Floor Plan                               | 2468                | N/A                    |             |                  | N/A                     |                  | N/A                    |                  | N/A                    |                  |
| Street Address                           | N/A                 | 1310 Hidden Oaks Drive |             |                  | 23635 Golden Birch Bend |                  | 23610 Olive Gully Lane |                  | 1326 Hidden Oaks Drive |                  |
| City, State, Zip                         | Tomball, TX 77375   | Tomball, TX 77375      |             |                  | Tomball, TX 77375       |                  | Tomball, TX 77375      |                  | Tomball, TX 77375      |                  |
| Sales Price                              |                     |                        |             | \$460,984        |                         | \$457,330        |                        | \$520,187        |                        | \$559,346        |
| Price per SF                             |                     |                        |             | \$224.54         |                         | \$222.76         |                        | \$210.77         |                        | \$226.64         |
| Data Source                              |                     |                        | Builder     | \$0              |                         | Builder          |                        | Builder          |                        | MLS #79650168    |
| Date of Sale                             |                     |                        | 3/18/2024   | \$0              |                         | 12/30/2024       |                        | Pending          |                        | 12/29/2023       |
| Concessions                              |                     |                        | Concessions | \$0              |                         | Concessions      |                        | Concessions      |                        | Concessions      |
| Adjusted Sales Price                     |                     |                        |             | \$460,984        |                         | \$457,330        |                        | \$520,187        |                        | \$559,346        |
| Location                                 | Winfrey Estates     | Winfrey Estates        |             |                  | Winfrey Estates         |                  | Winfrey Estates        |                  | Winfrey Estates        |                  |
| Lot Size Adjustment (SF)                 | 6,240               | 6,240                  |             |                  | 6,240                   |                  | 6,240                  |                  | 6,240                  |                  |
| Product Type - Att or Det                | Detached            | Detached               |             |                  | Detached                |                  | Detached               |                  | Detached               |                  |
| Construction Quality                     | Average - Base Plan | Similar                |             |                  | Similar                 |                  | Similar                |                  | Similar                |                  |
| Appliance Quality                        | Good                | Similar                |             |                  | Similar                 |                  | Similar                |                  | Similar                |                  |
| Age                                      | 2024                | 2024                   |             |                  | 2024                    |                  | 2025                   |                  | 2023                   |                  |
| Condition                                | New                 | New                    |             |                  | New                     |                  | New                    |                  | New                    |                  |
| Total Rooms                              | 6                   | 5                      |             |                  | 5                       |                  | 6                      |                  | 6                      |                  |
| Bedrooms                                 | 3                   | 2                      |             |                  | 2                       |                  | 3                      |                  | 3                      |                  |
| Bathrooms                                | 3.0                 | 2.0                    |             |                  | \$10,000                | 2.0              | \$10,000               | 3.0              | \$0                    | 3.0              |
| Living Area Square Feet                  | \$150 2,468         | 2,053                  |             |                  | \$62,250                | 2,053            | \$62,250               | 2,468            | \$0                    | 2,468            |
| Functional Utility                       | Average             | Similar                |             |                  | Similar                 |                  | Similar                |                  | Similar                |                  |
| Number of Stories                        | 1-Story             | 2-Story                |             |                  | 1-Story                 |                  | 1-Story                |                  | 1-Story                |                  |
| Garage Parking                           | 2.0-Attached Gar.   | 3.0-Attached Gar.      |             |                  | 2.0-Attached Gar.       |                  | 2.0-Attached Gar.      |                  | 2.0-Attached Gar.      |                  |
| Air Conditioning/Heat                    | Central             | Central                |             |                  | Central                 |                  | Central                |                  | Central                |                  |
| Porch/Patio                              | Yes/Yes             | Yes                    |             |                  | Yes                     |                  | Yes                    |                  | Yes                    |                  |
| Total Net Adjustment                     |                     |                        |             | \$72,250         |                         | \$72,250         |                        | \$0              |                        | \$0              |
| <b>Indicated Value of Subject Plan</b>   |                     |                        |             | <b>\$533,234</b> |                         | <b>\$529,580</b> |                        | <b>\$520,187</b> |                        | <b>\$559,346</b> |
| Mean:                                    |                     |                        |             | \$535,587        |                         |                  |                        |                  |                        |                  |
| Median:                                  |                     |                        |             | \$531,407        |                         |                  |                        |                  |                        |                  |
| MV Conclusion                            |                     |                        |             | \$530,000        |                         |                  |                        |                  |                        |                  |
| Builder Asking Price:                    |                     |                        |             | N/A              |                         |                  |                        |                  |                        |                  |

**SUMMARY OF SALES COMPARISON APPROACH "AS COMPLETE" VALUE INDICATIONS**

Based upon the prior Sales Comparison Analyses of the selected comparable sales, the "As Complete" Market Values of the subject 5 master base floor plans are concluded as follows:

| <b>Sales Comparison Approach Market Value Indications</b> |                 |                      |               |
|---|-----------------|----------------------|---------------|
| <b>No.</b>  | <b>Plan No.</b> | <b>"As Complete"</b> | <b>Per SF</b> |
| 1   | 1519            | \$425,000            | \$279.79      |
| 2   | 1776            | \$465,000            | \$261.82      |
| 3   | 1898            | \$455,000            | \$239.73      |
| 4   | 2053            | \$475,000            | \$231.37      |
| 5   | 2468            | \$535,000            | \$216.77      |

Utilizing the above concluded amounts per plan, the 26 under-construction/complete units will be valued Hypothetically "As Complete" as noted below:

| <b>Subject SFR Units<br/>Winfrey Estates Units</b> |                         |                |              |                   |                         |                           |                         |                                     |                                  |
|--|-------------------------|----------------|--------------|-------------------|-------------------------|---------------------------|-------------------------|-------------------------------------|----------------------------------|
|  | <b>Address</b>          | <b>Lot No.</b> | <b>Block</b> | <b>GLA<br/>SF</b> | <b># of<br/>Stories</b> | <b>Bed/Bath<br/>Count</b> | <b>Garage<br/>Count</b> | <b>Retail<br/>Value<br/>Rounded</b> | <b>Percentage<br/>Difference</b> |
| 1  | 1326 Hidden Oaks Drive  | 34             | 2            | 2,468             | 1                       | 3/3                       | 2-car                   | \$535,000                           | N/A                              |
| 2  | 1310 Hidden Oaks Drive  | 30             | 2            | 2,053             | 1                       | 2/2                       | 2-car                   | \$475,000                           | N/A                              |
| 3  | 1210 Hidden Oaks Drive  | 23             | 2            | 2,053             | 1                       | 2/2                       | 2-car                   | \$475,000                           | N/A                              |
| 4  | 23639 Golden Birch Bend | 8              | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 5  | 1318 Hidden Oaks Drive  | 32             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   | \$425,000                           | N/A                              |
| 6  | 1235 Hidden Oaks Drive  | 22             | 1            | 1,898             | 1                       | 2/2                       | 2-car                   | \$455,000                           | N/A                              |
| 7  | 1314 Hidden Oaks Drive  | 31             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 8  | 1226 Hidden Oaks Drive  | 27             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 9  | 23635 Golden Birch Bend | 9              | 2            | 2,053             | 1                       | 2/2                       | 2-car                   | \$475,000                           | N/A                              |
| 10   | 23622 Golden Birch Bend | 16             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 11   | 23614 Golden Birch Bend | 14             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   | \$425,000                           | -3.6%                            |
| 12   | 23610 Olive Gully Lane  | 3              | 2            | 2,468             | 1                       | 3/3                       | 2-car                   | \$535,000                           | 2.8%                             |
| 13   | 1306 Hidden Oaks Drive  | 29             | 2            | 2,468             | 1                       | 3/3                       | 2-car                   | \$535,000                           | N/A                              |
| 14   | 1302 Hidden Oaks Drive  | 28             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   | \$425,000                           | 8.6%                             |
| 15   | 1218 Hidden Oaks Drive  | 25             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | 12.6%                            |
| 16   | 1214 Hidden Oaks Drive  | 24             | 2            | 2,053             | 1                       | 2/2                       | 2-car                   | \$475,000                           | N/A                              |
| 17   | 1206 Hidden Oaks Drive  | 22             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   | \$425,000                           | 7.1%                             |
| 18   | 1202 Hidden Oaks Drive  | 21             | 2            | 1,519             | 1                       | 2/2                       | 2-car                   | \$425,000                           | 6.1%                             |
| 19   | 23638 Golden Birch Bend | 20             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 20   | 23634 Golden Birch Bend | 19             | 2            | 2,468             | 1                       | 3/3                       | 2-car                   | \$535,000                           | 2.8%                             |
| 21   | 23630 Golden Birch Bend | 18             | 2            | 2,053             | 1                       | 2/2                       | 2-car                   | \$475,000                           | N/A                              |
| 22   | 23626 Golden Birch Bend | 17             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 23   | 23647 Golden Birch Bend | 6              | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 24   | 23643 Golden Birch Bend | 7              | 2            | 2,053             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 25   | 23631 Golden Birch Bend | 10             | 2            | 1,776             | 1                       | 2/2                       | 2-car                   | \$465,000                           | N/A                              |
| 26   | 1103 Hidden Oaks Drive  | 7              | 1            | 2,468             | 1                       | 3/3                       | 2-car                   | \$535,000                           | N/A                              |
|  |                         |                |              |                   |                         |                           |                         | <b>\$12,280,000</b>                 |                                  |
|  |                         |                |              |                   |                         |                           |                         | <b>\$472,308</b>                    |                                  |

### **SALES COMPARISON APPROACH – RETAIL LOT VALUATION**

The Sales Comparison Approach is “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.” (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for an individual retail lot than the cost of acquiring a substitute property of similar utility and characteristics, as that of the typical subject lot.

Again, knowledgeable individuals active in the area, which include real estate brokers, appraisers, developers, and builders, were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy. On the following pages are details concerning the comparable takedown lot sales that have been used for the establishment of the subject's typical or base Builder Lot Value conclusion.

**LOT SALE NUMBER ONE**



Subdivision: Winfrey Estates  
 Key Map: 285-A/E  
 Location: Located along the west line of Hufsmith-Kohrville Road, just north of F.M. 2920 and east of S.H. 249, in the city of Tomball, Harris County, Texas 77375.

**Lot Sales Data**

| <u>No. Lots</u> | <u>Avg FF</u> | <u>Base Lot Price</u> | <u>Per FF</u> | <u>Sale Date</u> |
|-----------------|---------------|-----------------------|---------------|------------------|
| 57              | 52'           | \$105,000             | \$2,019       | 12/16/2024       |

Grantor/Developer: CHTA Development, Inc. (ROC Homes)  
 Grantee/Builder: KL LB Buy 4, LLC (New Home Company).  
 New Home Price Range: \$400,000 - \$520,000  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Tomball I.S.D.  
 Zoning: PDD by the City of Tomball  
 Restrictions: Typical Deed Restrictions  
 Floodplain: None  
 Subdivision Amenities: Recreation center, fitness center, bocce ball, pickle ball court, pool and walking trails.  
 Confirmation: Developer/HUD  
 Recording Information: 2024-00467548

Comments: This is the bulk sale of 57 lots in a single transaction. No other fees are due. ROC Homes is the competing builder in the development.

**LOT SALE NUMBER TWO**



Subdivision: Jubilee, Section 9  
 Map Reference: 324-J&K  
 Location: Located along the south line of Betka Road at Upper Joy Road, in Hockley, Harris County, Texas 77447.

Lot Sales Data:

| <u>No. Lots</u> | <u>Avg FF</u> | <u>Base Lot Price</u> | <u>Esc Lot Price</u> | <u>Per FF</u> | <u>Sale Date</u> |
|-----------------|---------------|-----------------------|----------------------|---------------|------------------|
| 25              | 40'           | \$67,200              | N/A                  | \$1,680       | 10/9/2024        |

Grantor/Developer: 290 WR Holdings LP (Johnson Development)  
 Grantee/Builder: Highland Homes, Ltd.  
 New Home Price Range: \$325,990 to \$406,990  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Waller I.S.D.  
 Zoning: None  
 Restrictions: Typical Deed Restrictions  
 Floodplain: None  
 Subdivision Amenities: Amenity center (proposed), parks, walking trails, community pools, fitness center, splash pads.  
 Confirmation: Builder/Contract  
 Clerk's #: 2024-375090

Comments: This is the pending initial takedown of 25, 40' lots that the builder is committed to in Section 9. In addition to the base lot price, the builder is contracted for an 8% annual escalator from the initial takedown and lot fees of \$5,425 per lot

**LOT SALE NUMBER THREE**

Subdivision: Bridgeland – Prairieland Village, Sections 9 & 11  
 Key Map: 365-K  
 Location: Southwest corner of Flowering Ivy Drive and Desert Orangetip Drive, about 1 mile west of S.H. 99 (Grand Parkway) and about 1 mile north of Bridgeland Creek Parkway, south of U.S. 290, in the Cypress market area of northwest Harris County, Texas 77433.

## Lot Sales Data:

| <u>No.</u><br><u>Lots</u> | <u>Avg</u><br><u>FF</u> | <u>Base Lot</u><br><u>Price</u> | <u>Esc Lot</u><br><u>Price</u> | <u>Per FF</u> | <u>Sale</u><br><u>Date</u> |
|---------------------------|-------------------------|---------------------------------|--------------------------------|---------------|----------------------------|
| 11                        | 45'                     | \$104,000                       | \$110,240                      | \$2,450       | 9/15/2023                  |

Grantor/Developer: Bridgeland Development, LP  
 Grantee/Builder: Newmark Homes Houston, LLC  
 New Home Price Range: \$450,000 to \$550,000  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Cy-Fair I.S.D.  
 Zoning: None  
 Restrictions: Typical Deed Restrictions  
 Floodplain: None (LOMR)  
 Subdivision Amenities: Master plan; activity center with event hall, pool complex, BBQ grills and tables, playgrounds, trails and lakes.  
 Confirmation: Contract (B&A File No. C8537)  
 Clerk's #: 20230355288 & 355569

Comments: This 11-lot purchase is the initial takedown out of 79 total lots committed to this builder in this section, followed by 15 lots per quarter.

**LOT SALE NUMBER FOUR**



Subdivision: Rosewood, Phase 1  
 Map Reference: 285-Z  
 Location: Located along the east line of Hopfe Road, and along the northwest line of the Grand Parkway and about 1.40 miles south of F.M. 2920, in Hockley, Harris County, Texas 77447.

Lot Sales Data:

| <u>No. Lots</u> | <u>Avg FF</u> | <u>Base Lot Price</u> | <u>Esc Lot Price</u> | <u>Per FF</u> | <u>Sale Date</u> |
|-----------------|---------------|-----------------------|----------------------|---------------|------------------|
| 7               | 50'           | \$113,750             | N/A                  | \$2,275       | Pending          |

Developer: JDS Hopfe Road, LLC  
 Builder: Perry Homes  
 New Home Price Range: \$400,000 to \$600,000  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Waller I.S.D.  
 Zoning: None  
 Restrictions: Typical Deed Restrictions  
 Floodplain: None  
 Subdivision Amenities: (Proposed, subject to change) A recreation center with lake views, full kitchen and fitness center, multiple parks and green spaces, hiking and biking trails.  
 Confirmation: Contract/Developer (B&A File No. C8684)  
 Clerk's #: Pending

Comments: This is the pending initial takedown of 7, 50' lots that the builder is committed to in Rosewood, Phase 1. Escalation of 6% commences after the initial takedown, with quarterly takedowns of 7 lots per quarter. Westin Homes is the competing builder on 50' lots at identical terms.



**LOT SALE NUMBER FIVE**



Subdivision: Cypress Green, Section 10  
 Map Reference: 285-V  
 Location: Located along the south line of F.M. 2920, east of Bauer Road, west of Sorella Heights Drive, approximately 1.20 miles northwest of the Grand Parkway, in Hockley, Harris County, Texas 77447.

Lot Sales Data:

| <u>No. Lots</u> | <u>Avg FF</u> | <u>Base Lot Price</u> | <u>Esc Lot Price</u> | <u>Per FF</u> | <u>Sale Date</u> |
|-----------------|---------------|-----------------------|----------------------|---------------|------------------|
| 30              | 45'           | \$81,000              | N/A                  | \$1,800       | 8/1/2024         |

Grantor/Developer: Astro Cypress Green, LP  
 Grantee/Builder: Brightland Homes  
 New Home Price Range: \$257,990 to \$344,990  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Waller I.S.D.  
 Zoning: None  
 Restrictions: Typical Residential Deed Restrictions  
 Floodplain: None  
 Subdivision Amenities: Amenity village (proposed), featuring a recreation center, waterpark, tennis courts, playground, resort-style pool, recreation fields, lap pool, pickleball courts, bocce ball, splash pad, dog park, and pavilion.  
 Confirmation: Developer (B&A File No. C8875)  
 Clerk's #: 2024-278640

Comments: This is the bulk purchase of 30, 45' lots that the builder is committed to in Section 10. In addition to the base lot price, the builder is contracted for lot fees of \$2,000 per lot.

**LOT SALE NUMBER SIX**



Subdivision: Cypress Green, Section 11  
 Map Reference: 285-V  
 Location: Located along the south line of F.M. 2920, east of Bauer Road, west of Sorella Heights Drive, approximately 1.20 miles northwest of the Grand Parkway, in Hockley, Harris County, Texas 77447.

Lot Sales Data:

| <u>No. Lots</u> | <u>Avg FF</u> | <u>Base Lot Price</u> | <u>Esc Lot Price</u> | <u>Per FF</u> | <u>Sale Date</u> |
|-----------------|---------------|-----------------------|----------------------|---------------|------------------|
| 34              | 50'           | \$90,000              | N/A                  | \$1,800       | 8/30/2024        |

Grantor/Developer: Astro Cypress Green, LP  
 Grantee/Builder: Lennar Homes  
 New Home Price Range: \$257,990 to \$344,990  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Waller I.S.D.  
 Zoning: None  
 Restrictions: Typical Residential Deed Restrictions  
 Floodplain: None  
 Subdivision Amenities: Amenity village (proposed), featuring a recreation center, waterpark, tennis courts, playground, resort-style pool, recreation fields, lap pool, pickleball courts, bocce ball, splash pad, dog park, and pavilion.  
 Confirmation: Developer (B&A File No. C8875)  
 Clerk's #: 2024-322396

Comments: This is the bulk purchase of 34, 50' lots that the builder is committed to in Section 11. In addition to the base lot price, the builder is contracted for lot fees of \$2,000 per lot.

**LOCATION MAP OF LOT SALES COMPARABLES**



**BUILDER LOT SALES ANALYSES**

The Builder Takedown Lot Sales illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

| Builder Lot Sales Summary |            |                         |           |             |          |           |           |
|---------------------------|------------|-------------------------|-----------|-------------|----------|-----------|-----------|
| Lot Sale                  | Sale Date  | Subdivision             | Sale Type | Description | Lot Size | Price PFF | Lot Price |
| 1                         | 12/16/2024 | Winfrey Estates         | Bulk      | 57 Lots     | 52'      | \$2,019   | \$105,000 |
| 2                         | 10/9/2024  | Jubilee, Sec. 9         | Bulk      | 25 Lots     | 40'      | \$1,680   | \$67,200  |
| 3                         | 9/15/2023  | Bridgeland, Prairieland | Retail    | 11 Lots     | 45'      | \$2,450   | \$110,240 |
| 4                         | Pending    | Rosewood, Phase 1       | Retail    | 7 Lots      | 50'      | \$2,275   | \$113,750 |
| 5                         | 8/1/2024   | Cypress Green, Sec. 10  | Bulk      | 30 Lots     | 45'      | \$1,800   | \$81,000  |
| 6                         | 8/30/2024  | Cypress Green, Sec. 11  | Bulk      | 34 Lots     | 50'      | \$1,800   | \$90,000  |

**CUMULATIVE ADJUSTMENTS**

**Market Conditions:** A time adjustment is required if changes occur in market conditions between the time of sale of a comparable property, and the effective date of the appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at the date of appraisal, and an adjustment is warranted to the cash equivalent sales price for the sale to be used as a comparable. Lot prices have been increasing in the subject market area at 5% to 8% per annum. Accordingly, where applicable, lot sales have been adjusted at a rate of **6%** per annum.

**Financing/Cash Equivalent Considerations:** Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. When favorable financing occurred, the sale was adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. No considerations for financing were required in this analysis.

**Conditions of Sale:** This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale.

The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. Due to holding costs, bulk lot takedowns which are significantly larger or smaller in lot totals will typically reflect discounted or higher lot sale prices, respectively. No adjustment is warranted for this factor for Lot Sales 3 and 4, as these lot sales are considered typical retail takedown transactions. Lot Sales 1, 2, 5 and 6 have been adjusted upward 5% to 10% for higher bulk lot quantity compared to a typical takedown.

#### **ADDITIVE ADJUSTMENTS**

**Location:** Lot Sales 1 (Subject) and 4 have not been adjusted for this element of comparison. Lot Sales 2, 5 and 6 have been adjusted upward 5% each compared to the subject property due to access to commercial support facilities. Lot Sale 3 has been adjusted downward 5% due to price point and access to commercial support facilities.

**Lot Size:** No adjustment was warranted for this factor as all lot sales have similar lot frontages of 40' to 52' and were analyzed on a per front foot basis methodology.

**Amenities:** Lot Sales 1, 2, 5 and 6 have generally similar in amenities compared to the subject single-family lots and have not been adjusted for this element of comparison. Lot Sales 3 and 4 have accordingly been adjusted downward -5% to -10% for this element of comparison.

**LOT SALES ADJUSTMENT GRID**

The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analysis of the comparable builder lot sales to the typical subject interior lot.

| Lot Sales Adjustment Grid     |                 |                 |                 |                         |                   |                        |                        |
|-------------------------------|-----------------|-----------------|-----------------|-------------------------|-------------------|------------------------|------------------------|
| Market Data                   | Subject         | Sale 1          | Sale 2          | Sale 3                  | Sale 4            | Sale 5                 | Sale 6                 |
| Sale Price/FF                 | -               | \$2,019         | \$1,680         | \$2,450                 | \$2,275           | \$1,800                | \$1,800                |
| Sales Date                    | 2/5/2025        | 12/16/2024      | 10/9/2024       | 9/15/2023               | Pending           | 8/1/2024               | 8/30/2024              |
| Adjustment                    | -               | 0.8%            | 2.0%            | 8.5%                    | 0.0%              | 3.0%                   | 2.8%                   |
| Adjusted Sales Price/FF       | -               | \$2,035         | \$1,714         | \$2,658                 | \$2,275           | \$1,854                | \$1,850                |
| Financing                     | -               | CTS             | CTS             | CTS                     | CTS               | CTS                    | CTS                    |
| Adjustment                    | -               | 0%              | 0%              | 0%                      | 0%                | 0%                     | 0%                     |
| Adjusted Sales Price/FF       | -               | \$2,035         | \$1,714         | \$2,658                 | \$2,275           | \$1,854                | \$1,850                |
| Conditions of Sale            | 1 Lot           | 57 Lots         | 25 Lots         | 11 Lots                 | 7 Lots            | 30 Lots                | 34 Lots                |
| Adjustment                    | -               | 10%             | 5%              | 0%                      | 0%                | 5%                     | 5%                     |
| <b>Adjusted Sale Price/FF</b> | <b>-</b>        | <b>\$2,239</b>  | <b>\$1,799</b>  | <b>\$2,658</b>          | <b>\$2,275</b>    | <b>\$1,947</b>         | <b>\$1,943</b>         |
| Builder                       | -               | New Home        | Highland Homes  | Newmark Homes           | Perry Homes       | Brightland Homes       | Lennar Homes           |
| Location                      | Winfrey Estates | Winfrey Estates | Jubilee, Sec. 9 | Bridgeland, Prairieland | Rosewood, Phase 1 | Cypress Green, Sec. 10 | Cypress Green, Sec. 11 |
| Adjustment                    | -               | 0%              | 5%              | -5%                     | 0%                | 5%                     | 5%                     |
| Lot Size                      | 52'             | 52'             | 40'             | 45'                     | 50'               | 45'                    | 50'                    |
| Adjustment                    | -               | 0%              | 0%              | 0%                      | 0%                | 0%                     | 0%                     |
| Amenities                     | Minimal         | Similar         | Similar         | Superior                | Superior          | Similar                | Similar                |
| Adjustment                    | -               | 0%              | 0%              | -10%                    | -5%               | 0%                     | 0%                     |
| <b>Net Adjustment</b>         | <b>-</b>        | <b>0%</b>       | <b>5%</b>       | <b>-15%</b>             | <b>-5%</b>        | <b>5%</b>              | <b>5%</b>              |
| <b>Adjusted Sale Price/FF</b> | <b>-</b>        | <b>\$2,239</b>  | <b>\$1,889</b>  | <b>\$2,259</b>          | <b>\$2,161</b>    | <b>\$2,044</b>         | <b>\$2,040</b>         |
| Indicated Mean:               | <b>\$2,105</b>  |                 |                 |                         |                   |                        |                        |
| Indicated Median:             | <b>\$2,103</b>  |                 |                 |                         |                   |                        |                        |
| Concluded Value/FF:           | <b>\$2,100</b>  |                 |                 |                         |                   |                        |                        |

**Conclusion of Base Retail Lot Value**

The lot sales used in this analysis are of typical base lot sales to which lot adjustments, due to premiums (if applicable) and applicable fees, will be applied to conclude an adjusted value PFF. Accordingly, the appraisers derived the following statistical parameters and the Base Retail Lot Value PFF.

| Statistical Benchmarks     |                |
|----------------------------|----------------|
| Lowest                     | \$1,889        |
| Mean                       | \$2,105        |
| Median                     | \$2,103        |
| Highest                    | \$2,259        |
| <b>Concluded Value/FF:</b> | <b>\$2,100</b> |

The builder lot sales used in this analysis exhibit an adjusted price per front foot of \$1,889 to \$2,259 PFF, with a mean of \$2,105 PFF and a median of \$2,103 PFF. Based on the preceding analysis, with credence given to each of the lot sales, the Highest and Best Use of the comparable sales, and the supply and demand of lots in the subject’s market area, the appraisers’ have concluded a Base Retail Market Value of **\$2,100 PFF, or \$109,200 per 52’, as of the effective date of February 5, 2025.**

**LOT PREMIUMS AND FEES: N/A**

Thus, the Sum of the Retail Lot Values – hypothetically “As Vacant” can be summarized as follows:

| Sum of the Retail Values - "As Vacant" |                |               |                   |                |                  |                                |                  |
|--|----------------|---------------|-------------------|----------------|------------------|--------------------------------|------------------|
| Winfrey Estates                        |                |               |                   |                |                  |                                |                  |
| No. Lots                               | Average Lot FF | Concluded PFF | Concluded Per Lot | Base Lot Price | Base Lot Revenue | Sum of the Retail Lot Revenues |                  |
|  |                |               |                   |                |                  | \$ Total                       | \$ / Lot         |
| 113                                    | 52'            | \$2,100       | \$109,200         | \$12,339,600   | \$12,339,600     | <b>\$12,339,600</b>            | <b>\$109,200</b> |

**ABSORPTION ANALYSIS**

To determine the rates at which the subject single-family lots will be absorbed into the market, we have analyzed the recent absorption of lots in the following competing subdivisions in the vicinity of the subject.

| Zonda Houston Metrostudy 4Q 2024  |          |   |          |          |         |                          |                    |                 |                         |
|---|----------|---|----------|----------|---------|--------------------------|--------------------|-----------------|-------------------------|
| Subdivision / Product (\$1,000)   |          | 1Q 2024   | 2Q 2024  | 3Q 2024  | 4Q 2024 | Past 4 Qtrs Total Absorb | Avg Absorb Per Qtr | No. of Builders | Avg Absorb Per Bldr/Qtr |
| Amira, Sec. 12, 17 and 18 - Perry Homes<br>45' Lots<br>\$388 - \$660        | Starts   | 19  | 6        | 0        | 0       | 25                       | 6.3                | 1               | 6.3                     |
|   | Closings | 12  | 12       | 14       | 4       | 42                       | 10.5               |                 | 10.5                    |
| Amira, Sec. 14, 16 and 20 - Beazer Homes<br>60' Lots<br>\$330 - \$639       | Starts   | 4   | 10       | 3        | 6       | 23                       | 5.8                | 1               | 5.8                     |
|   | Closings | 13  | 9        | 5        | 7       | 34                       | 8.5                |                 | 8.5                     |
| Cherrywood Estates - Chesmar Homes<br>55' Lots<br>\$425 - \$482             | Starts   | 5   | 9        | 1        | 9       | 24                       | 6.0                | 1               | 6.0                     |
|   | Closings | 11  | 3        | 8        | 5       | 27                       | 6.8                |                 | 6.8                     |
| Cypress Green - Castlerock<br>45' Lots<br>\$262 - \$363                     | Starts   | 2   | 5        | 7        | 15      | 29                       | 7.3                | 1               | 7.3                     |
|   | Closings | 25  | 3        | 10       | 8       | 46                       | 11.5               |                 | 11.5                    |
| Raburn Reserve, Sec. 1 and 2 - Taylor Morrison<br>50' Lots<br>\$349 - \$463 | Starts   | 37  | 17       | 2        | 25      | 81                       | 20.3               | 1               | 20.3                    |
|   | Closings | 20  | 14       | 12       | 17      | 63                       | 15.8               |                 | 15.8                    |
| Enclave at the Woodlands - Tri Pointe<br>50' Lots<br>\$561 - \$720          | Starts   | 9   | 0        | 0        | 0       | 9                        | 2.3                | 1               | 2.3                     |
|   | Closings | 7   | 24       | 10       | 0       | 41                       | 10.3               |                 | 10.3                    |
|   |          | Average Absorption Per Quarter Over Past 4 Quarters | Starts   | Minimum: |         |                          | 2.3                | 1               | 0.0                     |
|   |          |   |          | Average: |         |                          | 8.0                |                 | 8.0                     |
|   |          |   | Maximum: |          |         | 20.3                     | 20.3               |                 |                         |
|   |          |   | Closings | Minimum: |         |                          | 6.8                |                 | 6.8                     |
|   |          |   |          | Average: |         |                          | 10.5               |                 | 10.5                    |
|   |          |   | Maximum: |          |         | 15.8                     | 15.8               |                 |                         |

These absorption comparables indicate quarterly absorption of 0.0 to 20.3 lots, with an average of 8.0 starts per quarter per builder and 6.8 to 15.8 lots, with an average of 10.5 closings per quarter per builder. The comparable projects include a variety of builders and offer lot sizes which are generally similar to those of the subject lots, and new home pricing ranging from \$252,000 up to \$720,000+. Of note, the recreation center was just completed in December 2024 and The New Home Company recently purchased 57 lots which should spur building in the subject 55+ community.

**LOT ABSORPTION PROJECTION**

All of the absorption comparables noted above are good indicators of absorption given their location and price point compared to the subject property. Given the high level of interest rates, but considering the builder rate buydowns, and the potential impact on home sales, an absorption rate of **20 lots per quarter** is supported.



**INCOME APPROACH – “AS VACANT” MARKET VALUE**

The Bulk Market Value for the subject lots, or sold collectively to a single purchaser, is determined by discounting the net sales proceeds of the aggregate gross builder retail lot revenue arrived at previously. The discounting is necessary to reflect the absorption period, required yield, and related expenses incurred during the sell-out term. The following is a discussion of each of these categories and the assumptions applicable thereto:

**YIELD RATE / IRR ANALYSIS**

We referenced the developer’s survey conducted by RealtyRates.com for the 3rd Quarter 2024 (2nd quarter 2024 data).

| <b>RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2024*</b> |                     |            |            |                        |            |            |
|---|---------------------|------------|------------|------------------------|------------|------------|
| <b>Texas - Subdivisions &amp; PUDs</b>                      |                     |            |            |                        |            |            |
|   | <b>Actual Rates</b> |            |            | <b>Pro-Forma Rates</b> |            |            |
|   | <b>Min</b>          | <b>Max</b> | <b>Avg</b> | <b>Min</b>             | <b>Max</b> | <b>Avg</b> |
| <b>Site-Built Residential</b>                               | 15.70%              | 34.04%     | 23.08%     | 15.07%                 | 32.67%     | 22.15%     |
| -100 Units  | 15.70%              | 29.34%     | 22.07%     | 15.07%                 | 28.17%     | 21.19%     |
| 100-500 Units   | 16.09%              | 32.27%     | 23.22%     | 15.45%                 | 30.98%     | 22.29%     |
| 500+ Units  | 16.48%              | 33.74%     | 23.61%     | 15.83%                 | 32.39%     | 22.66%     |
| Mixed Use   | 16.88%              | 34.04%     | 23.42%     | 16.20%                 | 32.67%     | 22.48%     |
| <b>Manufactured Housing</b>                                 | 16.18%              | 37.13%     | 24.73%     | 15.54%                 | 35.64%     | 23.74%     |
| -100 Units  | 16.18%              | 32.29%     | 23.75%     | 15.54%                 | 31.00%     | 22.80%     |
| 100-500 Units   | 16.59%              | 35.52%     | 25.01%     | 15.92%                 | 34.09%     | 24.01%     |
| 500+ Units  | 16.99%              | 37.13%     | 25.44%     | 16.31%                 | 35.64%     | 24.42%     |
| <b>Business Parks</b>                                       | 16.14%              | 34.56%     | 23.55%     | 15.50%                 | 33.17%     | 22.61%     |
| -100 Acres  | 16.14%              | 30.05%     | 22.63%     | 15.50%                 | 28.85%     | 21.73%     |
| 100-500 Acres   | 16.55%              | 33.05%     | 23.81%     | 15.89%                 | 31.73%     | 22.86%     |
| 500+ Acres  | 16.95%              | 34.56%     | 24.21%     | 16.27%                 | 33.17%     | 23.24%     |
| <b>Industrial Parks</b>                                     | 16.23%              | 30.01%     | 21.54%     | 15.58%                 | 28.81%     | 20.68%     |
| -100 Acres  | 16.23%              | 26.10%     | 20.74%     | 15.58%                 | 25.05%     | 19.91%     |
| 100-500 Acres   | 16.64%              | 28.71%     | 21.76%     | 15.97%                 | 27.56%     | 20.89%     |
| 500+ Acres  | 17.04%              | 30.01%     | 22.12%     | 16.36%                 | 28.81%     | 21.23%     |

\*2nd Quarter 2024 Data

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Within the RealtyRates.com survey, developers and builders reported modeling pro-forma internal rates of return ranging from 15.45% to 22.29%, with an average of 22.29%

for site-built residential 100-500 units. The developers and builders reported actual rates ranging from 16.09% to 32.27%, with an average of 23.22%. The above chart reflects surveyed rates for complete subdivision developments – from vacant land to lot development, to home construction, to home sellout. By contrast, the subject of this analysis represents proposed lots. Therefore, entitlement and land development risk have occurred. Home construction, marketing, and home sales risk remain to be incurred. Based on the availability of alternative investment yields and considering the relative risk of the subject residential development investment; it is the appraiser’s opinion that an overall **IRR of 17.0%** is reasonable for the subject lots. inclusive of profit.

**DISCOUNTED CASH FLOW ASSUMPTIONS**

**Sum of the Retail Values:** The Sum of the Builder Retail Values for the cash flows are predicated on a beginning lot value including any applicable lot fees and lot premiums, previously concluded as follows:

| Sum of the Retail Values - "As Vacant" |                |               |                   |                |                  |                                |                  |
|--|----------------|---------------|-------------------|----------------|------------------|--------------------------------|------------------|
| Winfrey Estates                        |                |               |                   |                |                  |                                |                  |
| No. Lots                               | Average Lot FF | Concluded PFF | Concluded Per Lot | Base Lot Price | Base Lot Revenue | Sum of the Retail Lot Revenues |                  |
|  |                |               |                   |                |                  | \$ Total                       | \$ / Lot         |
| 113                                    | 52'            | \$2,100       | \$109,200         | \$12,339,600   | \$12,339,600     | <b>\$12,339,600</b>            | <b>\$109,200</b> |

**Absorption Period:** The absorption period projected for the subject sell-out is based on the vacant lot inventory and absorption projection, previously concluded at 20 lots per quarter.

**Sales Price Escalation:** Per current market trends and market participants active in the subject’s market area and greater Houston MSA, the subject lot prices are projected to escalate at an annual rate equal to 6% per year, **or 1.5% per quarter**, beginning in the 1st period.

**Beginning Lot Inventory:** The Beginning Lot Inventory is the total number of lots in inventory on the first day of each quarterly period.

**Lot Sales Per Period:** The Lots Sales per Period is the total number of lots sold or absorbed during each quarterly period.

**Ending Lot Inventory:** The Ending Inventory is the total number of lots in inventory on the last day of each quarterly period.

**Average Lots Held Per Period:** The Average Lots Held per Period is the average of Beginning Lot Inventory and Ending Lot Inventory.

**Starting Inventory (Dollars):** The Starting Inventory is expressed in terms of dollars by multiplying the Average Lot Value by the Beginning Lot Inventory and is a carry-over of the Ending Inventory balance.

**Average Inventory Held (Dollars):** The Average Inventory Held in Dollars is the average of the Starting Inventory (dollars) and the Ending Inventory (dollars).

**Ending Inventory (Dollars):** The Ending Inventory is expressed in terms of dollars by subtracting the periodic Sales (dollars) from the Starting Lot Inventory (dollars).

**Lot Sales Income:** The Total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

**SALES EXPENSES**

**Marketing/Closing Costs:** The marketing expense is typically carried by the lot developer; however, in submarkets in which the lot supply is at shortage levels and in quality developments, the marketing expense can and is occasionally passed through to the builders. In the case of the subject, the marketing expense is based on **1.0%** of lot sales, beginning in Period "0". Please note that the marketing expense is combined with commissions and closing costs expenses below.

Typical lot takedown contracts call for the developer to pay commissions and part or all of the closing costs. Thus, real estate commissions and closing costs are typical carrying expenses. The commissions/closing costs expense is based on **4.0% of the periodic sales**. This item is considered to be sufficient to cover broker commissions at 3.0%, plus 1.0% closing costs. Brokerage fees for this type of transaction typically range from 2% to 4%, due to the repetitive nature of lot takedown contracts. Closing costs also vary, but typically total 0.5% to 1.5% of the sales price of the lots. Again, the marketing expense of 1.0% is combined with the commissions and closing costs category. Thus, **total marketing/closing costs equate to 5.0% of periodic sales**, beginning in Period 0.

**Taxes**: We utilized a property tax rate of **\$2.2133** per \$100 in the cash flow. Estimated property taxes are based upon the average lot inventory (retail value) held per period, multiplied by **60%**, multiplied by the projected current tax rate noted above, and divided by 4 to reflect quarterly taxes, beginning in the 1st period.

**Administrative Expense**: This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are often relatively minor; thus, we have projected this expense at **0.5% of periodic sales**, beginning in Period 0.

**Homeowner's Association Fees**: The HOA expense is calculated based on the average inventory held (Lots) by the developer multiplied by the quarterly HOA fee to reflect quarterly HOA fees. HOA fees within Winfrey Estates are \$3,000 annually. While the builder is responsible for subsidizing the development HOA for inventory lots, the builder is typically only responsible for about 50% of the standard homeowner HOA fee. For the purposes of this analysis, we assume that the builder will be responsible for an HOA fee of \$1,500 per lot per year on inventory lots, or **\$375.00 per lot held per quarter**.

**"AS VACANT" BULK MARKET VALUE DCF ANALYSIS**

The discounted cash flow is as follows:

| Discounted Cash Flow Analysis - 113, 52' Lots |                     |                        |             |             |             |           |
|---|---------------------|------------------------|-------------|-------------|-------------|-----------|
| Bulk Market Value "As Vacant"                 |                     |                        |             |             |             |           |
| Winfrey Estates                               |                     | Date of Value          |             |             |             |           |
| TOTAL NO. OF LOTS:                            | 113                 | February 5, 2025       |             |             |             |           |
| AVERAGE INDIVIDUAL LOT VALUE:                 | \$109,200           |                        |             |             |             |           |
| GROSS RETAIL VALUE:                           | \$12,339,600        |                        |             |             |             |           |
| ABSORPTION PERIOD:                            | 5 QUARTERS          |                        |             |             |             |           |
| ANNUAL YIELD/IRR:                             | 17.0%               |                        |             |             |             |           |
| EFFECTIVE TAX RATE/\$100:                     | \$2.2133            | \$2.2133               | \$2.2133    | \$2.2133    | \$2.2133    | \$2.2133  |
| AVG. HOA DUES per LOT (\$1500.00/Yr.)         | \$375.00            | \$375.00               | \$375.00    | \$375.00    | \$375.00    | \$375.00  |
| <b>QUARTERLY PERIOD:</b>                      | <b>0</b>            | <b>1</b>               | <b>2</b>    | <b>3</b>    | <b>4</b>    | <b>5</b>  |
| STARTING LOT INVENTORY:                       | 113.0               | 88.0                   | 68.0        | 48.0        | 28.0        | 8.0       |
| LOT SALES/PERIOD:                             | 25.0                | 20.0                   | 20.0        | 20.0        | 20.0        | 8.0       |
| ENDING LOT INVENTORY:                         | 88.0                | 68.0                   | 48.0        | 28.0        | 8.0         | 0.0       |
| AVG. LOTS HELD/PERIOD:                        | 100.5               | 78.0                   | 58.0        | 38.0        | 18.0        | 4.0       |
| SALES APPRECIATION:                           | 0.00%               | 1.50%                  | 1.50%       | 1.50%       | 1.50%       | 1.50%     |
| STARTING INVENTORY (Dollars):                 | \$12,339,600        | \$9,753,744            | \$7,650,039 | \$5,481,028 | \$3,245,225 | \$941,115 |
| AVG. LOT VALUE:                               | \$109,200           | \$110,838              | \$112,501   | \$114,188   | \$115,901   | \$117,639 |
| AVG. INVENTORY HELD:                          | \$10,974,600        | \$8,645,364            | \$6,525,033 | \$4,339,147 | \$2,086,216 | \$470,558 |
| ENDING INVENTORY:                             | \$9,609,600         | \$7,536,984            | \$5,400,027 | \$3,197,266 | \$927,207   | \$0       |
| <b>QUARTERLY SALES:</b>                       | \$2,730,000         | \$2,216,760            | \$2,250,011 | \$2,283,762 | \$2,318,018 | \$941,115 |
| <b>LESS EXPENSES:</b>                         |                     |                        |             |             |             |           |
| a) MARKETING/CLOSING (5.0%)                   | \$136,500           | \$110,838              | \$112,501   | \$114,188   | \$115,901   | \$47,056  |
| b) TAXES/AVG. INV. HELD (@ 60%)               | \$0                 | \$28,702               | \$21,663    | \$14,406    | \$6,926     | \$1,562   |
| c) ADMINISTRATIVE @ 0.5%:                     | \$13,650            | \$11,084               | \$11,250    | \$11,419    | \$11,590    | \$4,706   |
| d) HOA DUES per QUARTER:                      | \$0                 | \$29,250               | \$21,750    | \$14,250    | \$6,750     | \$1,500   |
| <b>TOTAL EXPENSES:</b>                        | \$150,150           | \$179,874              | \$167,163   | \$154,263   | \$141,167   | \$54,824  |
| <b>NET SALES INCOME:</b>                      | \$2,579,850         | \$2,036,886            | \$2,082,848 | \$2,129,499 | \$2,176,851 | \$886,292 |
| QUARTERLY YIELD/IRR:                          |                     |                        |             |             |             |           |
| FACTOR @ 17.0%                                | 1.000000            | 0.959233               | 0.920127    | 0.882616    | 0.846634    | 0.812119  |
| <b>DISCOUNTED SALES:</b>                      | \$2,579,850         | \$1,953,848            | \$1,916,485 | \$1,879,530 | \$1,842,996 | \$719,774 |
|   | \$10,892,483        |                        |             |             |             |           |
| <b>ROUNDED TO:</b>                            | <b>\$10,890,000</b> | -11.7% Discount Margin |             |             |             |           |
| <b>VALUE PER LOT:</b>                         | <b>\$96,372</b>     |                        |             |             |             |           |

**RECONCILIATION AND FINAL MARKET VALUE CONCLUSIONS**

The Sales Comparison Approach was used to conclude the “As Vacant” retail revenues of the subject residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated “As Vacant” Bulk Market Values of the subject 113 finished lots in Winfrey Estates. The cumulative builder retail revenue of the subject lots were discounted for their projected absorption periods. A discounted cash flow analysis was used to present value the projected income streams of the subject finished lots over their projected absorption period per section. The Income Approach procedure is generally considered to be the most valid method of estimating the bulk value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs. Additionally, the Sales Comparison Approach was utilized for the hypothetical “As Complete” Retail Value for the 26 SFR units.

**At the request of the client, the “As Is” Market Value of the SFR units that are complete/under-construction, have not been provided, only the hypothetical “As Vacant” value of the finished lots and the “As Complete” value of the detached SFR units has been provided herein.**

To conclude, it is our opinion that the **Hypothetically “As Vacant” Bulk Market Lot Value and the Hypothetically “As Complete” Retail SFR Unit Values** of the fee simple interest in the subject property, as of the indicated dates, are as follows:

| Description                               | No. of Lots/Units | Avg. Lot FF | Bulk/Retail Value   | Effective Date |
|---|-------------------|-------------|---------------------|----------------|
| "As Vacant" Bulk Market Value - Lots Only | 113               | 52'         | <b>\$10,890,000</b> | 2/5/2025       |
| "As Complete" Retail Value - 26 Units*    | 26                | 52'         | <b>\$12,280,000</b> | 2/5/2025       |

\*Not Market Value

**MARKETING & EXPOSURE PERIODS**

According to participants in the regional and local residential lot market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been reasonable in this active submarket. Based upon our market analysis, we have projected a prospective marketing period for the various value scenarios to be within 3 to 6 months. The subject property should market well at the reasonable and competitive concluded Bulk Market Value. As a result, we further estimate a historic exposure period of approximately 3 to 6 months for the subject

lots, based upon the market data presented herein and the reported exposure times of the comparable sales.

**Extraordinary Assumptions:**

- 1.) This appraisal assumes that ROC Homes and New Home Company, or comparable production builder/s, will build upon the existing subject lots, detached single-family units with a projected base price range of \$375,000 to \$520,000.
- 2.) If any of these assumptions and conditions prove to be false, it may have an effect on the Market Values contained herein.

**Hypothetical Conditions:**

- 1.) The subject 26 detached single-family units are in various stages of completion (under-construction/complete). However, per the client's request, this appraisal is based on the hypothetical condition that the subject units are finished as of the current effective date of this appraisal, February 5, 2025.
- 2.) The valuation of the subject improvements "As Complete" require valuations of the various subject improvements as hypothetically complete, based upon the plans and specifications provided. Developing this opinion of value requires the use of a hypothetical condition, because the subject in the value opinion is as though hypothetically complete. Therefore, we have relied upon specifications for the subject floor plans provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value conclusions are subject to revision.
- 3.) If any of these conditions prove to be false, it may have an effect on the Market Values contained herein.

# ADDENDA



## HOUSTON REGIONAL DATA

**Table of Contents**

'25 Economic Forecast ..... 1

Solid GDP Growth, Again ..... 3

Key Economic Indicators ..... 4

Houston Payroll Employment Table ..... 5

**2025 ECONOMIC FORECAST**

*Editor's Note: The following summarizes the Partnership's '25 employment forecast released December 12, 2024. The summary includes several economic indicators that have been updated since the forecast was first released. The updates did not change the outlook. The full forecast can be found at [www.houston.org/economy](http://www.houston.org/economy).*

The U.S. is doing well despite earlier reports to the contrary. In the 12 months ending November '24, the nation has created 2.3 million jobs. The unemployment rate has tracked 4.2 percent or lower in 11 of the past 12 months. And real gross domestic product (GDP) has grown 2.8 percent over the past 12 months. In fact, the U.S. has led all developing nations in recovering from the pandemic. U.S. GDP increased 10.7 percent since the end of '19, versus 5.9 percent for Canada's GDP, 3.9 percent for the Eurozone, 3.0 percent for Japan, and 0.2 percent for Germany.

Houston is no laggard, either. The region created 62,500 jobs in the 12 months ending November '24. Our unemployment rate has averaged 4.4 percent over the year. Initial claims for unemployment benefits have fallen to pre-pandemic levels. Construction has picked up. And people and businesses continue to flock to the region.

Both the U.S. and Houston are poised for growth in '25. Whether that growth stalls or accelerates depends on the path of inflation, the level of U.S. interest rates, consumer confidence, and actions taken by Congress in the spring.

**Inflation**

The annual rate of inflation peaked at 9.0 percent in June '22 and has trended down since, slipping to 2.7 percent in November '24. Various surveys forecast inflation to track between 2.0 and 2.5 percent next year. The Partnership expects inflation at the low end of the range.

A lower inflation rate is important for several reasons. For one, it affects consumer sentiment. The effective federal funds rate may be a difficult concept for most Americans to grasp, but everyone knows how much they pay for gas, bread, and blue jeans today versus three years ago. And when inflation declines, consumers feel better about the economy and open their wallets.



Source: U.S. Bureau of Labor Statistics

**Interest Rates**

To combat inflation, the Federal Reserve began hiking the federal funds rate in the spring of '22. In the fall of '24, seeing that inflation was nearing the Fed's 2.0 percent target, the bank began to lower the rate. Many business and consumer loans are pegged to the rate, so its decline should make buying a car, purchasing a home, or financing equipment more affordable, thus boosting economic growth.

**Consumer Confidence**

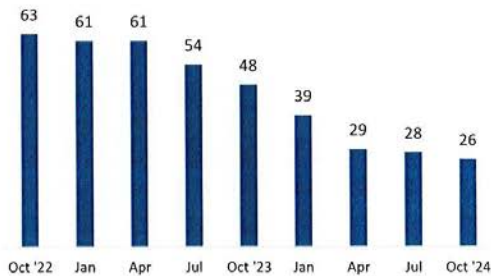
The Conference Board's October '24 Consumer Confidence Index surged to its highest level since January '24. The same month, the University of Michigan's Survey of Consumer Sentiment hit its highest level since April '24. And in the Kinder Institute for Urban Research's spring '24 survey of Houston residents, 72 percent of respondents indicated they were excited about the future. All of this bodes well for consumer spending in the coming months.

**Actions by Washington**

The biggest unknown is the impact that Congress and the White House will have on the economy in '25. A more aggressive trade policy could result in higher prices on imported goods and retaliatory actions by our trading partners. Tax cuts and spending increases would compel the U.S. Treasury to issue more debt potentially raising interest rates. Reducing the immigrant workforce significantly would cause a severe labor shortage. Another budget impasse would shut down the government, reduce spending, and slow economic growth. Those are possibilities, however, not probabilities.

Barring a "black swan" event, the U.S. is unlikely to slip into recession in '25. *The Wall Street Journal's* October survey of prominent business economists rated the probability of a recession over the next 12 months at 26 percent. That's down from a 63 percent probability in the October '22 survey. The consensus from the Blue Chip Survey, another poll of the nation's economists, is for U.S. GDP to grow 2.1 percent in '25. And when the National Association for Business Economics asked its members "When will the next recession begin?" only 10 percent responded that a recession might occur in '25; 63 percent responded in '26 or later. If the U.S. avoids a recession, so will Houston.

**% PROBABILITY OF A RECESSION IN NEXT 12 MONTHS**



Source: The Wall Street Journal

**Where does Houston stand toward the end of '24?**

- Through the first 11 months of the year, metro Houston has created 54,400 jobs, only 3,200 shy of the Partnership's forecast of 57,600 for the year.
- Over \$39.2 billion in construction contracts have been awarded through November of '24. That's up from \$30.0 billion over the comparable period the year before.
- Over 3.8 million TEUs (twenty-foot-equivalent units) passed through Port Houston in the first 11 months of '24, an 8.6 percent increase over '23.

- Through the first nine months of '24, the Partnership identified over 500 companies that have relocated, expanded, or started a business in Houston or announced plans to do so.
- Total wages and salaries paid to area workers were up \$30.3 billion (6.1 percent) in the first half of '24 compared to the same period in '23.
- Through births and in-migration, the region has added 265,000 residents over the past two years ('22 and '23) and should add an equal number over the next two.

All forecasts are based on assumptions. The Partnership's is based on the following:

- Real U.S. GDP growth averages 2.0 percent or better in '25.
- U.S. job growth averages 150,000 or better per month as well.
- The annual rate of inflation is near 2.0 percent by December '25.
- Net gains in real income spur additional consumer spending.
- The Fed continues to lower interest rates, boosting capital expenditures.
- Talk about across-the-board tariffs on imports is just that and the U.S. avoids a trade war.
- Any appreciation of the dollar against other major currencies has a negligible impact on trade.
- Any tax law changes or environmental and business regulations that emanate from Washington have a minimal impact on the industries that drive Houston's economy.
- Oil never falls below \$60 per barrel.
- People continue to move here from other cities, other states, and other countries.
- Demand for new single-family housing holds steady.
- Houstonians remain confident about the future and there's no pullback in local spending.
- And the region avoids another natural disaster like the May '24 derecho or Hurricane Beryl.

If only one or two assumptions prove wrong, the Partnership's forecast should still hold. But if three or more prove wrong, the forecast would need to be revised.

**The Forecast**

The Partnership's forecast calls for Metro Houston to create 76,100 jobs in '25. The sectors with the greatest gains (in order) will be health care, construction, professional and technical services, government, and restaurants and bars.

Only one sector, information, which includes broadcasting, publishing, and telecommunications, is forecast to shed jobs. Houston should finish '25 with over 3.5 million payroll jobs, a record for the region.

**METRO HOUSTON EMPLOYMENT FORECAST  
DECEMBER '24 - DECEMBER '25**

| Sector                        | Jobs Gained/Lost |
|-------------------------------|------------------|
| Health Care                   | 12,800           |
| Construction                  | 10,200           |
| Prof, Sci, Tech Services      | 6,900            |
| Government                    | 5,500            |
| Restaurants                   | 5,200            |
| Retail                        | 4,500            |
| Transportation, Warehousing   | 4,500            |
| Wholesale                     | 4,300            |
| Manufacturing                 | 3,500            |
| Oil and Gas                   | 2,200            |
| Finance & Insurance           | 2,100            |
| Other Services                | 2,100            |
| Admin Support, Waste Mgmt     | 1,900            |
| Arts & Entertainment          | 1,800            |
| Priv. Educational Services    | 1,700            |
| Real Estate, Equip Rentals    | 1,600            |
| Hotels                        | 600              |
| Information                   | -200             |
| <b>Total Employment Gains</b> | <b>71,200</b>    |

Several factors will support Houston’s job growth—the ongoing U.S. expansion, the continued decline in interest rates, increasing consumer confidence, a steady stream of domestic and foreign companies establishing operations here, a deep backlog of construction projects, and local income and population growth.

A detailed discussion about what will drive each sector can be found in the forecast which is posted at the Partnership’s [website](#).

**SOLID GDP GROWTH**

Houston’s gross domestic product (GDP), the broadest measure of economic activity, hit \$697.0 billion in '23, according to recent estimates by the U.S. Bureau for Economic Analysis. That ranks metro Houston as the seventh largest economy in the U.S., ahead of Boston and Atlanta but behind Washington, D.C. and Dallas-Fort. Worth.

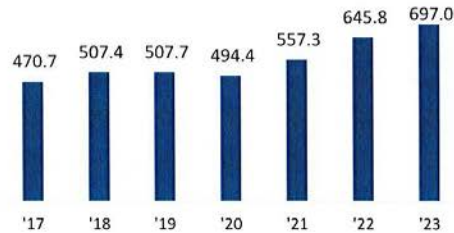
**GROSS DOMESTIC PRODUCT, TOP 20 METROS, '23**

| Rank | Metro           | GDP*    | Rank | Metro        | GDP*  |
|------|-----------------|---------|------|--------------|-------|
| 1    | New York        | 2,298.9 | 11   | Philadelphia | 557.6 |
| 2    | Los Angeles     | 1,295.4 | 12   | Miami        | 533.7 |
| 3    | Chicago         | 894.9   | 13   | San Jose     | 422.8 |
| 4    | San Francisco   | 778.9   | 14   | Phoenix      | 398.1 |
| 5    | Dallas-Ft Worth | 744.7   | 15   | Minneapolis  | 350.7 |
| 6    | Washington, DC  | 714.7   | 16   | Detroit      | 331.3 |
| 7    | Houston         | 697.0   | 17   | San Diego    | 314.9 |
| 8    | Boston          | 610.5   | 18   | Denver       | 311.9 |
| 9    | Atlanta         | 570.7   | 19   | Baltimore    | 259.7 |
| 10   | Seattle         | 566.7   | 20   | Riverside    | 256.9 |

\*Billion dollars  
Source: U.S. Bureau for Economic Analysis

In nominal dollars, Houston’s GDP has grown 48.1 percent since '17. Adjusted for inflation, the region’s GDP has grown 17.0 percent over the period.

**METRO HOUSTON GDP, \$ BILLIONS**



Source: U.S. Bureau of Economic Analysis

Readers should note the data reflect BEA’s *estimates* of regional GDP, not an actual measure of economic activity. As such, the data is subject to revision. BEA declined to publish data reflecting the contribution of Houston’s key industries to GDP. For example, BEA did not disclose its estimates for the size of Houston’s wholesale trade, information, professional services, and hospitality sectors.

Though the data has flaws, it does help put in perspective the enormous size of Houston’s economy. If Houston were an independent nation, it would have had the 23<sup>rd</sup> largest economy in the world in '23, ahead of Belgium and Sweden and just behind Poland and Taiwan.

**NATION/METRO GDP, '23**

| Rank | Country/Region       | \$ Billions |
|------|----------------------|-------------|
| 21   | Poland               | 915.5       |
| 22   | Taiwan               | 814.4       |
| 23   | <b>Metro Houston</b> | 697.0       |
| 24   | Belgium              | 689.4       |
| 25   | Sweden               | 638.8       |

Source: International Monetary Fund and U.S. Bureau of Economic Analysis

Key Economic Indicators



Aviation — The Houston Airport System (HAS) handled 57.5 million passengers through November '24, up 4.7 percent from 54.9 million over the comparable period in '23. Through the first 11 months, air cargo traffic totaled 502,615 metric tons, up 3.3 percent from 534,122 over the same period in '23.



Energy — The spot price for West Texas Intermediate, the U.S. benchmark for light sweet crude, averaged \$70.51 per barrel the last week of '24, down 4.2 percent from \$73.52 the same week in '23. Natural gas prices averaged \$2.93 per million British thermal units (MMBtu) the last week of December, up 14.8 percent from \$2.56 at the end of '23. The Baker Hughes count of rigs active in the U.S. finished the year at 589, down 32 rigs from the same week the year before.

A recent survey by the Federal Reserve Bank of Dallas found that most industry executives expect their firm's capital spending to rise in '25 compared with '24. Forty-three percent said they expect capital spending to increase slightly, 14 percent anticipate a significant increase, 19 percent expect spending to remain close to '24 levels, and 23 percent anticipate reductions in spending.



Home Sales — Brokers closed on 6,559 single-family homes in November '24, a 6.0 percent increase over November '23. That includes 4,281 existing and 2,278 newly constructed homes sold through the Houston Association of Realtors Multiple Listing Service (MLS). Existing single-family home sales are up 10.6 percent.



Inflation — Inflation, as measured by the Consumer Price Index for all Urban Consumers (rose 2.7 percent nationwide over the 12 months ending in November '24.

Housing, electricity, vehicle insurance, vehicle repairs, and restaurant meals saw price increases of three percent or more. Household furnishings, apparel, recreation, groceries, utility gas, and alcoholic beverages saw modest increases of two percent or less. Gasoline, airfare, and new and used vehicles saw price declines.



Purchasing Managers Index — Economic growth in Houston improved in November, according to the most recent Houston Purchasing Managers Index (PMI). The overall PMI rose from 49.2 in October to 53.2 in November. The non-manufacturing PMI improved from 49.5 to 54.0. Manufacturing, at 49.1, was just below the neutral point of 50 but has been improving since September.



Sales and Use Tax — Sales and use taxes raised by the 122 Houston-area cities that collect them totaled \$1.68 billion during the first ten months of '24, up 1.8 percent from the \$1.65 billion collected over the comparable period in '23. Adjusted for inflation, however, collections are down 0.8 percent.



Unemployment — Metro Houston's unemployment rate was 4.5 percent in November, unchanged from October. Texas' rate was 4.2 percent, an uptick from 4.1 percent the prior month. The U.S. rate was 4.0 percent, a nudge up from 3.9 in October. The rates are not seasonally adjusted.

Initial claims for unemployment benefits ticked up after Hurricane Beryl hit Houston this summer but have since returned to normal levels. Claims averaged 3,991 per week in November, nominally up from 3,779 in October.



Vehicle Sales — Houston-area dealers sold 357,467 new cars, trucks, and SUVs for the 12-month period ending in November '24. This represents a small increase over the 356,293 vehicles sold during the comparable 12-month period ending in November '23.

The average retail price for all new vehicles was \$51,396, up from \$50,934 in November '23. The average for a new car was \$41,183, up from \$39,453 in November '23. The average for a new truck/SUV was \$53,956 down from \$54,196 in November '23

Patrick Jankowski, Colin Baker, Margaret Barrientos, Clara Richardson, and Leta Wauson contributed to this issue of Houston: The Economy at a Glance.

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| HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)             |                |                |                |             |             |               |             |
|--|----------------|----------------|----------------|-------------|-------------|---------------|-------------|
|  | November 24    | October 24     | November 23    | Change from |             | % Change from |             |
|  |                |                |                | October 24  | November 23 | October 24    | November 23 |
| <b>Total Nonfarm Payroll Jobs</b>                        | <b>3,474.0</b> | <b>3,461.9</b> | <b>3,413.8</b> | <b>12.1</b> | <b>60.2</b> | <b>0.3</b>    | <b>1.8</b>  |
| <b>Total Private</b>                                     | <b>3,014.1</b> | <b>3,008.0</b> | <b>2,960.1</b> | <b>6.1</b>  | <b>54.0</b> | <b>0.2</b>    | <b>1.8</b>  |
| <b>Goods Producing</b>                                   | <b>562.3</b>   | <b>561.0</b>   | <b>539.4</b>   | <b>1.3</b>  | <b>22.9</b> | <b>0.2</b>    | <b>4.2</b>  |
| <b>Service Providing</b>                                 | <b>2,911.7</b> | <b>2,900.9</b> | <b>2,874.4</b> | <b>10.8</b> | <b>37.3</b> | <b>0.4</b>    | <b>1.3</b>  |
| <b>Private Service Providing</b>                         | <b>2,451.8</b> | <b>2,447.0</b> | <b>2,420.7</b> | <b>4.8</b>  | <b>31.1</b> | <b>0.2</b>    | <b>1.3</b>  |
| <b>Mining and Logging</b>                                | <b>72.9</b>    | <b>72.3</b>    | <b>71.6</b>    | <b>0.6</b>  | <b>1.3</b>  | <b>0.8</b>    | <b>1.8</b>  |
| Oil & Gas Extraction                                     | 32.5           | 32.3           | 31.8           | 0.2         | 0.7         | 0.6           | 2.2         |
| Support Activities for Mining                            | 38.7           | 38.4           | 38.5           | 0.3         | 0.2         | 0.8           | 0.5         |
| <b>Construction</b>                                      | <b>250.2</b>   | <b>249.3</b>   | <b>232.4</b>   | <b>0.9</b>  | <b>17.8</b> | <b>0.4</b>    | <b>7.7</b>  |
| <b>Manufacturing</b>                                     | <b>239.2</b>   | <b>239.4</b>   | <b>235.4</b>   | <b>-0.2</b> | <b>3.8</b>  | <b>-0.1</b>   | <b>1.6</b>  |
| Durable Goods Manufacturing                              | 149.3          | 149.7          | 146.6          | -0.4        | 2.7         | -0.3          | 1.8         |
| Nondurable Goods Manufacturing                           | 89.9           | 89.7           | 88.8           | 0.2         | 1.1         | 0.2           | 1.2         |
| <b>Wholesale Trade</b>                                   | <b>185.1</b>   | <b>183.8</b>   | <b>178.5</b>   | <b>1.3</b>  | <b>6.6</b>  | <b>0.7</b>    | <b>3.7</b>  |
| <b>Retail Trade</b>                                      | <b>320.4</b>   | <b>317.1</b>   | <b>320.4</b>   | <b>3.3</b>  | <b>0.0</b>  | <b>1.0</b>    | <b>0.0</b>  |
| <b>Transportation, Warehousing and Utilities</b>         | <b>191.6</b>   | <b>191.3</b>   | <b>193.5</b>   | <b>0.3</b>  | <b>-1.9</b> | <b>0.2</b>    | <b>-1.0</b> |
| Utilities  | 23.4           | 23.4           | 22.7           | 0.0         | 0.7         | 0.0           | 3.1         |
| Air Transportation                                       | 22.4           | 22.5           | 22.4           | -0.1        | 0.0         | -0.4          | 0.0         |
| Truck Transportation                                     | 30.4           | 30.3           | 30.3           | 0.1         | 0.1         | 0.3           | 0.3         |
| Pipeline Transportation                                  | 14.4           | 14.4           | 14.0           | 0.0         | 0.4         | 0.0           | 2.9         |
| <b>Information</b>                                       | <b>32.5</b>    | <b>32.3</b>    | <b>33.0</b>    | <b>0.2</b>  | <b>-0.5</b> | <b>0.6</b>    | <b>-1.5</b> |
| Telecommunications                                       | 11.3           | 11.3           | 11.4           | 0.0         | -0.1        | 0.0           | -0.9        |
| <b>Finance &amp; Insurance</b>                           | <b>123.9</b>   | <b>123.0</b>   | <b>119.9</b>   | <b>0.9</b>  | <b>4.0</b>  | <b>0.7</b>    | <b>3.3</b>  |
| <b>Real Estate &amp; Rental and Leasing</b>              | <b>69.4</b>    | <b>69.1</b>    | <b>67.7</b>    | <b>0.3</b>  | <b>1.7</b>  | <b>0.4</b>    | <b>2.5</b>  |
| <b>Professional &amp; Business Services</b>              | <b>563.0</b>   | <b>563.8</b>   | <b>564.3</b>   | <b>-0.8</b> | <b>-1.3</b> | <b>-0.1</b>   | <b>-0.2</b> |
| <b>Professional, Scientific &amp; Technical Services</b> | <b>286.0</b>   | <b>282.3</b>   | <b>279.8</b>   | <b>3.7</b>  | <b>6.2</b>  | <b>1.3</b>    | <b>2.2</b>  |
| Legal Services   | 33.4           | 32.7           | 32.5           | 0.7         | 0.9         | 2.1           | 2.8         |
| Accounting, Tax Preparation, Bookkeeping                 | 29.5           | 28.9           | 29.3           | 0.6         | 0.2         | 2.1           | 0.7         |
| Architectural, Engineering & Related Services            | 78.9           | 78.2           | 76.0           | 0.7         | 2.9         | 0.9           | 3.8         |
| Computer Systems Design & Related Services               | 41.6           | 41.0           | 41.7           | 0.6         | -0.1        | 1.5           | -0.2        |
| Admin & Support/Waste Mgt & Remediation                  | 229.6          | 234.0          | 237.8          | -4.4        | -8.2        | -1.9          | -3.4        |
| Administrative & Support Services                        | 216.5          | 220.7          | 225.0          | -4.2        | -8.5        | -1.9          | -3.8        |
| Employment Services                                      | 80.1           | 81.8           | 82.7           | -1.7        | -2.6        | -2.1          | -3.1        |
| <b>Private Educational Services</b>                      | <b>74.4</b>    | <b>74.1</b>    | <b>73.0</b>    | <b>0.3</b>  | <b>1.4</b>  | <b>0.4</b>    | <b>1.9</b>  |
| <b>Health Care &amp; Social Assistance</b>               | <b>395.6</b>   | <b>396.7</b>   | <b>385.3</b>   | <b>-1.1</b> | <b>10.3</b> | <b>-0.3</b>   | <b>2.7</b>  |
| <b>Arts, Entertainment &amp; Recreation</b>              | <b>40.8</b>    | <b>40.5</b>    | <b>39.2</b>    | <b>0.3</b>  | <b>1.6</b>  | <b>0.7</b>    | <b>4.1</b>  |
| <b>Accommodation &amp; Food Services</b>                 | <b>321.8</b>   | <b>321.8</b>   | <b>317.9</b>   | <b>0.0</b>  | <b>3.9</b>  | <b>0.0</b>    | <b>1.2</b>  |
| <b>Other Services</b>                                    | <b>133.3</b>   | <b>133.5</b>   | <b>128.0</b>   | <b>-0.2</b> | <b>5.3</b>  | <b>-0.1</b>   | <b>4.1</b>  |
| <b>Government</b>  | <b>459.9</b>   | <b>453.9</b>   | <b>453.7</b>   | <b>6.0</b>  | <b>6.2</b>  | <b>1.3</b>    | <b>1.4</b>  |
| Federal Government                                       | 34.6           | 34.7           | 33.5           | -0.1        | 1.1         | -0.3          | 3.3         |
| State Government   | 98.0           | 97.4           | 95.7           | 0.6         | 2.3         | 0.6           | 2.4         |
| State Government Educational Services                    | 53.4           | 52.7           | 52.8           | 0.7         | 0.6         | 1.3           | 1.1         |
| Local Government   | 327.3          | 321.8          | 324.5          | 5.5         | 2.8         | 1.7           | 0.9         |
| Local Government Educational Services                    | 225.0          | 220.1          | 225.9          | 4.9         | -0.9        | 2.2           | -0.4        |

SOURCE: Texas Workforce Commission

**QUALIFICATIONS  
OF THE  
APPRAISERS**

**QUALIFICATIONS OF PHILLIP F. BARLETTA, MAI, SRA**

**PROFESSIONAL AFFILIATIONS**

Member Appraisal Institute, MAI Number: 7644

Texas State Certified General Real Estate Appraiser  
 Certificate Number: TX-1320197-G  
 Date of Expiration: 03/31/2027

Texas Real Estate Broker, License Number: 0235500

Mr. Barletta is a designated Realtor Member of the Houston Association of Realtors and the Texas Association of Realtors. He has served as a member on the Appraisal Institute's Houston Chapter Number 33 Admissions Committee and Candidate's Guidance Committee. He has also been elected to the Houston Chapter Number 33 Board of Directors for Years 2000, 2001 and 2002, and served on the Officer's Nominating Committee for 2003, 2004, 2011, 2014, 2017 and 2019. In 2020, he was again elected to the Houston Chapter Board of Directors in 2020 for 2021.

**EDUCATIONAL BACKGROUND**

Mr. Barletta graduated from Sam Houston State University in Huntsville, Texas on May 21, 1977. He received a Bachelor of Business Administration degree with primary emphasis on finance, management, and real estate related courses. In addition he has successfully passed the following Appraisal Institute Courses and attended the following Seminars:

- 1) Course 1-A: Basic Appraisal Principles, Methods and Techniques (1979)
- 2) Course 8: Single-Family Residential Appraisal (1979)
- 3) Course 1B-A: Capitalization Theory and Techniques, Part A (1984)
- 4) Course 1B-B: Capitalization Theory and Techniques, Part B (1985)
- 5) Course 2-1: Case Studies and Real Estate Valuation (1985)
- 6) Course 2-2: Valuation Analysis and Report Writing (1985)
- 7) Course 2-3: Standards of Professional Practice (1985)
- 8) Seminar: Subdivision Analysis, by A.I.R.E.A., Houston, TX (1986)
- 9) Seminar: R41-b and the Appraiser, by S.R.E.A., Dallas, TX (1987)
- 10) Course 1B-B: Audited Capitalization, Part B (1987)
- 11) Seminar: FNMA Underwriting Guidelines, by S.R.E.A., Houston, TX (1987)
- 12) Seminar: FNMA Appraisal Guidelines & Condo/PUD Acceptance (2 days), by S.R.E.A., Houston, TX (1988)
- 13) Seminar: FNMA Appraisal Guidelines, by S.R.E.A., Houston, TX (1989)
- 14) Seminar: Standards of Professional Practice Update by A.I.R.E.A., Houston, TX (1989)
- 15) Seminar: Comprehensive Appraisal Workshop by Ted Whitmer, MAI, Houston, TX (Jan. 15-18, 1990)
- 16) Seminar: Affordable Housing Disposition Program by RTC, Houston, TX (Sept. 21, 1990)
- 17) Seminar: Appraising Troubled Income Properties by A.I.R.E.A., Houston, TX (Oct. 25, 1990)
- 18) Seminar: Discounted Cash Flow Analysis by A.I.R.E.A., Houston, TX (Nov. 16, 1990)
- 19) Seminar: FNMA Underwriting Guidelines by Appraisal Institute, Houston, TX (July 19, 1991)
- 20) Seminar: Valuation of Leased Fees by Appraisal Institute, Houston, TX (July 20, 1991)
- 21) Course: Standards of Professional Practice - Parts A & B by Appraisal Institute, Houston, TX (March 26-29, 1992)
- 22) Seminar: Americans with Disabilities Act (ADA) Seminar by Appraisal Institute, Houston, TX (Nov. 4, 1992)
- 23) Seminar: ARGUS Version 3.0 Training Seminar by ARGUS Financial Software, Houston, TX (Nov. 12, 1993)
- 24) Seminar: The New URAR Report, by Appraisal Institute, Houston, TX (Feb. 17, 1994)
- 25) Seminar: Fair Lending and the Appraiser, by Appraisal Institute, Houston, TX (April 8, 1994)
- 26) Seminar: Understanding Limited Appraisals & Reporting Options - General, Houston, TX (July 7, 1994)
- 27) Seminar: How to Appraise FHA Insured Property, by H.U.D., Houston, TX (Dec. 1, 1994)
- 28) Seminar: Real Estate Evaluations & The Appraisal Industry, by Appraisal Institute, Houston, TX (April 20, 1995)
- 29) Seminar: Appraisal Practices for Litigation, by Appraisal Institute, Houston, TX (May 19-20, 1995)
- 30) Seminar: The High-Tech Appraisal Office, by Appraisal Institute, Kansas City, MO (6/14/96)
- 31) Seminar: The Internet and Appraising, by Appraisal Institute, Kansas City, MO (6/15/96)
- 32) Seminar: Litigation Skills for the Appraiser: An Overview, by Appraisal Institute, Houston, TX (10/25/96)
- 33) Seminar: Understanding Limited Appraisals & Appraisal Reporting Options, by Appraisal Institute, Houston, TX (June 12, 1997)
- 34) Seminar: Affordable Housing Valuation, by Appraisal Institute, Houston, TX (June 13, 1997)
- 35) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (Dec. 4-5, 1997)
- 36) Seminar: R4580 Fannie Mae Seminar, by Appraisal Institute, Houston, TX (July 17, 1998)
- 37) Seminar: The Appraisal of Local Retail Properties, by Appraisal Institute, Houston, TX (September 28, 1998)



- 38) Seminar: Attacking & Defending an Appraisal in Litigation, by Ted Whitmer, MAI, CCIM, Houston, Texas (April 15-16, 1999)
- 39) Seminar: Fannie Mae – Mortgage Lending, by Appraisal Institute, Houston, TX (November 10, 1999)
- 40) Seminar: 10<sup>th</sup> Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (March 24, 2000)
- 41) Seminar: Subdivision Analysis, by Appraisal Institute, Houston, TX (June 20, 2000)
- 42) Seminar: HUD Multifamily Accelerated Processing (MAP), by HUD, Fort Worth, TX (September 27, 2000)
- 43) Seminar: U.S.P.A.P. 2001 Update, by Appraisal Institute, Houston, TX (February 17, 2001)
- 44) Seminar: 11<sup>th</sup> Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 4, 2001)
- 45) Seminar: 2002 Commercial Real Estate Forecast, by CCIM, Houston, TX (February 14, 2002)
- 46) Seminar: Texas USPAP Update, by Appraisal Institute, Houston, TX (March 23, 2002)
- 47) Seminar: 12<sup>th</sup> Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 3, 2002)
- 48) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (December 12-13, 2002)
- 49) Seminar: 13<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 10, 2003)
- 50) Course 400: U.S.P.A.P. 2004 Update, by Appraisal Institute, Houston, TX (January 24, 2004)
- 51) Course 400: U.S.P.A.P. 2005 Update, by Appraisal Institute, Houston, TX (April 14, 2005)
- 52) Seminar: 15<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 28, 2005)
- 53) Seminar: Professional Guide to the URAR, by Appraisal Institute, Houston, TX (June 23, 2005)
- 54) Seminar: 16<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 27, 2006)
- 55) Seminar: Subdivision Valuation, by Appraisal Institute, Houston, TX (November 9, 2006)
- 56) Seminar: Scope of Work, by Appraisal Institute, Houston, TX (January 18, 2007)
- 57) Course 400: U.S.P.A.P. 2008-09 Update, by Appraisal Institute, Houston, TX (Jan. 19, 2008)
- 58) Seminar: Analyzing Distressed Real Estate, by Appraisal Institute, Houston, TX (Dec. 11, 2008)
- 59) Seminar: Mortgage Fraud, by Champions School of R.E., Houston, TX (Jan. 16, 2009)
- 60) Seminar: 19<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 6-7, 2009)
- 61) Seminar: U.S.P.A.P. 2010 – 2011 Update, by Appraisal Institute, Houston, TX (Feb. 24, 2010)
- 62) Seminar: 20<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (May 6-7, 2010)
- 63) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Dec. 9, 2010)
- 64) Seminar: Staying out of Trouble in Appraisal Practice & A Lender's Perspective, by Appraisal Institute, Houston, TX (Feb. 26, 2011)
- 65) Seminar: Appraising Distressed Commercial Real Estate, by Appraisal Institute, Houston, TX (April 15, 2011)
- 66) Seminar: Appraisal Curriculum Overview (2-Day General), by Appraisal Institute, Austin, TX (May 10-11, 2011)
- 67) Course: Fundamentals of Separating Real & Personal Property from Intangible Business Assets, by Appraisal Institute, Chicago, IL (Dec. 15-16, 2011)
- 68) Seminar: U.S.P.A.P. 2012-2013 Update, by Appraisal Institute, Houston, TX (Feb 22, 2012)
- 69) Seminar: Complex Litigation Appraisal Case Studies, by Appraisal Institute, Houston, TX (Jan. 14, 2013)
- 70) Seminar: 23<sup>rd</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2013)
- 71) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (July 31, 2013)
- 72) Seminar: U.S.P.A.P. 2014-2015 Update, by Appraisal Institute, Houston, TX (December 6, 2013)
- 73) Seminar: 24<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 17-18, 2014)
- 74) Course: Texas Appraiser Trainee/Sponsor Course, Houston, TX (April 16, 2015)
- 75) Seminar: 25<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 23-24, 2015)
- 76) Seminar: U.S.P.A.P. 2016 – 2017 Update, by Appraisal Institute, Houston, TX (December 11, 2015)
- 77) Seminar: 26<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28 – 29, 2016)
- 78) Seminar: Eminent Domain, by CLE International, Austin, TX (Feb 9-10, 2017)
- 79) Seminar: 27<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 20-21, 2017)
- 80) Symposium: 2017 Real Estate Symposium/TALCB Course #32884, by Appraisal Institute, Houston, TX (August 18, 2017)
- 81) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Oct. 13, 2017)
- 82) Course: U.S.P.A.P. 2018-2019, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 7, 2017)
- 83) Seminar: 28<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 26-27, 2018)
- 84) Symposium: 2018 Real Estate Symposium, by Appraisal Institute, Houston, TX (September 28, 2018)
- 85) Seminar: 29<sup>th</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2019)
- 86) Symposium: 2019 Real Estate Symposium, TALCB Course #37477, By Appraisal Institute, Houston, TX (Sept. 26, 2019)
- 87) Seminar: U.S.P.A.P. 2020-2021, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 13, 2019)
- 88) Course: Eminent Domain & Condemnation by Appraisal Institute Online, (Sept. 10, 2020)
- 89) Seminar: Business Practice and Ethics, by Appraisal Institute, Live Online-Synchronous (July 27, 2021)
- 90) Course: U.S.P.A.P. 2022-2023, 7-Hour Update by Appraisal Institute, Austin, TX (Dec. 17, 2021)
- 91) Seminar: 31<sup>st</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28-29, 2022)
- 92) Symposium: 2022 Real Estate Symposium, by Appraisal Institute, Houston, TX (Oct. 25, 2022)
- 93) Course: Supervisory Appraiser Course, by Appraisal Institute, Synchronous, Houston, TX (Dec. 2, 2022)
- 94) Seminar: 32<sup>nd</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio (April 13-14, 2023)
- 95) Symposium: 2023 Houston Real Estate Symposium – Riding the Waves of Market Volatility, Houston, TX (Sept. 19, 2023)
- 96) Course: U.S.P.A.P. 2024-2025, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 15, 2023)
- 97) Seminar: 33<sup>rd</sup> Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 4-5, 2024)
- 98) Symposium: 2024 Real Estate Symposium by Appraisal Institute, Houston, TX (Oct. 23, 2024)
- 99) Course: Appraising for the Supervisor & Trainee, by Champions School of R.E., Houston, TX (Jan. 24, 2025)

**APPRAISAL BACKGROUND**

Mr. Barletta began appraising in January, 1977. He has had extensive experience in appraising all types of commercial and residential properties (listed below) in the Houston, Dallas/Ft. Worth, Austin and San Antonio regions, plus numerous other cities throughout Texas. In August, 1987, Mr. Barletta became a partner in an appraisal company in which he held the title President. In 1991, he formed a new company, BARLETTA & ASSOCIATES, INC., where he also holds the title of President, with offices at 1313 Campbell Road, Suite C, Houston, Texas 77055-6429.

Some of the various types of appraisals performed by Mr. Barletta would include: high-end single-family residences, two-to-four unit residential income properties, raw land, mixed-use developed commercial sites, master-planned residential subdivisions, condominium/PUD projects, conventional and HUD apartment projects, office buildings, shopping centers, office/warehouses, special-purpose properties, motels/hotels, golf courses, marinas, restaurants, various commercial/retail facilities, all types of industrial properties and eminent domain/condemnation properties. Mr. Barletta has also been qualified as an expert witness in various court matters for real property valuation by numerous attorneys, and he has arbitrated and reviewed a number of legal issues.

|                |  |
|----------------|--|
| Texas Address: | 1313 Campbell Road, Suite C<br>Houston, Texas 77055-6429             |
| Phone Number:  | (713) 464-7700   |
| Fax Number:    | (713) 464-3696   |
| E-Mail:        | <a href="mailto:phillip@barlettainc.com">phillip@barlettainc.com</a> |



**Certified General  
Real Estate Appraiser**

Appraiser: **Phillip Frank Barletta**  
License #: **TX 1320197 G** License Expires: **03/31/2027**

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

# DAVID BAEHR, MAI, SRA, AI-GRS

(713) 884-7813  
david.baehr@barlettaine.com

## REAL ESTATE APPRAISER

- 16 years in real estate appraisals, asset management, acquisitions, and portfolio management -

Accomplished real estate appraiser, a high performer excelling in performing and reviewing appraisals for compliance with USPAP, FIRREA and the OCC. Has experience with various proposed/existing property types, including: A & D (subdivision development), 5+ lots/units, single-family, multi-family, office and other property types throughout the U.S. This includes REO/distressed properties. Consults with account officers, fee appraisers and brokers giving guidance regarding any issues that may arise. Research markets and perform due diligence to complete risk analyses and determine credibility of appraisal under review. *General Certified Real Estate Appraiser and a Designated Member of the Appraisal Institute.*

## PROVEN COMPETENCIES

- Appraisal review
- Data/Market Analysis
- Client inquiries/Investigations
- Due Dilligence
- Market trend analysis
- Forward looking projections
- Market forecasting
- Risk management

## PROFESSIONAL EXPERIENCE

Barletta & Associates, Houston, TX 5/2021-Present  
**COMMERCIAL REAL ESTATE APPRAISER** – Appraising a variety of commercial properties specializing in residential subdivision valuation.

U.S. Bancorp, Houston, TX 7/2013-4/2021  
*The fifth largest financial institution in the United States, with \$429 billion in assets.*

## VICE PRESIDENT / SENIOR REVIEW APPRAISER

Review appraisals of proposed and existing collateral, ensuring that the appraisal reports are in compliance with USPAP, FIRREA, the OCC and U.S. Banks policy and procedures. Depending on the complexity of the property type, discounted cash flow analysis, expense/revenue projections may be utilized to ensure the reports are in line with market trends. Analyze and review residential appraisal reports, A & D subdivision development appraisals, 5+ lot/units appraisals, commercial land, medical offices, industrial, multifamily and other property types throughout the U.S each month for the purpose of collateral monitoring and loan underwriting. Communicate issues, concerns and results with loan officers.

- Manage the ordering and review of appraisals of portfolios with borrowing bases and revolvers and other credit facilities of borrowers with loan amounts totaling over \$500MM.
- Properly order appraisals with appropriate scope of work and value scenarios from qualified and competent appraisers (based on the property type and vendor’s experience) on the approved vendor panel.
- Monitor appraisal process from engagement to review completion and facilitate report delivery and response to issues as appropriate.
- In reviewing the appraisal reports, discuss any USPAP, FIRREA or OCC deficiencies with the vendors in order to ensure compliance with federal regulations and RETECHS Internal Procedures.

- Page 1 of 3 -

- Effectively communicate valuation/appraisal issues with the business lines and answer any questions from the loan production staff and risk management group as well as respond to reconsideration requests from business lines in a timely manner.

**APPRAISAL MC, Houston, TX**

4/2013-7/2013

*A rapidly growing appraisal management company that provides the nation's premier lenders with the capability to maintain compliance standards throughout the appraisal ordering process. We pride ourselves on customer service as well as extensive industry knowledge and experience.*

**VP APPRAISAL REVIEW**

- Assess risks associated with the real estate appraisal and evaluation for residential lending channels.
- Protect the financial interests of company by adhering to appraisal standards for accuracy and quality and proactively identify appraisal risk in real estate markets.
- Maintain knowledge of the real estate industry and follow all state and federal laws and regulation pertaining to the Real Estate Industry.

**PNC BANK, N.A., Houston, TX**

3/2012-4/2013

(PNC BANK, N.A., purchased RBC BANK USA in March 2012)  
*A \$13 billion financial services organization with 57,000 employees.*

**REVIEW APPRAISER**

3/2012-4/2013

Analyze and review residential and commercial appraisals throughout the U.S each month for the purpose of collateral monitoring, loan underwriting and foreclosure proceedings. Communicate issues, concerns and results with relationship managers.

- Join with fee appraisers and attain compliance with USPAP and federal regulations.
- Engage third party appraisers to perform appraisals for the bank.

**ROYAL BANK OF CANADA (RBC Builder Finance division), Houston, TX**

6/2005-3/2012

*A full-scale banking institution with 74,000 global employees and \$27 billion in annual revenue.*

**STAFF APPRAISER**

9/2005-3/2012

Produced property and land appraisals, completing due diligence for up to 620 appraisals per month. Evaluated collateral, creating forecasts for short and long-term revenue and expense projections. Executed valuations for vacant lots and single-family residences (1-4 family and 5+ lots and units), aggregating retail proceeds and discounted cash flow analysis. Partnered with national account officers and asset management departments to analyze contracts, budgets, absorption rates, and economic housing data. Coordinated and completed form appraisals and evaluation reports, assessing distressed collateral.

- Became proficient in the sales comparison, cost, and income approaches to market value and liquidation/disposition value on various property types as a certified appraiser.
- Engaged in sophisticated cash flow modeling for complex collateral, creating bulk valuations.
- Conducted in depth market research on new homebuilders and developers.

**INSPECTOR ANALYST**

6/2005-9/2005

Operated within a broad international customer base in the builder finance division, focusing on construction lending to premier clients throughout the US. Completed cost effective, reliable collateral draw inspections for the Houston-based office. Served customers by coordinating inspections with builders.

- Fulfilled up to 500 inspections per week for four months; saved customers \$180,000 by personally completing inspections, alleviating the need for builders to hire outside inspectors.
- Ensured customers received draws according to schedule; observed builder progress and authorized access to additional credit extensions.
- Joined with a colleague to complete 600+ inspections in two days.

**EDUCATION & TRAINING**

**DEGREES**

- **Bachelor of Business Administration – Finance**, University of St. Thomas, 2005
- **Associate of Arts in General Studies**, Houston Community College, 2002

**CERTIFICATIONS**

- General Certified Real Estate Appraiser, TX-1380372-G
- MAI designation through the Appraisal Institute
- SRA designation through the Appraisal Institute
- AI-GRS designation through the Appraisal Institute

**PROFESSIONAL DEVELOPMENT**

- Real estate appraisal coursework in Advanced Highest and Best Use and Market Analysis, Quantitative Analysis, Sales Comparison and Income Approaches, Advanced Residential Applications, Site Valuations, Cost Approach, Real Estate Finance, Statistics and Valuation Modeling, Residential Report Writing, USPAP, and Appraisal Procedures and Principles, *The Appraisal Institute & McKissock*
- Advanced accounting coursework, *University of Houston – Downtown, Houston Community College, & Lone Star College System*

**COMPUTER SKILLS**

- Proficient in Microsoft Office Suite, Zonda Metrostudy, Costar, RIMS, LINKS and Argus.

**AFFILIATION**

Member, Appraisal Institute



**Certified General  
Real Estate Appraiser**

Appraiser: **David Matthew Baehr**  
License #: **TX 1380372 G** License Expires: **10/31/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).



**Chelsea Buchholtz**  
Executive Director

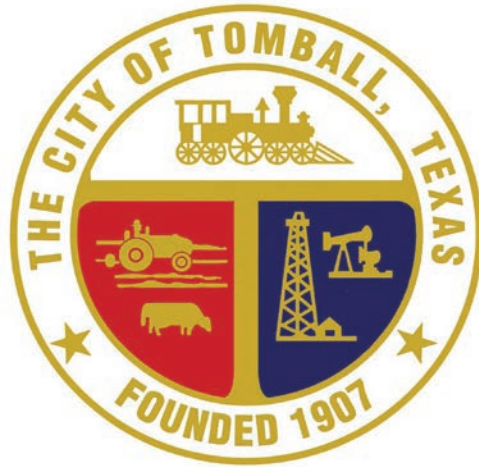


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**CITY OF TOMBALL, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(WINFREY ESTATES PUBLIC IMPROVEMENT DISTRICT)**



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