

NEW ISSUE

NOT RATED

THE SERIES 2025 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, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions existing on the Closing Date, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.



\$29,099,000*

CITY OF LAVON, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)

Pricing Date: July 15, 2025

Interest to Accrue from Closing Date (defined below)

Due: September 15, as shown on the inside cover

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

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

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the Improvement Area #1 Project Costs, (ii) paying a portion of the Improvement Area #2 Project Costs, (iii) paying a portion of the Improvement Area #3 Project Costs, (iv) funding a reserve fund for payment of principal of and interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds. See “THE DISTRICT IMPROVEMENTS” 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 a first lien on, security interest in, and pledge of the Trust Estate, as and to the extent provided in the Indenture, consisting primarily of revenue from Assessments levied against Assessed Property in the District in accordance with the Service and Assessment Plan. The Bonds are not payable from funds raised or to be raised from taxation or out of any other funds of the City other than the Trust Estate. See “SECURITY FOR THE BONDS SIMILARLY SECURED.”

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 TRUST ESTATE. SEE “SECURITY FOR THE BONDS SIMILARLY SECURED.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by FMSbonds, Inc. (the “Underwriter”) subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton L.L.P., 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, Messer Fort, PLLC, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Managing Developer by its counsel, Winstead PC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about August 13, 2025 (the “Closing Date”).



* Preliminary, subject to change.

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

CUSIP Prefix: _____ (a)

\$29,099,000*

CITY OF LAVON, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)

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

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

-
- (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, the Underwriter, or their agents or counsel takes any responsibility for the accuracy of such numbers.
- (b) The Bonds are subject to redemption, in whole or in part, before their scheduled maturity, at the option of the City, on any date on or after September 15, 20 __, such redemption date or dates to be fixed by the City, at the redemption price of 100% of principal amount thereof, plus accrued interest to the date of redemption, as described under “DESCRIPTION OF THE BONDS – Redemption Provisions.”
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described under “DESCRIPTION OF THE BONDS – Redemption Provisions.”

* Preliminary, subject to change.

**CITY OF LAVON, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Place</u>	<u>Term Expires (November)</u>
Vicki Sanson	Mayor	2025
Mike Shepard	Place 1	2026
Mike Cook	Place 2	2025
Travis Jacob	Place 3	2026
Ted Dill	Place 4	2025
Lindsey Hedge	Place 5	2026

CITY MANAGER
Kim Dobbs

CITY SECRETARY
Rae Norton

PID ADMINISTRATOR
P3Works LLC

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL TO THE CITY
McCall, Parkhurst & Horton L.L.P.

UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

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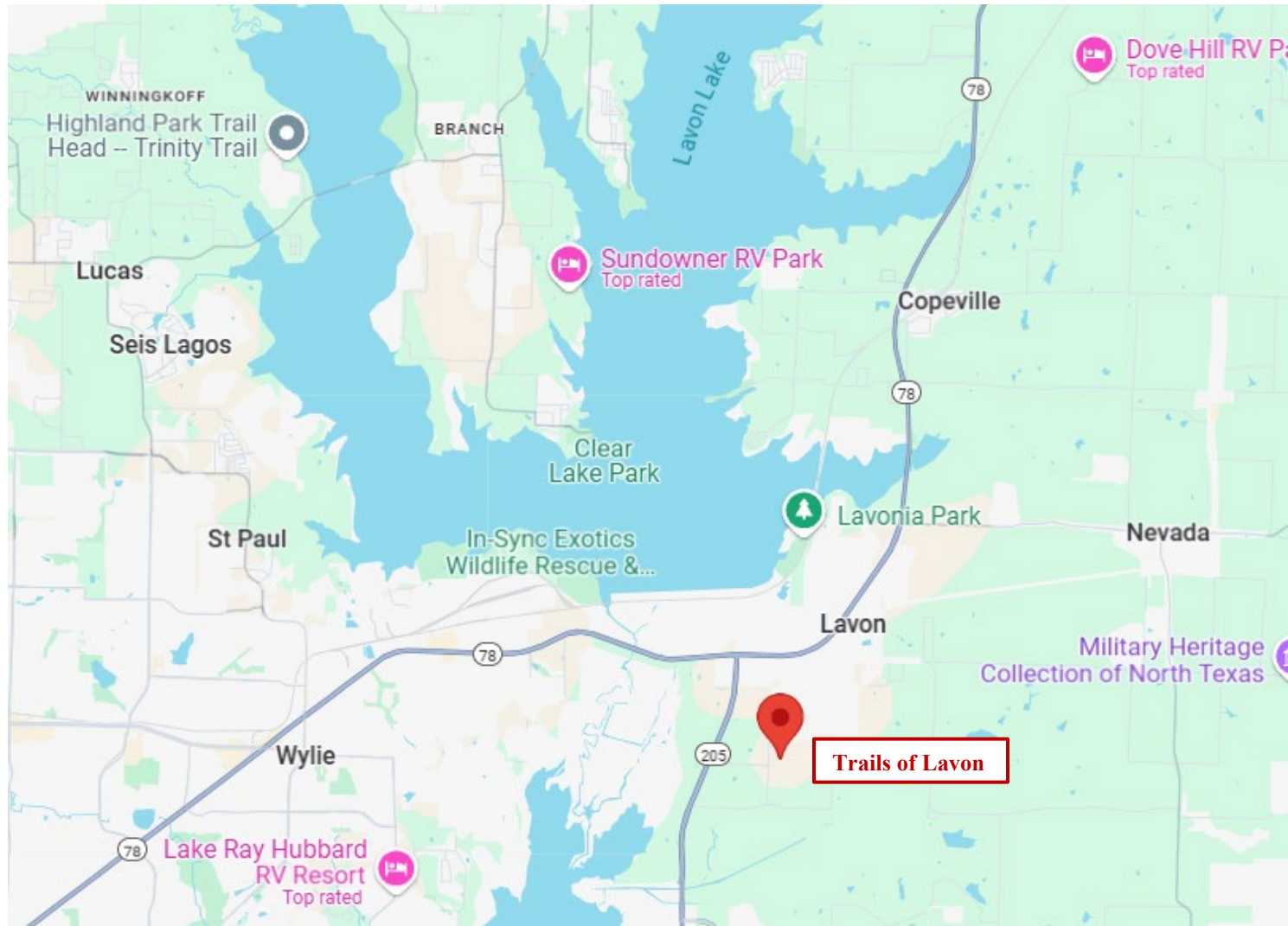
or

Jason Hughes
Managing Director
Hilltop Securities, Inc.
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Dallas, Texas 75201
(214) 953-8707
jason.hughes@hilltopsecurities.com

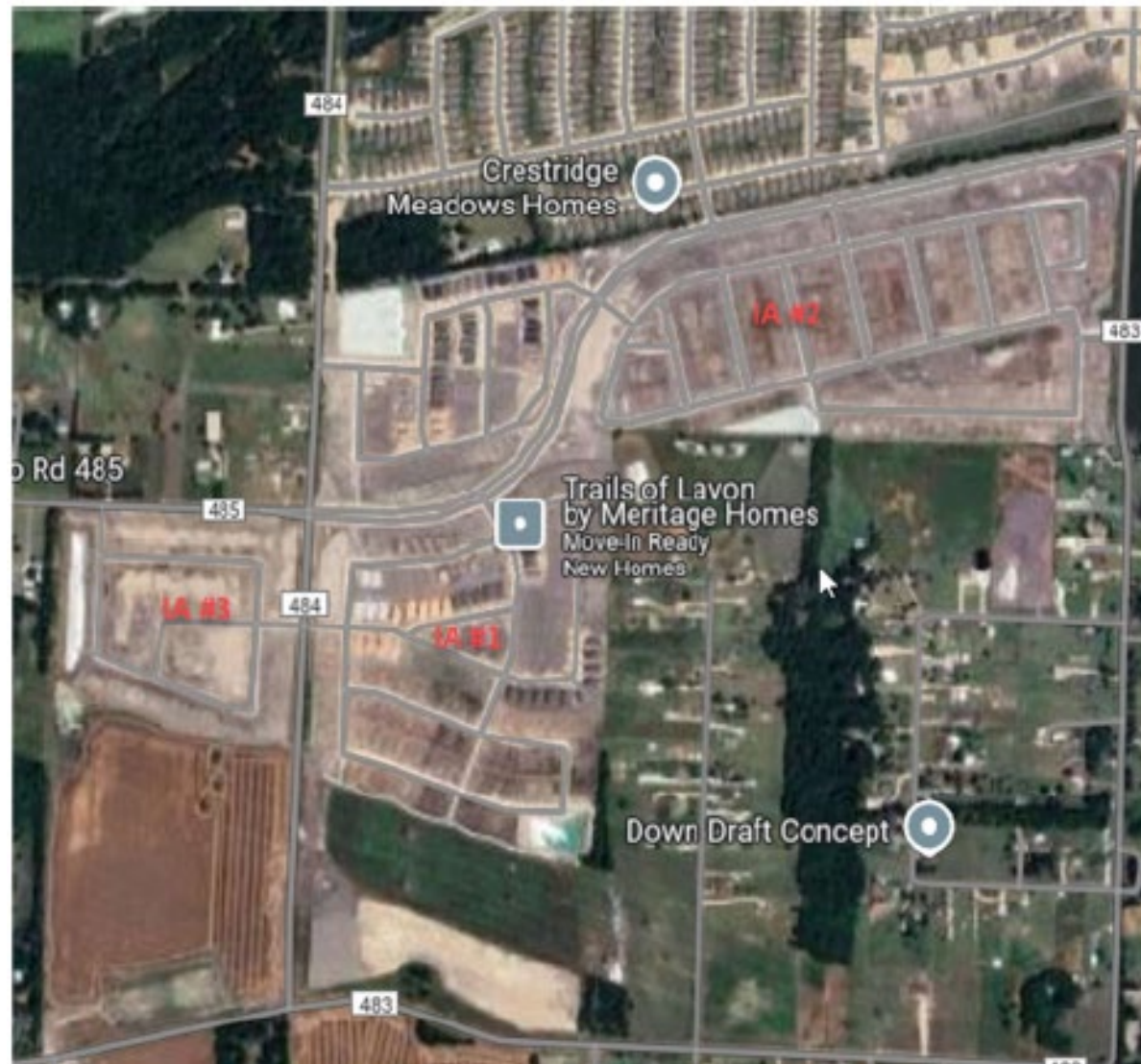
REGIONAL LOCATION MAP OF THE DISTRICT



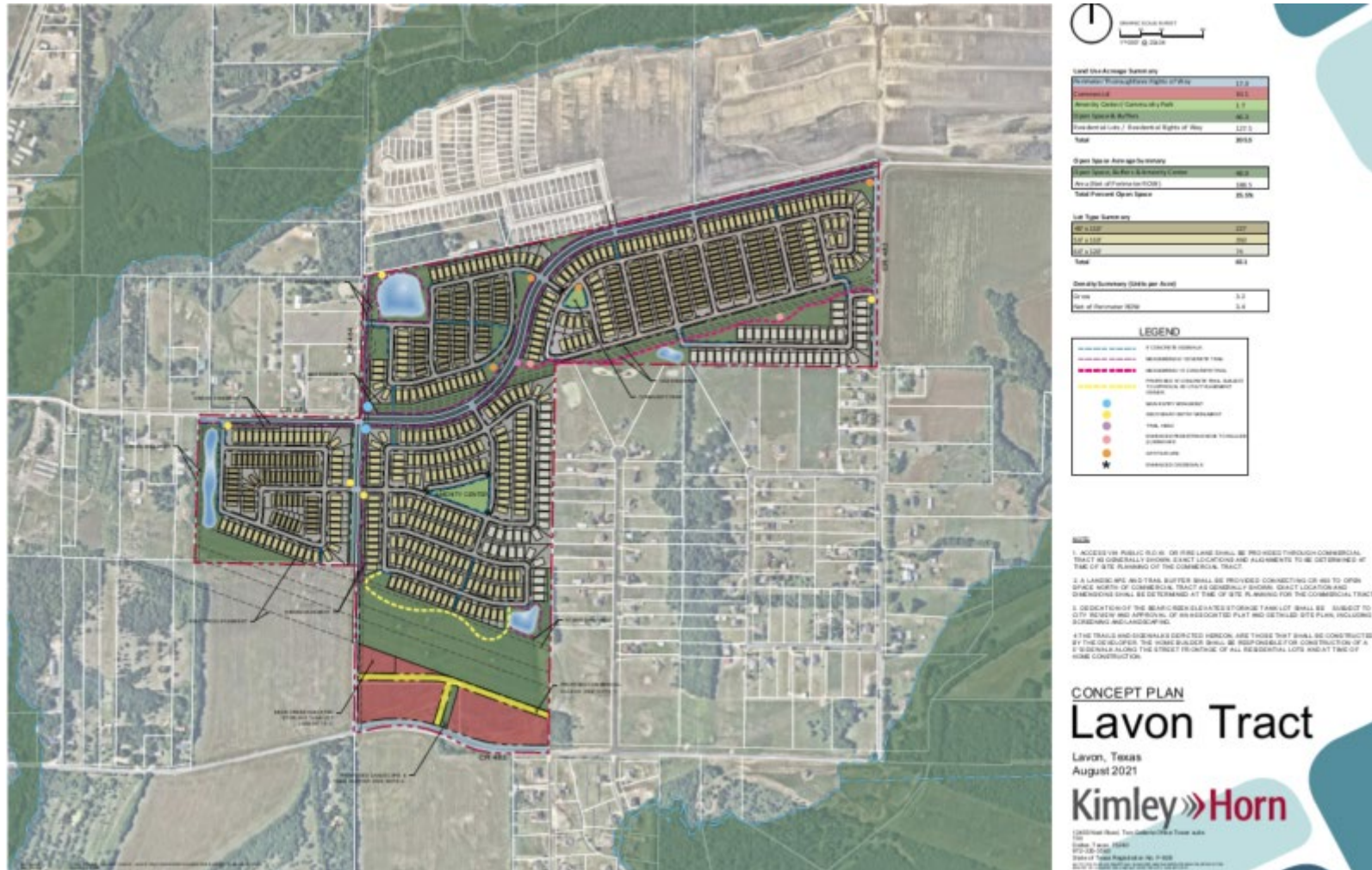
AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREAS



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 SERIES 2025 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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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$29,099,000*

CITY OF LAVON, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)

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 Lavon, Texas (the “City”), of its \$29,099,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects) (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 authorizing the issuance of the Bonds (the “Bond Ordinance”) expected to be adopted by the City Council of the City (the “City Council”), and an Indenture of Trust (the “Indenture”), expected to be entered into by and between the City and Wilmington Trust, National Association as trustee (the “Trustee”).

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.”*

Payment of the Bonds is secured by a first lien on, security interest in, and pledge of the Trust Estate, as and to the extent provided in the Indenture, consisting primarily of revenue from the Assessments levied pursuant to the Assessment Ordinances against the Assessed Property located within the District. See “SECURITY FOR THE BONDS SIMILARLY SECURED.”

Set forth herein are brief descriptions of the City, the District, the PID Administrator, the Bond Ordinance, the Assessment Ordinances, the Service and Assessment Plan, the Development Agreement, the Developers, and the Appraisal (defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25 Frisco, Texas 75034, telephone number (214) 302-2246. The Form of Indenture appears in APPENDIX B and the form of Service and Assessment Plan appears in APPENDIX C. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein

* Preliminary; subject to change.

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

PLAN OF FINANCE

Overview

In October and November 2021, GRBK Edgewood LLC, a Texas limited liability company (“GRBK”), and Meritage Homes of Texas, LLC, an Arizona limited liability company (“Meritage”), together purchased two tracts of real property from separate owners (the “Prior Owners”) that total approximately 205.665 acres (the “Property”). Concurrently with their purchase of the Property, GRBK and Meritage executed the Joint Ownership and Development Agreement, effective October 29, 2021 (the “JDA”) pursuant to which they agreed to participate on a 50/50 basis in the development of the Property as a residential subdivision containing approximately 650 single-family residential lots and approximately 10 acres of commercial development (the “Development”). Pursuant to the JDA, Meritage is acting as the “Managing Developer” of the Development, supervising, overseeing, and coordinating the performance of the design, engineering, and development of the Property, excluding the design and development of any homes or buildings within the Property. Meritage is referred to alternatively herein as Meritage or the Managing Developer. Meritage and GRBK are together referred to herein as the “Developers.”

The City and Meritage entered into a Development Agreement effective October 19, 2021, regarding the Development. Concurrently with the approval, and pursuant to the terms, of the Development Agreement, the City (i) created the District consisting of a portion of the Property of approximately 190.774 acres, and (ii) approved the annexation of the Property. A map of the District is included on page iv. Of the approximately 15 acres of the Property lying outside the District, approximately 10.1 acres is zoned for commercial use and approximately 1.3 acres will be dedicated to the Bear Creek Special Utility District (“Bear Creek SUD”) for construction of an elevated storage tank. The remaining acreage consists of public right of way and landscape and trail buffers. The Developers expect to the commercial acreage to a commercial developer in the future.

Development Plan

The Developers are developing the District as a master planned residential community known as “Trails of Lavon” in three improvement areas, as shown on the map on page iv and concept plan on page v, consisting of a total of 651 detached single-family lots at final buildout; an amenity center with a swimming pool, children’s playground area, a shade structure, and a restroom building; two pocket parks; and trails and open space area (collectively, the “Amenities”) throughout the District. See “THE DEVELOPMENT – Overview” and “– Amenities and Private Improvements.”

The Developers have completed the construction of the public improvements benefitting the entire District (the “Major Improvements”), the public improvements benefitting only the property within Improvement Area #1 (the “Improvement Area #1 Improvements”), the public improvements benefitting only the property within Improvement Area #2 (the “Improvement Area #2 Improvements”), and the public improvements benefitting only the property within Improvement Area #3 (the “Improvement Area #3 Improvements”). The City has accepted the Major Improvements, the Improvement Area #1 Improvements, and the Improvement Area #2 Improvements. The Developers expect the City to accept the Improvement Area #3 Improvements in July 2025. The Major Improvements, the Improvement Area #1 Improvements, the Improvement Area #2 Improvements, and the Improvement Area #3 Improvements are referred to herein collectively as the “District Improvements.”

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The District includes 651 single-family residential lots, as follows:

<u>Lot Size</u>	<u>Number of Lots</u>
<i>Improvement Area #1</i>	
40'	54
50' – 60'	<u>243</u>
	297
<i>Improvement Area #2</i>	
40'	114
50' – 60'	<u>136</u>
	250
<i>Improvement Area #3</i>	
40'	59
50' – 60'	<u>45</u>
	104
Total	<u>651</u>

The 50' and 60' lots will be marketed to the same end users and are considered one lot type in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

The total cost of the District Improvements was approximately \$33,259,411. A portion of such costs in the approximate amount of \$24,052,091*, is expected to be reimbursed to the Developers with proceeds of the Bonds. The balance of the costs of the District Improvements, in the approximate amount of \$9,207,320*, have been paid by the Developers with corporate cash funding or cash on hand, and, to the extent not paid from the Project Fund as described in the following sentence, will not be reimbursed by the City. Any difference between the sum of the 2024 Annual Installments, the 2025 Annual Installments, and the interest earnings thereon and the amount of debt service due on the Bonds on September 15, 2025, shall be deposited to the Project Fund on the Closing Date and used to reimburse the Developer for costs of the District Improvements. See “THE DISTRICT IMPROVEMENTS” and “THE DEVELOPERS – History and Financing of the District.”

In addition to the District Improvements, the Development Agreement obligates the Developers to construct the Amenities with an approximate cost of \$1,697,000, and the Private Improvements (defined herein) with an approximate cost of \$14,426,700, without reimbursement by the City. As of May 31, 2025, the Developers had paid all of the costs of the Amenities and the Private Improvements. See “THE DEVELOPMENT – Amenities and Private Improvements.”

Pursuant to the Development Agreement, the City has agreed to participate in the costs of a portion of the public improvements, including a portion of the District Improvements, through adjustment of certain City fees. See “THE DEVELOPMENT – Development Agreement” and “APPENDIX F – Development Agreement.”

Homebuilders in the District

Of the 651 homes to be constructed in the District, 325 will be constructed by Meritage and 326 will be constructed by GRBK’s homebuilder, Trophy Signature Homes (“Trophy”). Meritage is a wholly owned subsidiary of Meritage Homes of Texas Holding, Inc., which is a wholly owned subsidiary of Meritage Homes Corporation. GRBK and Trophy are both wholly owned subsidiaries of Green Brick Partners, Inc., a publicly traded Delaware corporation (“Green Brick”). See “THE DEVELOPMENT – Homebuilders in the Development” and “THE DEVELOPERS – Description of Managing Developer” and “– Description of GRBK.”

Status of Development

The District Improvements are complete. The Major Improvement, the Improvement Area #1 Improvements, and the Improvement Area #2 Improvements have been accepted by the City. The Developers expect the Improvement Area #3 Improvements to be accepted by the City in July 2025.

* Preliminary, subject to change.

Home construction has begun in all three improvement areas. The Developers expect the final sales to of 40' lots in the District to occur in December 2025, and final sales of 50' and 60' lots in the District to occur in May 2026. See "THE DEVELOPMENT – Status of Development."

The Bonds

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the Improvement Area #1 Project Costs, (ii) paying a portion of the Improvement Area #2 Project Costs, (iii) paying a portion of the Improvement Area #3 Project Costs, (iv) funding a reserve fund for payment of principal of and interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds. See "THE DISTRICT IMPROVEMENTS," "SOURCES AND USES OF FUNDS," and "APPENDIX B – Form of Indenture."

Payment of the Bonds is secured by a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Assessments levied against the Assessed Property within the District, all to the extent and upon the conditions described in the Indenture. See "SECURITY FOR THE BONDS SIMILARLY SECURED," "ASSESSMENT PROCEDURES," and "APPENDIX B – Form of Indenture."

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. The District has no taxing power.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser (each, an "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 will be deemed to have acknowledged, represented, and warranted to the City as follows:

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

2. The Initial Purchaser 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 Initial Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Initial Purchaser intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time and does not intend at this time to dispose of all or any part of the Bonds. However, the Initial Purchaser may sell the Bonds at any time the Initial Purchaser deems appropriate. The Initial Purchaser 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 Initial Purchaser 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 Initial Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Initial Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the District Improvements, the Bonds, the security therefor, and such other information as the Initial Purchaser 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 Initial Purchaser 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 Initial Purchaser’s purchase of the Bonds. The Initial Purchaser agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Initial Purchaser whatsoever for or in connection with the Initial Purchaser’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 Initial Purchaser 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 Initial Purchaser 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 Initial Purchaser has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Initial Purchaser 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.

The Initial Purchaser acknowledges that the sale of the Bonds to the Initial Purchaser 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, Paying Agent, and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal and any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem Bonds maturing on and after September 15, 20__, before their scheduled maturity dates, in whole or in part, on any date on or after September 15, 20__, such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. The City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on the fifteenth day of any month, at the Redemption Price

from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund) or any other transfers to the Redemption Fund pursuant to the Indenture. See “ASSESSMENT PROCEDURES – Prepayment of Assessments” for the definition and description of “Prepayments.”

Mandatory Sinking Fund Redemption. The Bonds maturing on September 15 in each of the years 20__ and 20__ (collectively, the “Term Bonds”) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price, from amounts available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedules:

\$ Term Bonds maturing September 15, 20

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

\$ Term Bonds maturing September 15, 20

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

† Stated maturity.

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

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

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

Partial Redemption. If less than all of the Bonds are to be redeemed pursuant to optional redemption or extraordinary optional redemption, the particular maturity of Bonds or portions of a maturity of Bonds to be redeemed shall be selected and designated by the City in its sole discretion. If less than all of the Bonds of a maturity are to be redeemed pursuant to optional redemption, extraordinary optional redemption, or mandatory sinking fund redemption, Bonds shall be redeemed in increments of \$1,000 by any method selected by the Trustee that results in a random selection, provided that no redemption shall cause the principal amount of any Bond to be less than the minimum Authorized Denomination for such Bond. Notwithstanding the foregoing, if any Bonds are to be partially redeemed and such redemption results in the redemption of a portion of a single Bond in an amount less than the Authorized

Denomination in effect at that time, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

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.

Notice of Redemption. Upon receipt of a City Order of redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Outstanding Bonds are to be redeemed, 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 so given as provided in the prior paragraph shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds 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.

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

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

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, 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 (defined herein), 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 (the “SEC”), 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 SEC. More information about DTC can be found at www.dtcc.com.

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

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

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

Redemption notices 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 nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and 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 securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-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 SIMILARLY SECURED

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

General

THE BONDS SIMILARLY SECURED ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY 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. SEE “APPENDIX B – FORM OF INDENTURE.”

The principal of, premium, if any, and interest on the Bonds Similarly Secured are secured by a pledge of and first lien upon the Trust Estate, consisting primarily of revenues from Assessments levied against the Assessed Property within the District, all to the extent and upon the conditions described in the Indenture. See “APPENDIX B – Form of Indenture.” In accordance with the PID Act, the City adopted and updated the Service and Assessment Plan in connection with the approval of each Assessment Ordinance. The Service and Assessment Plan describes the special benefit received by the property within the District, including the Assessed Property, 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 the Trust Estate for payment of principal of, premium, if any, and interest on the Bonds Similarly Secured. The Service and Assessment Plan is reviewed and updated at least annually for the purpose of determining the annual budget for the District Improvements and the Annual Installments of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners, developers, and end-users of Assessed Property within the District. See “APPENDIX C – Form of Service and Assessment Plan.”

In connection with the pricing of the Bonds on July 15, 2025, and as expected to be provided in the Bond Ordinance, the City expects to approve an updated Amended and Restated Service and Assessment Plan that will reflect the actual interest rate on the Bonds, as well as the Additional Interest collected pursuant to Section 372.018(a) of the PID Act. 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 applicable law to finance the District Improvements by levying the Assessments upon the Assessed Property. For a description of the methodology and the amounts of the Assessments levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

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

“Additional Interest” means the 0.50% additional interest charged on the Assessments pursuant to Section 372.018 of the PID Act.

“Annual Collection Costs” means the “Annual Collection Costs” as defined in the Service and Assessment Plan, including actual or budgeted costs and expenses related to the operation of the District, including, but not limited

to, costs and expenses for: (i) the Administrator; (ii) City staff; (iii) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (iv) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (v) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (vi) paying and redeeming Bonds Similarly Secured; (vii) investing or depositing Assessments and Annual Installments; (viii) complying with the Service and Assessment Plan, the Indenture, and the PID Act with respect to the Bonds Similarly Secured, including continuing disclosure requirements; and (ix) the paying agent/registrar and Trustee in connection with Bonds Similarly Secured, including their respective legal counsel. Annual Collection Costs do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds Similarly Secured. Annual Collection Costs collected but not expended for actual Annual Collection Costs in any year shall be carried forward and applied to reduce Annual Collection Costs in subsequent years to avoid the over-collection of Annual Collection Costs.

“Annual Installment” means, collectively, the Improvement Area #1 Annual Installment, Improvement Area #2 Annual Installment and the Improvement Area #3 Annual Installment.

“Assessed Property” means, collectively, the Improvement Area #1 Assessed Property, Improvement Area #2 Assessed Property and the Improvement Area #3 Assessed Property.

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

“Assessment Roll” means, collectively, the Improvement Area #1 Assessment Roll, Improvement Area #2 Assessment Roll, and the Improvement Area #3 Assessment Roll.

“Assessments” means, collectively, the Improvement Area #1 Assessments, Improvement Area #2 Assessments and the Improvement Area #3 Assessments.

“Delinquent Collection Costs” means, for a Parcel, interest, penalties and attorneys' fees that are authorized by the PID Act and by the Assessment Ordinance and that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent payments due under the Service and Assessment Plan, including costs and expenses related to the foreclosure of liens.

“Foreclosure Proceeds” means the proceeds, including interest and penalty 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.

“Improvement Area #1 Annual Installment” means, with respect to each Improvement Area #1 Assessed Property, each annual payment of: (i) the principal of and interest on the Improvement Area #1 Assessments as shown on the Improvement Area #1 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit F-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs, and (iii) the Additional Interest.

“Improvement Area #1 Assessed Property” means the property located in Improvement Area #1 that benefits from the Improvement Area #1 Projects and is defined as the “Improvement Area #1 Assessed Property” in the Service and Assessment Plan.

“Improvement Area #1 Assessment Roll” means the “Improvement Area #1 Assessment Roll,” which document is attached to the Service and Assessment Plan as Exhibit F-1, as updated, modified or amended from time to time.

“Improvement Area #1 Assessments” means the aggregate assessments levied against Improvement Area #1 Assessed Property based on the special benefit conferred on such Parcels by the Improvement Area #1 Projects. The singular of such term means the assessment levied against an Improvement Area #1 Parcel as shown on the Improvement Area #1 Assessment Roll.

“Improvement Area #1 Projects” means, collectively, (i) the pro rata portion of the Major Improvements allocable to Improvement Area #1, and (ii) the Improvement Area #1 Improvements.

“Improvement Area #2 Annual Installment” means, with respect to each Improvement Area #2 Assessed Property, each annual payment of: (i) the principal of and interest on the Improvement Area #2 Assessments as shown on the Improvement Area #2 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit G-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs, and (iii) the Additional Interest.

“Improvement Area #2 Assessed Property” means the property located in Improvement Area #2 that benefits from the Improvement Area #2 Projects and is defined as the “Improvement Area #2 Assessed Property” in the Service and Assessment Plan.

“Improvement Area #2 Assessment Roll” means the “Improvement Area #2 Assessment Roll,” which document is attached to the Service and Assessment Plan as Exhibit G-1, as updated, modified or amended from time to time.

“Improvement Area #2 Assessments” means the aggregate assessments levied against Improvement Area #2 Assessed Property based on the special benefit conferred on such Parcels by the Improvement Area #2 Projects. The singular of such term means the assessment levied against an Improvement Area #2 Parcel as shown on the Improvement Area #2 Assessment Roll.

“Improvement Area #2 Projects” means, collectively, (i) the pro rata portion of the Major Improvements allocable to Improvement Area #2, and (ii) the Improvement Area #2 Improvements.

“Improvement Area #3 Annual Installment” means, with respect to each Improvement Area #3 Assessed Property, each annual payment of: (i) the principal of and interest on the Improvement Area #3 Assessments as shown on the Improvement Area #3 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit H-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs, and (iii) the Additional Interest.

“Improvement Area #3 Assessed Property” means the property located in Improvement Area #3 that benefits from the Improvement Area #3 Projects and is defined as the “Improvement Area #3 Assessed Property” in the Service and Assessment Plan.

“Improvement Area #3 Assessment Roll” means the “Improvement Area #3 Assessment Roll,” which document is attached to the Service and Assessment Plan as Exhibit H-1, as updated, modified or amended from time to time.

“Improvement Area #3 Assessments” means the aggregate assessments levied against Improvement Area #3 Assessed Property based on the special benefit conferred on such Parcels by the Improvement Area #3 Projects. The singular of such term means the assessment levied against an Improvement Area #3 Parcel as shown on the Improvement Area #3 Assessment Roll.

“Improvement Area #3 Projects” means, collectively, (i) the pro rata portion of the Major Improvements allocable to Improvement Area #3, and (ii) the Improvement Area #3 Improvements.

“Parcel” or “Parcels” means a parcel or parcels within the District identified by either a tax map identification number assigned by the Collin Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Collin County.

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

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

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

Collection and Enforcement of Assessments

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

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessments or the corresponding particular Assessed Property. The City shall not be required under any circumstances to expend any funds for Delinquent Collection Costs or Annual Collection Costs in connection with its covenants and agreements under the Indenture or otherwise other than funds on deposit in the Administrative Fund.

Unconditional Levy of Assessments

The City has imposed Assessments on the Assessed Property to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments are effective on the date, and strictly in accordance with the terms, of the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments for each lot within the District began to accrue on the date specified in the Service and Assessment Plan and, prior to issuance of the Bonds, is calculated at a rate specified in the Assessment Ordinance. After issuance of the Bonds, interest on the Assessments for each lot within the District will accrue at a rate specified in the Assessment Ordinance but may not exceed the interest rate on the Bonds plus the 0.50% of Additional Interest charged on Assessments. Such interest rates may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be billed or invoiced to the property owner on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will collect, each year while the Bonds are Outstanding and unpaid, an amount to pay the Annual Collection Costs, which are the annual costs incurred by the City in the administration and operation of the District. The portion of each Annual Installment of an Assessment used to pay Annual Collection Costs shall remain in effect each year until all Bonds are finally paid or until the City adjusts the amount collected after an annual review in any year pursuant to Section 372.013 of the PID Act. The amount collected to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance on or about October 1 of each year and shall be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs are not part of the Trust Estate and will not secure repayment of the Bonds.**

There is no discount for the early payment of the Assessments.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the Assessed Property, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES." 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."

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

Perfected Security Interest

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

Pledged Revenue Fund

Periodically upon receipt thereof, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments, other than the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund in accordance with the Indenture. Following such deposit to the Pledged Revenue Fund, the City shall transfer or cause to be transferred the following amounts from the Pledged Revenue Fund to the following Accounts: (i) *first*, to the Bond Pledged Revenue Account of the Pledged Revenue Fund, an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, taking into account any amounts then on deposit in such Principal and Interest Account, and (ii) *second*, if necessary, to the Reserve Account of the Reserve Fund, an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth under the subheading "– Delinquency and Prepayment Reserve Fund" and, immediately following the initial deposit to the Pledged Revenue Fund, prior to any other transfers or deposits being made, if the Delinquency and Prepayment Reserve Account of the Reserve Fund does not contain the Delinquency and Prepayment Reserve Requirement and Additional Interest is collected, then all such Additional Interest will be transferred into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement is met. In addition, in the event the City owes Rebutable Arbitrage to the United States Government, prior to any other transfers pursuant to the Indenture, the full amount of Rebutable Arbitrage owed by the City will be transferred to the Rebate Fund, as further described in the Indenture. If any funds remain on deposit in the Pledged Revenue Fund after the foregoing deposits are made, the City shall have the option, in its sole and absolute discretion, to use such excess funds for any one or more of the following purposes: (i) pay Costs of the District Improvements, (ii) pay other costs permitted by the PID Act, or (iii) deposit such excess into the Redemption Fund to redeem Bonds Similarly Secured as provided in the Indenture. Along with each transfer to the

Trustee, the City shall provide a certificate as to the funds, accounts, and payments into which the amounts are to be deposited or paid.

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

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

The Trustee shall transfer Prepayments to the Redemption Fund to be used to redeem Bonds Similarly Secured pursuant to the Indenture promptly after deposit of such amounts into the Pledged Revenue Fund.

Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund to be used to redeem Bonds Similarly Secured pursuant to the Indenture.

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund for the purposes set forth in the Indenture, as directed by the City in a City Certificate.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds Similarly Secured.

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

The City may, in its discretion, deposit moneys into the Principal and Interest Account at any time from any source other than Assessments and Annual Installments, and upon such deposit, such moneys shall be part of the Trust Estate.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes specified in the Indenture.

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to the one or more City Certificates. Disbursements from the Improvement Area #1 Bond Improvement Account, Improvement Area #2 Bond Improvement Account, and Improvement Area #3 Bond Improvement Account of the Project Fund to pay Improvement Area #1 Project Costs, Improvement Area #2 Project Costs, or Improvement Area #3 Project Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment. Each such Certificate for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such Certificate for Payment or in the

invoices submitted therewith and the Trustee may rely on such payment instructions with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

Except as provided in the Indenture, (i) money on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund shall be used solely to pay Improvement Area #1 Project Costs, (ii) money on deposit in the Improvement Area #2 Bond Improvement Account of the Project Fund shall be used solely to pay Improvement Area #2 Project Costs, and (iii) money on deposit in the Improvement Area #3 Bond Improvement Account of the Project Fund shall be used solely to pay Improvement Area #3 Project Costs.

If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #1 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the identified amounts on deposit in the Improvement Area #1 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Certificate filed with the Trustee.

If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #2 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #2 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #2 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the identified amounts on deposit in the Improvement Area #2 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Certificate filed with the Trustee.

If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #3 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #3 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #3 Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #3 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the identified amounts on deposit in the Improvement Area #3 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Certificate filed with the Trustee.

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

Upon the filing of a City Certificate stating that all Improvement Area #2 Projects have been completed and that all Improvement Area #2 Project Costs have been paid, or that any Improvement Area #2 Project Costs are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #2 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Certificate

filed with the Trustee. Upon such transfer, the Improvement Area #2 Bond Improvement Account of the Project Fund shall be closed.

Upon the filing of a City Certificate stating that all Improvement Area #3 Projects have been completed and that all Improvement Area #3 Project Costs have been paid, or that any Improvement Area #3 Project Costs are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #3 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfer, the Improvement Area #3 Bond Improvement Account of the Project Fund shall be closed.

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred, in the same proportionate amounts as the proportionate amounts of Bond proceeds deposited to the Improvement Area #1 Bond Improvement Account, the Improvement Area #2 Bond Improvement Account, and the Improvement Area #3 Bond Improvement Account on the Date of Delivery of the Bonds, to the Improvement Area #1 Bond Improvement Account of the Project Fund and used to pay Improvement Area #1 Project Costs, to the Improvement Area #2 Bond Improvement Account of the Project Fund and used to pay Improvement Area #2 Project Costs, or to the Improvement Area #3 Bond Improvement Account of the Project Fund and used to pay Improvement Area #3 Project Costs or, if no Improvement Area #1 Project Costs, Improvement Area #2 Project Costs, or Improvement Area #3 Project Costs remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Order filed with the Trustee, and the Costs of Issuance Account shall be closed.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds Similarly Secured, and initially funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. The "Reserve Account Requirement" for the Bonds Similarly Secured means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured; provided, however, that such amount shall be reduced by the amount of any transfers made to the Redemption Fund as a result of Prepayments; and provided further that as a result of (1) a mandatory sinking fund redemption, (2) an optional redemption, or (3) an extraordinary optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the Closing Date, the Reserve Account Requirement is \$_____, which is an amount equal to the [Maximum Annual Debt Service] on the Bonds as of the Closing Date.

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

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date, unless within 30 days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due to the Rebate Fund, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured, (iii) to the Improvement Area #1 Bond Improvement Account of the Project Fund to pay Improvement Area #1 Project Costs if such application and expenditure of funds is expected to occur within three years of the Closing Date, (iv) to the Improvement Area #2 Bond Improvement Account of the Project Fund to pay Improvement Area #2 Project Costs if such application and expenditure of funds is expected to occur within three years of the Closing Date, (v) to the Improvement Area #3 Bond Improvement Account of the Project Fund to pay Improvement Area #3 Project

* To be completed upon pricing of the Bonds.

Costs if such application and expenditure of funds is expected to occur within three years of the Closing Date, or (vi) to the Redemption Fund to be applied to the redemption of Bonds.

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

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

Delinquency and Prepayment Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds. The “Delinquency and Prepayment Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds Similarly Secured to be funded from Assessment Revenues deposited to the Pledged Revenue Fund. The City has allocated the Additional Interest authorized by the PID Act for the purpose of funding the Delinquency and Prepayment Reserve Account.

The Trustee will transfer from the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing March 15, 2026, an amount equal to the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account. In calculating the amounts to be transferred pursuant to this paragraph, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan unless and until it receives a City Order directing that a different amount be used. The Additional Interest shall continue to be collected and deposited until the Bonds Similarly Secured are no longer Outstanding, but only in the event the balance in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement. See “APPENDIX B – Form of Indenture” and “APPENDIX C – Form of Service and Assessment Plan.”

Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Order, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund to be used to redeem Bonds Similarly Secured. In the event that the Trustee does not receive a City Order directing the transfer of such excess amounts to the Administrative Fund within 45 days of providing notice to the City of such excess amounts, the Trustee shall transfer such excess amounts to the Redemption Fund to redeem Bonds Similarly Secured and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with the Indenture.

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

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee. Periodically upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered pursuant to the Indenture and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. See "APPENDIX C – Form of Service and Assessment Plan."

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

Defeasance

Any Outstanding Bonds Similarly Secured shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of the Indenture (a "Defeased Bond"), when payment of the principal of, premium, if any, on such Defeased Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment, or (B) Defeasance Securities that mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds Similarly Secured with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond Similarly Secured shall be deemed to be a Defeased Bond under the Indenture, such Bond Similarly Secured and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Trust Estate as provided in the Indenture, and such principal and interest shall be payable solely from such money or Defeasance Securities. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this paragraph 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 Defeased Bonds and shall not be part of the Trust Estate. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

Any determination not to redeem Defeased Bond that is made in conjunction with the payment arrangements specified above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Bond for redemption; (2) the City gives notice of the reservation of that right to the Owners of the Defeased Bond immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of specified above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

"Defeasance Securities" means Investment Securities now or hereafter authorized by applicable law for the investment of funds to defease public securities. "Investment Securities" means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, which investments are, at the time made, included in and authorized by the City's official investment policy as approved by the City Council from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or

approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds Similarly Secured. 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 in accordance with the Indenture;
- iii. Default in the performance or observance of any covenant, agreement, or obligation of the City under the Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and which shall give such notice at the written request of the Owners of not less than 50% in aggregate Outstanding principal amount of the Bonds Similarly Secured then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than 180 days after such notice; and
- iv. The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within 30 days thereafter.

Immediate Remedies in Event of Default

Subject to provisions of the Indenture with respect to certain liabilities of the City, upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written request of the Owners of not less than 50% in aggregate Outstanding principal amount of the Bonds Similarly Secured then Outstanding under the Indenture shall, proceed to protect and enforce the rights of the Owners under the Indenture by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due in an Event of Default, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Order,

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 Order, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

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

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy 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 not less than a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding have made written request to the Trustee directing the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such prior written notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by counsel, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

In case the Trustee or any Owners shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights 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, Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), 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, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, as follows:

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

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

The Trustee shall make payments to the Owners within 30 days of receipt of such good and available funds, and the record date shall be the date the Trustee receives such good and available funds.

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

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

Investment of Funds

Money in any Fund or Account, other than the Reserve Fund, shall be invested by the Trustee in Investment Securities as directed by the City pursuant to a City Order filed with the Trustee; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Order filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Order shall be a certification, upon which the Trustee may conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default under this Indenture. 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.

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

Against Encumbrances

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

So long as Bonds Similarly Secured are Outstanding, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

Other Obligations or Other Liens; Refunding Bonds

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

Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might or could be lost or impaired.

The City reserves the right to issue Refunding Bonds for the purpose of refunding any of the Bonds Similarly Secured and in accordance with the conditions set forth below:

- (i) The maximum maturity for the Refunding Bonds will not exceed 30 years from the date of delivery of the Bonds;
- (ii) The principal of and interest on the Refunding Bonds must be scheduled to be paid or mature on March 15 or September 15, or both, of the years in which each principal or interest are scheduled to be paid or mature; and
- (iii) There shall be deposited to the Reserve Account of the Reserve Fund an amount equal to the Reserve Account Requirement taking into account the outstanding Bonds Similarly Secured, and the Refunding Bonds then proposed to be issued.

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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 Area #1 Bond Improvement Account of Project Fund	\$
Deposit to Improvement Area #2 Bond Improvement Account of Project Fund	
Deposit to Improvement Area #3 Bond Improvement Account of Project Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to Administrative Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Underwriter's Discount ⁽¹⁾	
TOTAL USES	\$

⁽¹⁾ Includes the fee of Underwriter's Counsel.

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* To be completed upon pricing of the Bonds.

DEBT SERVICE REQUIREMENTS*

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

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

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*To be completed upon pricing of the Bonds.

OVERLAPPING TAXES AND DEBT

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

In addition to the City, Collin County, Texas (the “County”), the Collin County Community College District, and the Community Independent School District (“Community ISD”) may each levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The following tables reflect the overlapping ad valorem tax rates currently levied on property located in the District. The District is located within the boundaries of the City, Collin County Community College District, the County, and Community ISD.

IMPROVEMENT AREA #1

<u>Taxing Entity</u>	Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾
The City	\$0.420000
Collin County, Texas	0.149343
Collin County Community College District	0.081220
Community Independent School District	<u>1.255200</u>
Total Existing Tax Rate	\$1.905763

Estimated average Annual Installment of Assessments in Improvement Area #1 of the District as tax rate equivalent ⁽²⁾

\$0.962092

Estimated total tax rate and average annual installment in Improvement Area #1 of the District as tax rate equivalent ⁽²⁾

\$2.867855

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

⁽²⁾ Preliminary, subject to change. Derived from information presented in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.” Assumes completion of homes at values estimated by the Developers.

Source: Collin Central Appraisal District and the City.

IMPROVEMENT AREA #2

<u>Taxing Entity</u>	Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾
The City	\$0.420000
Collin County, Texas	0.149343
Collin County Community College District	0.081220
Community Independent School District	<u>1.255200</u>
Total Existing Tax Rate	\$1.905763

Estimated average Annual Installment of Assessments in Improvement Area #2 of the District as tax rate equivalent ⁽²⁾

\$0.862088

Estimated total tax rate and average annual installment in Improvement Area #2 of the District as tax rate equivalent ⁽²⁾

\$2.767851

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

⁽²⁾ Preliminary, subject to change. Derived from information presented in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.” Assumes completion of homes at values estimated by the Developers.

Source: Collin Central Appraisal District and the City.

IMPROVEMENT AREA #3

<u>Taxing Entity</u>	Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾
The City	\$0.420000
Collin County, Texas	0.149343
Collin County Community College District	0.081220
Community Independent School District	<u>1.255200</u>
Total Existing Tax Rate	\$1.905763

Estimated average Annual Installment of Assessments in Improvement Area #3 of the District as tax rate equivalent ⁽²⁾ \$0.912931

Estimated total tax rate and average annual installment in Improvement Area #3 of the District as tax rate equivalent ⁽²⁾ **\$2.818694**

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

⁽²⁾ Preliminary, subject to change. Derived from information presented in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan." Assumes completion of homes at values estimated by the Developers.

Source: Collin Central Appraisal District and the City.

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 June 15, 2025, and City debt secured by the Assessments:

<u>Taxing or Assessing Entity</u>	Gross Outstanding Debt as of June 15, 2025	Estimated Percentage Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt ⁽¹⁾
The City (Assessments – The Bonds)	\$ 29,099,000 *	100.00%	29,099,000 *
The City (Ad Valorem Taxes)	27,350,000	9.06%	2,477,271
Collin County, Texas	776,095,000	0.04%	327,420
Collin County Community College District	459,865,000	0.05%	215,444
Community Independent School District	<u>356,880,000</u>	3.90%	<u>13,917,183</u>
	<u>\$1,649,289,000</u>		\$46,036,318
TOTAL			

* Preliminary, subject to change.

⁽¹⁾ Based on the Appraisal for the District and on the Tax Year 2025 Net Taxable Assessed Valuations for the taxing entities.

Sources: Collin Central Appraisal District and Municipal Advisory Council of Texas

Homeowners' Association Dues

In addition to paying Assessments, each lot owner in Improvement Area #1 of the District will pay a maintenance and operation fee and/or a property owner's association fee to the Trails of Lavon Homeowners' Association, Inc. (the "HOA") of approximately \$650 per year.

ASSESSMENT PROCEDURES

General

As required by the PID Act, when the City determines to defray a portion of the costs of the District Improvements through Assessments, it must adopt one or more resolutions generally describing the District Improvements and the land within the District to be subject to Assessments to pay the costs therefor. The City has caused the Assessment Rolls to be prepared which show the land within Improvement Area #1, Improvement Area #2, and Improvement Area #3 of the District to be assessed, the amount of the benefit to each improvement area, and

the Assessment against each lot or parcel of land and the number of Annual Installments into which the Assessments are divided. The Assessment Rolls were filed with the City Secretary and made available for public inspection. Statutory notice was published in a newspaper of general circulation in the District and given to the owners of the property to be assessed and public hearings were conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the District Improvements and funding a portion of the same with Assessments. The City has levied the Assessments and adopted the Assessment Ordinances. Upon the adoption of each Assessment Ordinance, the associated Assessments became legal, valid, and binding liens upon the property against which the Assessments were made.

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

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of Assessed Property by improvement area as a result of the District Improvements allocable to such improvement area, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied in each improvement area, and establishes the methodology by which the City allocates the special benefit of the District Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited in each improvement area. As described in the Service and Assessment Plan, a portion of the costs of the District Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Trust Estate, consisting of Pledged Revenues, including primarily the Assessment Revenues. As set forth in the Service and Assessment Plan, the City Council has determined that the actual costs associated with the District Improvements in each improvement area will be allocated to the Assessed Property in each such improvement area by spreading the entire Assessment in each such improvement area across all Assessed Property within each such improvement area based on the ratio of Estimated Buildout Value of each Parcel (both as defined in the Service and Assessment Plan) in each such improvement area to the Estimated Buildout Value for all Parcels within each such improvement area. See “APPENDIX C – Form of Service and Assessment Plan.”

The following tables provide additional analysis by improvement area with respect to special assessment methodology, including the value to assessment burden ratio per unit (lot), equivalent tax rate per unit, and leverage per unit. The information in the tables was obtained from and calculated using information provided in the Service and Assessment Plan and the Appraisal. See “APPRAISAL,” “APPENDIX C – Form of Service and Assessment Plan,” and “APPENDIX G – Appraisal.”

IMPROVEMENT AREA #1

LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, AND LEVERAGE PER UNIT *

<u>Lot Type</u>	<u>Planned No. of Units</u>	<u>Estimated Finished Lot Value per unit ⁽¹⁾</u>	<u>Projected Average Home Value per unit ⁽¹⁾</u>	<u>Estimated Maximum Assessment per unit ⁽²⁾</u>	<u>Ratio of Lot Value to Assessment</u>	<u>Ratio of Average Home Value to Assessment</u>
40'	54	\$ 86,000	\$340,615	\$39,491	2.18 : 1	8.63 : 1
50' - 60'	243	\$102,634	\$424,419	\$49,208	2.09 : 1	8.63 : 1
Total	297					

* Preliminary, subject to change.

⁽¹⁾ Provided by the Developers based on the Appraisal. See “APPRAISAL” and “APPENDIX G – Appraisal.”

⁽²⁾ Based on information in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

ASSESSMENT ALLOCATION AND TAX RATE EQUIVALENT PER UNIT *

<u>Lot Type</u>	<u>Planned No. of Units</u>	<u>Estimated Finished Lot Value per unit ⁽¹⁾</u>	<u>Projected Average Home Value per unit ⁽¹⁾</u>	<u>Estimated Maximum Assessment per unit ⁽²⁾</u>	<u>Estimated Average Annual Installment per unit ⁽²⁾</u>	<u>Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value) ⁽²⁾</u>
40'	54	\$ 86,000	\$340,615	\$39,491	\$3,277	\$0.962092
50' - 60'	<u>243</u>	\$102,634	\$424,419	\$49,208	\$4,083	\$0.962092
Total	297					

* Preliminary, subject to change.

⁽¹⁾ Provided by the Developers based on the Appraisal. See "APPRAISAL" and "APPENDIX G – Appraisal."

⁽²⁾ Based on information in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

IMPROVEMENT AREA #2

LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, AND LEVERAGE PER UNIT *

<u>Lot Type</u>	<u>Planned No. of Units</u>	<u>Estimated Finished Lot Value per unit ⁽¹⁾</u>	<u>Projected Average Home Value per unit ⁽¹⁾</u>	<u>Estimated Maximum Assessment per unit ⁽²⁾</u>	<u>Ratio of Lot Value to Assessment</u>	<u>Ratio of Average Home Value to Assessment</u>
40'	114	\$ 86,000	\$354,376	\$37,035	2.32 : 1	9.57 : 1
50' - 60'	<u>136</u>	\$106,176	\$441,566	\$46,147	2.30 : 1	9.57 : 1
Total	250					

* Preliminary, subject to change.

⁽¹⁾ Provided by the Developers based on the Appraisal. See "APPRAISAL" and "APPENDIX G – Appraisal."

⁽²⁾ Based on information in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

ASSESSMENT ALLOCATION AND TAX RATE EQUIVALENT PER UNIT *

<u>Lot Type</u>	<u>Planned No. of Units</u>	<u>Estimated Finished Lot Value per unit ⁽¹⁾</u>	<u>Projected Average Home Value per unit ⁽¹⁾</u>	<u>Estimated Maximum Assessment per unit ⁽²⁾</u>	<u>Estimated Average Annual Installment per unit ⁽²⁾</u>	<u>Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value) ⁽²⁾</u>
40'	114	\$ 86,000	\$354,376	\$37,035	\$3,055	\$0.862088
50' - 60'	<u>136</u>	\$106,176	\$441,566	\$46,147	\$3,807	\$0.862088
Total	250					

* Preliminary, subject to change.

⁽¹⁾ Provided by the Developers based on the Appraisal. See "APPRAISAL" and "APPENDIX G – Appraisal."

⁽²⁾ Based on information in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

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IMPROVEMENT AREA #3

LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, AND LEVERAGE PER UNIT *

<u>Lot Type</u>	<u>Planned No. of Units</u>	<u>Estimated Finished Lot Value per unit ⁽¹⁾</u>	<u>Projected Average Home Value per unit ⁽¹⁾</u>	<u>Estimated Maximum Assessment per unit ⁽²⁾</u>	<u>Ratio of Lot Value to Assessment</u>	<u>Ratio of Average Home Value to Assessment</u>
40'	59	\$ 86,000	\$330,000	\$35,253	2.44 : 1	9.36 : 1
50'	45	\$100,000	\$425,000	\$45,402	2.20 : 1	9.36 : 1
Total	104					

* Preliminary, subject to change.

⁽¹⁾ Provided by the Developers based on the Appraisal. See "APPRAISAL" and "APPENDIX G – Appraisal."

⁽²⁾ Based on information in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

ASSESSMENT ALLOCATION AND TAX RATE EQUIVALENT PER UNIT *

<u>Lot Type</u>	<u>Planned No. of Units</u>	<u>Estimated Finished Lot Value per unit ⁽¹⁾</u>	<u>Projected Average Home Value per unit ⁽¹⁾</u>	<u>Estimated Maximum Assessment per unit ⁽²⁾</u>	<u>Estimated Average Annual Installment per unit ⁽²⁾</u>	<u>Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value) ⁽²⁾</u>
40'	59	\$ 86,000	\$330,000	\$35,253	\$3,013	\$0.912931
50'	45	\$100,000	\$425,000	\$45,402	\$3,880	\$0.912931
Total	104					

* Preliminary, subject to change.

⁽¹⁾ Provided by the Developers based on the Appraisal. See "APPRAISAL" and "APPENDIX G – Appraisal."

⁽²⁾ Based on information in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

For further explanation of the Assessment methodology, see "APPENDIX C – Form of Service and Assessment Plan."

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on parcels similarly situated within each improvement area of the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developers and all future owners and developers within the District. See "APPENDIX C – Form of Service and Assessment Plan."

Collection and Enforcement of Assessment Amounts

Under the PID Act, the Annual Installments may be collected in the same manner and at the same time as ad valorem taxes of the City. The Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties, and attorney's fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the Assessed Property 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."

In the Indenture, the City covenants to collect, or cause to be collected, Assessments as provided in the Assessment Ordinances and the Service and Assessment Plan. 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 updated Assessment Rolls and a calculation of the Annual Installment for each Assessed Parcel. Annual Collection Costs shall be allocated

among all Assessed Parcels in an improvement area in proportion to the amount of the Annual Installments for the Assessed Parcels in such improvement area.

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

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

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

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

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

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

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments were established by the methodology described in the Service and Assessment Plan.

The Assessment Rolls set forth for each year the Annual Installment for each Assessed Property consisting of the annual payment allocable to the Bonds and the District Improvements for each Assessed Property, which amount includes (i) the Additional Interest, and (ii) the annual payment allocable to Annual Collection Costs. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Rolls. The Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Assessment Rolls. See “APPENDIX C – Form of Service and Assessment Plan.”

The Annual Installments shown on the Assessment Rolls will be reduced to equal the actual costs of repaying the Bonds (which amount will include 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.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be initially allocated to the Assessed Parcels based on the ratio of Estimated Buildout Value of each Assessed Property in each improvement area to the Estimated Buildout Value of all Assessed Property in such improvement area.

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

The calculation of the Assessment of an Assessed Property shall be performed by the PID Administrator and shall be based on the Estimated Buildout Value of that Assessed Property as provided by the Developer, relying on information from the homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Property. The calculation as confirmed by the City Council shall be conclusive.

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

Upon Subdivision by a Recorded Subdivision Plat. Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the PID 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 Lots with same Lot Type

Prior to the recording of a subdivision plat, the Developers 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 considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Assessment for a lot shall be performed by the PID Administrator and confirmed by the City Council based on Estimated Buildout Value provided by the Developers, relying on information provided by third party consultants, and/or the official public records of the County regarding the lot.

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

Upon Consolidation. If two or more lots or parcels are consolidated, the PID Administrator shall allocate the Assessments against the lots or parcels before the consolidation to the consolidated lot or parcel, which allocation shall be reflected in the next Annual Service Plan Update and approved by the City Council.

Maximum Assessment. Notwithstanding the foregoing, the Service and Assessment Plan establishes a “Maximum Assessment” for each Lot Type in the District. See “APPENDIX C – Form of Service and Assessment Plan.”

Prior to the City approving a final subdivision plat, the PID Administrator will certify that such plat will not result in the Assessment per lot for any Lot Type exceeding the Maximum Assessment. If the PID Administrator determines that the resulting Assessment per lot for any Lot Type will exceed the Maximum Assessment, then (i) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay, as a mandatory prepayment of the Assessment, to the City the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, prior to the City approving the final plat.

In addition, if the Assessed Property or a portion thereof is transferred to a person or entity that is exempt from payment of the Assessment, the owner transferring the Assessed Property shall pay to the City the full amount

of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer. If the owner of the Assessed Property causes the Assessed Property or a portion thereof to become Non-Benefited Property, the owner 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.

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

Prepayment of Assessments

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. See “DESCRIPTION OF THE BONDS – Redemption Provisions – *Extraordinary Optional Redemption*.” 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.

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 of the Assessments is effective from the date of adoption of each Assessment Ordinance until the associated 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 to the date of payment, at any time.

Foreclosure Proceedings

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

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

In the Indenture, the City covenants to take and pursue all reasonable 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.

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

THE CITY

Background

The City is located on the southeastern shore of Lake Lavon in southeastern Collin County, 33 miles northeast of Dallas and 16 miles northeast of the City of Garland. Access to the City is provided by State Highway 78 and State Highway 205, with the City sitting approximately 10 miles north of the intersection of Interstate 30 and Highway 205. The City covers approximately 4.47 square miles. The 2020 Census population for the City was 4,469. As of January 1, 2025, the City estimates the population to be 11,396.

Some of the services that the City provides are public safety (police, fire protection, and emergency medical services), streets, sanitary sewer utilities, public works (roads, drainage, and parks), planning and zoning, and general administrative services.

City Government

The City operates as a Home Rule Municipality, with a Council-Manager form of government, pursuant to an election held on November 8, 2022, and a home rule charter adopted on December 6, 2022. The City Council consists of the Mayor and five council members elected at large for staggered two-year terms.

The City Council is responsible for setting priorities that affect the quality of living and character of the City by passing laws (ordinances) and resolutions. The City Manager’s office is responsible for the day-to-day operations of the City. As custodian of the City’s records, the City Secretary’s office provides notice and records the proceedings of the City Council, Planning and Zoning Commission, and other boards and commissions.

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

Water and Wastewater

Bear Creek SUD will provide water service to the Development. See “THE DEVELOPMENT – Utilities.”

The City will provide wastewater treatment services to the Development. Currently in design, the City projects completion of construction of the expansion of the City’s wastewater treatment plant in July 2026 to a permitted capacity of 750,000 gallons per day. Such expansion will provide sufficient capacity and the ability to provide wastewater services to the District. See “THE DEVELOPMENT – Development Agreement” and “– Utilities.”

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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 includes approximately 190.774 acres and lies entirely within the boundaries of the City. The District was created by Resolution No. 2021-10-03 adopted by the City Council on October 19, 2021 (the “Creation Resolution”), for the purposes of undertaking and financing the costs of certain public improvements within the District, including the District Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page iv hereof.

Powers and Authority

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction, or improvement of the District Improvements. See “THE DISTRICT IMPROVEMENTS.” The City has determined to undertake the construction, acquisition, or purchase of the District Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through the Pledged Revenues and other assets comprising the Trust Estate. See “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Delinquency History of Improvement Area #1 and Improvement Area #2 of the District

On July 18, 2023, the City levied assessments in Improvement Area #1 of the District. The initial annual installments of such assessments were due and payable on or before January 31, 2024. The following table shows the collection and delinquency history of the annual installment of assessments in Improvement Area #1 of the District.

Collection and Delinquency of Improvement Area #1 Assessments

Assessments <u>Due 1/31</u> ⁽¹⁾	Annual <u>Installments</u>	Parcels <u>Levied</u>	Delinquent Amount <u>as of 3/1</u>	Delinquent Percentage <u>as of 3/1</u>	Delinquent Amount <u>as of 9/1</u>	Delinquent Percentage <u>as of 9/1</u>	Annual Installments <u>Collected</u> ⁽²⁾
2024	\$1,093,627.93	1	\$0.00	0.00%	\$0.00	0.00%	\$1,093,627.93
2025	\$1,086,823.04	1	\$0.00	0.00%	\$0.00	0.00%	\$1,086,823.04

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments (“Installment Payments”). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ Excludes penalties and interest and any prepayments of such assessments.

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On September 3, 2024, the City levied assessments in Improvement Area #2 of the District. The initial annual installments of such assessments were due and payable on or before January 31, 2025. The following table shows the collection and delinquency history of the annual installment of assessments in Improvement Area #2 of the District.

Collection and Delinquency of Improvement Area #2 Assessments

Assessments <u>Due 1/31</u> ⁽¹⁾	Annual <u>Installments</u>	Parcels <u>Levied</u>	Delinquent Amount <u>as of 3/1</u>	Delinquent Percentage <u>as of 3/1</u>	Delinquent Amount <u>as of 9/1</u>	Delinquent Percentage <u>as of 9/1</u>	Annual Installments <u>Collected</u> ⁽²⁾
2025	\$853,252.44	2	\$0.00	0.00%	\$0.00	0.00%	\$853,252.44

- ⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
- ⁽²⁾ Excludes penalties and interest and any prepayments of such assessments.

THE COLLECTION AND DELINQUENCY HISTORY OF ANNUAL INSTALLMENTS OF ASSESSMENTS IN IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2 IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. NO ASSURANCE CAN BE GIVEN THAT THE FUTURE COLLECTION OF THE ASSESSMENTS IN THE DISTRICT WILL MIRROR THE HISTORICAL COLLECTION OF ASSESSMENTS IN IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2.

THE DISTRICT IMPROVEMENTS

General

The Developers were responsible for the completion of the construction, acquisition, or purchase of the District Improvements, and the Managing Developer acted as construction manager. The City will pay a portion of the costs of the District Improvements from proceeds of the Bonds. The Managing Developer will submit reimbursement requests for costs actually incurred in developing and constructing the District Improvements and be reimbursed in accordance with the Indenture. See "APPENDIX B – Form of Indenture."

The District Improvements consist of the Major Improvements, the Improvement Area #1 Improvements, the Improvement Area #2 Improvements, and the Improvement Area #3 Improvements. Following are descriptions of such improvements.

The District Improvements

Major Improvements

Clearing and Excavation. Improvements include all clearing and excavation associated with the public arterial road rights-of-way within the District.

Erosion Control. Improvements include the installation of all erosion control measures associated with the public arterial road rights-of-way and major utility improvements within or serving the District.

Roadway. Improvements include subgrade stabilization, paving, sidewalks, barrier free ramps, signage, striping, streetlights, testing and all other materials associated with the public arterial road rights-of-way within the District. The roadway improvements will be owned and operated by the City.

Sanitary Sewer. Improvements include trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to the District. The sanitary sewer improvements will be owned and operated by the City.

Water. Improvements include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, testing, and all other necessary appurtenances required to provide water service to all lots within the District. The water improvements will be owned and operated by Bear Creek SUD.

Storm Sewer. Improvements include trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, all other necessary appurtenances required to provide adequate drainage for the arterial road rights-of-way within the District. The storm sewer improvements will be owned and operated by the City.

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

Improvement Area #1 Improvements

Clearing and Excavation. Improvements include all clearing and excavation associated with the public residential road rights-of-way, detention ponds, swales, and channels within Improvement Area #1.

Erosion Control. Improvements include the installation of all erosion control measures associated with the public residential road rights-of-way and detention ponds within Improvement Area #1.

Roadway. Improvements include subgrade stabilization, paving, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public residential road rights-of-way within Improvement Area #1. The roadway improvements will be owned and operated by the City.

Sanitary Sewer. Improvements include trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to each lot within Improvement Area #1. The sanitary sewer improvements will be owned and operated by the City.

Water. Improvements include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing, and all other necessary appurtenances required to provide water service to each lot within Improvement Area #1. The water improvements will be owned and operated by Bear Creek SUD.

Storm Sewer. Improvements include trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, all other necessary appurtenances required to provide adequate drainage within Improvement Area #1. The storm sewer improvements will be owned and operated by the City.

Soft Costs. Costs related to designing, constructing, and installing the Improvement Area #1 Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

Improvement Area #2 Improvements

Clearing and Excavation. Improvements include all clearing and excavation associated with the public residential road rights-of-way, detention ponds, swales, and channels within Improvement Area #2.

Erosion Control. Improvements include the installation of all erosion control measures associated with the public residential road rights-of-way and detention ponds within Improvement Area #2.

Roadway. Improvements include subgrade stabilization, paving, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public residential road rights-of-way within Improvement Area #2. The roadway improvements will be owned and operated by the City.

Sanitary Sewer. Improvements include trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to each lot within Improvement Area #2. The sanitary sewer improvements will be owned and operated by the City.

Water. Improvements include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing, and all other necessary appurtenances required to provide water service to each lot within Improvement Area #2. The water improvements will be owned and operated by Bear Creek SUD.

Storm Sewer. Improvements include trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, all other necessary appurtenances required to provide adequate drainage within Improvement Area #2. The storm sewer improvements will be owned and operated by the City.

Soft Costs. Costs related to designing, constructing, and installing the Improvement Area #2 Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

Improvement Area #3 Improvements

Clearing and Excavation. Improvements include all clearing and excavation associated with the public residential road rights-of-way, detention ponds, swales, and channels within Improvement Area #3.

Erosion Control. Improvements include the installation of all erosion control measures associated with the public residential road rights-of-way and detention ponds within Improvement Area #3.

Roadway. Improvements include subgrade stabilization, paving, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public residential road rights-of-way within Improvement Area #3. The roadway improvements will be owned and operated by the City.

Sanitary Sewer. Improvements include trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to each lot within Improvement Area #3. The sanitary sewer improvements will be owned and operated by the City.

Water. Improvements include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing, and all other necessary appurtenances required to provide water service to each lot within Improvement Area #3. The water improvements will be owned and operated by Bear Creek SUD.

Storm Sewer. Improvements include trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, all other necessary appurtenances required to provide adequate drainage within Improvement Area #3. The storm sewer improvements will be owned and operated by the City.

Soft Costs. Costs related to designing, constructing, and installing the Improvement Area #3 Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

The following table reflects the component and total costs of the District Improvements.⁽¹⁾

	Major Improvements	Improvement Area #1 Improvements	Improvement Area #2 Improvements	Improvement Area #3 Improvements	District Improvements
Clearing and Excavation	\$ 88,172	\$ 399,730	\$ 198,788	\$ 174,118	\$ 860,808
Erosion Control	19,570	83,102	55,145	39,381	197,198
Roadway	2,309,689	2,449,190	4,081,705	1,110,346	9,950,930
Sanitary Sewer	2,288,643	1,339,395	1,036,233	432,823	5,097,094
Water	324,554	1,835,811	1,676,616	469,477	4,306,458
Storm Sewer	184,951	2,957,013	2,163,422	678,644	5,984,030
Soft Costs	<u>1,354,595</u>	<u>2,354,085</u>	<u>2,403,602</u>	<u>750,612</u>	<u>6,862,894</u>
Total	\$6,570,173	\$11,418,326	\$11,615,511	\$3,655,401	\$33,259,411

⁽¹⁾ Derived from the Service and Assessment Plan. Totals may not sum correctly due to rounding. See "APPENDIX C – Form of Service and Assessment Plan."

Ownership and Maintenance of District Improvements

The roadway, sanitary sewer, and storm sewer portions of the District Improvements have been or will be dedicated to and accepted by the City and constitute a portion of the City's infrastructure improvements. The City will provide for the ongoing operation, maintenance, and repair of such improvements.

The water portions of the District Improvements have been or will be dedicated to and accepted by the Bear Creek SUD and constitute a portion of the Bear Creek SUD's infrastructure improvements. Bear Creek SUD will provide for the ongoing operation, maintenance, and repair of such improvements.

THE DEVELOPMENT

The following information has been provided by the Developers. 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 Developers are developing the District as a master planned residential community known as "Trails of Lavon" expected to consist of a total of 651 detached single-family homes at final buildout; an amenity center with a swimming pool, children's playground area, a shade structure, and a restroom building; two pocket parks; and trails and open space area throughout the District. See "– Amenities and Private Improvements."

Homebuilders in the Development

Of the 651 homes to be constructed in the Development, 325 are expected to be constructed by Meritage and approximately 326 are expected to be constructed by GRBK's homebuilder, Trophy, as shown below.

	<u>Number of Lots</u>	<u>Meritage</u>	<u>Trophy</u>
<u>Improvement Area #1</u>			
40'	54	28	26
50' – 60'	<u>243</u>	<u>120</u>	<u>123</u>
	297	148	149
<u>Improvement Area #2</u>			
40'	114	57	57
50' – 60'	<u>136</u>	<u>68</u>	<u>68</u>
	250	125	125
<u>Improvement Area #3</u>			
40'	59	29	30
50'	<u>45</u>	<u>23</u>	<u>22</u>
	104	52	52

Status of Development

Improvement Area #1. Improvement Area #1 consists of approximately 96.956 acres containing 297 single-family residential lots, as follows:

<u>Lot Size</u>	<u>Number of Lots</u>
40'	54
50' – 60'	<u>243</u>
Total	297

The 50' and 60' lots will be marketed to the same end users and are considered one lot type in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

The Developers completed construction of the Improvement Area #1 Improvements, and the City accepted such improvements in March 2024. Home sales in Improvement Area #1 began in May 2024. The Developers expect the final sales to residents in Improvement Area #1 to occur in May 2026.

The following table reflects the status of development in Improvement Area #1 as of May 31, 2025:

<u>Lot Size</u>	Number of Single-Family <u>Lots</u>	Number of <u>Lots Completed</u>	Number of <u>Homes under Construction</u>	Number of <u>Homes Completed and Unoccupied</u>	Homes with <u>Residents</u>	Expected Final Sale Date to <u>Residents</u>
40'	54	54	–	2	52	June 2025
50' - 60'	<u>243</u>	<u>243</u>	<u>54</u>	<u>33</u>	<u>156</u>	May 2026
Total	297	297	54	35	208	

The following table shows the expected average sales prices and absorption periods for homes in Improvement Area #1:

<u>Lot Size</u>	Number <u>of Units</u>	Average <u>Home Price</u>	Absorption Period <u>(months)</u>
40'	54	\$345,000	16
50' - 60'	<u>243</u>	\$430,000	21
	297		

Improvement Area #2. Improvement Area #2 consists of approximately 67.729 acres containing 250 lots, as follows:

<u>Lot Size</u>	<u>Number of Lots</u>
40'	114
50' – 60'	<u>136</u>
Total	250

The Developers completed construction of the Improvement Area #2 Improvements, and the City accepted such improvements in October 2024. Home sales in Improvement Area #2 began in January 2025. The Developers expect the final sales to residents in Improvement Area #2 to occur in May 2026.

The following table reflects the status of development in Improvement Area #2 as of May 31, 2025:

<u>Lot Size</u>	Number of <u>Single-Family Lots</u>	Number of <u>Lots Completed</u>	Number of <u>Homes under Construction</u>	Number of <u>Homes Completed and Unoccupied</u>	Homes with <u>Residents</u>	Expected Final Sale Date to <u>Residents</u>
40'	114	114	22	18	45	December
50' - 60'	<u>136</u>	<u>136</u>	<u>57</u>	<u>4</u>	<u>37</u>	August 2026
Total	250	250	79	22	82	

The following table shows the expected average sales prices and absorption periods for homes in Improvement Area #2:

<u>Lot Size</u>	Number <u>of Units</u>	Average <u>Home Price</u>	Absorption Period <u>(months)</u>
40'	114	\$345,000	12
50' - 60'	<u>136</u>	\$430,000	20
	250		

Improvement Area #3. Improvement Area #3 consists of approximately 26.089 acres containing 104 lots, as follows:

<u>Lot Size</u>	<u>Number of Lots</u>
40'	59
50'	<u>45</u>
Total	104

The Developers have completed construction of the Improvement Area #3 Improvements and expect the City to accept such improvements in July 2025. The Developers expect home sales in Improvement Area #3 to begin in July 2025. The Developers expect the final sales to residents in Improvement Area #3 to occur in May 2026.

The following table reflects the status of development in Improvement Area #3 as of May 31, 2025:

<u>Lot Size</u>	<u>Number of Single-Family Lots</u>	<u>Number of Lots Completed</u>	<u>Number of Homes under Construction</u>	<u>Number of Homes Completed and Unoccupied</u>	<u>Homes with Residents</u>	<u>Expected Final Sale Date to Residents</u>
40'	59	59	14	—	—	December
50'	<u>45</u>	<u>45</u>	<u>—</u>	<u>—</u>	<u>—</u>	May 2026
Total	104	104	14	—	—	

The following table shows the expected average sales prices and absorption periods for homes in Improvement Area #3:

<u>Lot Size</u>	<u>Number of Units</u>	<u>Average Home Price</u>	<u>Absorption Period (months)</u>
40'	59	\$345,000	9
50'	<u>45</u>	<u>\$430,000</u>	<u>8</u>
104			

Amenities and Private Improvements

The Development Agreement requires construction of the following Amenities (i) an amenity center to include a swimming pool, a children's pool area, a playground, a restroom building, and a shade structure; (ii) a community park to include a playground, shaded picnic structure, event lawn, and site furniture; (iii) a pocket park to include an active play area with landscaped berms, slides, and manicured lawns, and (iv) a pocket park to include an open play area with a cedar shaded picnic structure and site furniture. As of May 31, 2025, the Developers had paid all costs of the Amenities. Construction of the Amenities was completed in November 2024.

In addition to the Amenities, the Developers have constructed certain "Private Improvements" benefiting the Development. The Private Improvements include clearing and excavation, erosion control, retaining walls, landscape, hardscape, miscellaneous, soft costs, contingency, and construction materials testing. As of May 31, 2025, the Developers had paid all costs of the Private Improvements.

The HOA will pay for the ongoing operation, maintenance, and repair of the Amenities by charging a maintenance and operation fee and/or a property owner's association fee to be paid by each lot owner within the District. See "OVERLAPPING TAXES AND DEBT – Homeowners' Association Dues."

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Photos of Development



Northern Entrance to Improvement Area #1 from CR 484



Improvement Area #1 Looking Northwest Across CR 485



Southern Portion of Improvement Area #1 Looking South



Improvement Area #1 looking northeast toward Improvement Area #2 and showing Amenity Center on far right



Improvement Area #3

Development Agreement

The Development Agreement sets forth certain agreements relating to the development of all property within the District and the issuance of public improvement district bonds for development in the District.

Pursuant to the Development Agreement, the Developers must, among other things, comply with the following requirements:

1. Within 30 days of closing on the purchase of the Property, deposit \$1,930,000 to be held in escrow for the Property's pro rata share of the costs of expansion of the City's wastewater treatment plant ("WWTP"), to be followed by an additional deposit if the costs of the expansion exceeded \$3,065,000. The \$1,930,000 deposit was made on March 7, 2022. According to the City, the City Engineer is in the process of determining whether an additional deposit will be required.
2. Construct the following roads and sidewalks, in accordance with the Traffic Impact Analysis (defined herein), and as shown on the map below:
 - a. Construct CR 485 from the west property line to the east property line of the Property, depicted as Sections A and B below;
 - b. Construct the eastern 24' wide portion of CR 484, depicted in Sections C, D, E, and F below;
 - c. Construct a 5' sidewalk and dedicate any necessary right of way along CR 483, depicted as Sections G and H below.
3. Complete construction of the amenity center prior to issuance of the 250th residential building permit.
4. Complete construction of the community park prior to issuance of the 500th residential building permit.
5. Provide open space equal to at least 20% of the developable acreage in the District.



The City agreed to the following in the Development Agreement:

1. To approve up to 208 residential building permits prior to completion of the WWTP.
2. That the expanded WWTP would be sufficient to serve the Property at full buildout. The WWTP expansion is presently in design phase.
3. The Residential Capital Recovery Fee, payable at issuance of a residential building permit, would equal the sum of (a) \$500 per residential dwelling unit (to increase by \$100 every 5 years), (b) tap fees, and (c) other normal fees due at issuance of residential building permits.
4. To charge a \$100 per single-family residential lot annexation fee. The annexation fee was paid to the City on December 10, 2021 (\$65,000), and December 20, 2021 (\$100).
5. To issue up to \$40 million special assessment revenue bonds, to be reimbursement bonds only.

Any issuance of special assessment revenue bonds is subject to the following restrictions:

1. The tax rate equivalent of all overlapping tax rates and the applicable assessments, on an aggregate and an individual parcel basis, may not exceed of \$3.10 per \$100 of taxable assessed valuation; and
2. The tax rate equivalent of the applicable assessments may not exceed \$0.90 per \$100 of taxable assessed valuation with the prior written consent of the City.

For additional agreements, terms, and provisions relating to the District, the City, the Developers, and the issuance of the Bonds in the Development Agreement, see “APPENDIX F – Development Agreement.”

Zoning/Permitting

The District is currently zoned as a planned development district pursuant to Ordinance No. 2021-10-04 adopted by the City Council (the “PDD Ordinance”). The PDD Ordinance allows certain residential uses and establishes guidelines pertaining to purpose, height, area, and setbacks. Because the District lies within the city limits

of the City, the City's zoning and subdivision regulations control the aspects of development not specifically set forth in the PDD Ordinance or the Development Agreement.

Schools

The District is located in Community ISD. Students in the District are expected to attend NeSmith Elementary School (approximately 1.9 miles from the District), Community Trails Middle School (approximately 0.44 miles from the District), and Community High School (approximately 8.3 miles from the District).

GreatSchools.org currently rates NeSmith Elementary School 4 out of 10 and Community High School 5 out of 10. According to the Texas Education Agency annual school report cards, NeSmith Elementary School was rated "C" and Community High School was rated "B" for 2022-2023 school year, the last year for which reports have been issued. (The categories for public school districts and public schools are A, B, C, D, and F.)

Community Trails Middle School opened in August 2024 and has not been rated by GreatSchools.org or the Texas Education Agency.

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

The Developers hold title to all reservations of mineral rights and royalty interests and easements for the Property. The Developers are not aware of any ongoing mineral rights development or exploration adjacent to the Property. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of owners of mineral rights on property adjacent to the District due to well density, acreage, or location issues.

Although the Developers do not expect the exercise of any third-party real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments, the Developers make no guarantee as to such expectation. See "BONDHOLDERS' RISKS – Exercise of Third-Party Property Rights."

Environmental

Site Evaluation. A Phase I Environmental Site Assessment (and "ESA") of approximately 217 acres, including the approximately 190.774 acres in the District, was delivered by Alpha Testing, Inc. ("Alpha") on November 19, 2020. The ESA revealed a recognized environmental condition on the Property consisting of an onsite underground refined liquid products transmission pipeline. Alpha recommended that an environmental site investigation (an "ESI") be conducted to evaluate the soil and groundwater for potential contamination from the pipeline.

Alpha performed an ESI of the Property in January 2021, the report of which is dated February 11, 2021. Based on the information presented in the ESI, neither the soil nor the groundwater found in the vicinity of the soil borings appeared to be affected by a release of a TPH or VOCs and Alpha determined that no additional site investigation was warranted.

Endangered and Threatened Species. According to the website for the Texas Parks and Wildlife Department, the Interior Least Tern and Whooping Crane are endangered species and the Black Rail, Piping Plover, Rufa Red Knot, White-faced Ibis, Wood Stork, Yellow-billed Cuckoo, Louisiana Pigtoe, Texas Heelsplitter, Alligator Snapping Turtle, and Texas Horned Lizard are a threatened species in Collin County. The Developers are not aware of any endangered species located on property within the District.

Geotechnical Exploration

A preliminary geotechnical exploration of the property in the District was performed by Alpha, as described in its report dated December 16, 2020 (the "Report"). The purpose of the exploration was to conduct field explorations and laboratory testing and provide engineering interpretation to aid in the preliminary design of residential type foundations. Alpha's findings indicated that slab foundations constructed within about 3' of existing grade could

experience soil-related seasonal movements (potential vertical rise) on the order of 4.5” – 6” for soils in a dry soil condition. The Report stated that slab-on-grade foundations could be conceptually designed with exterior and interior grade beams adequate to provide sufficient rigidity to the foundation system. The Report also included general comments pertaining to reasonably anticipated construction problems and guidelines concerning earthwork and quality control testing during construction.

The Developers have followed the recommendations of the Geotechnical Engineer and have moisture conditioned the areas where the potential vertical rise is greater than 4.5”.

Flood Zone

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) Community Panel number 48085C0440J (June 2, 2009), the property in the District lies outside the range of both the 100-year and 500-year floodplains. See “BONDHOLDERS’ RISKS – Flood Plains.”

Utilities

Bear Creek SUD will provide water service to the District. Bear Creek SUD is supplied with water through a take or pay contract with the North Texas Municipal Water District’s (“NTMWD”) water distribution system. NTMWD’s and Bear Creek SUD’s water distribution systems currently have sufficient capacity to provide water service to the District. The City will provide sewer service to the District.

Currently in design, the City projects completion of construction of the expansion of the City’s WWTP in July 2026 to a permitted capacity of 750,000 gallons per day. Such expansion will provide sufficient capacity to serve the District’s wastewater treatment requirements at full buildout. See “– Development Agreement.”

The Developers expect additional utilities to be provided by: (1) Phone/Data - Frontier; (2) Electric – Oncor; (3) Cable – Frontier; and (4) Natural Gas - Atmos Energy.

THE DEVELOPERS

The following information has been provided by the Developers. 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 assessment revenue bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer’s right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

Description of Meritage

Meritage is wholly owned by Meritage Homes of Texas Holding, Inc., which is wholly owned by Meritage Homes Corporation (“MTH”). Meritage was created by MTH for the purpose of acquiring, owning, holding,

managing, operating, investing, reinvesting, accumulating, improving, and developing residential housing upon property located in the State of Texas, including developing, managing, and ultimately conveying property to third parties.

MTH constructs a variety of single-family detached homes across the United States. It is the sixth largest home builder in the country, based on 2024 home sales. MTH operates through two segments: homebuilding and financial services. It acquires and develops land and constructs, markets, and sells homes for first-time and first move up buyers. MTH also offers title insurance and closing/settlement services to its homebuyers. It builds and sells homes in Texas, Arizona, California, Colorado, Florida, North Carolina, South Carolina, Georgia, and Tennessee under the Meritage Homes brand name.

MTH is a publicly traded company on the New York Stock Exchange under the ticker symbol “MTH.” MTH is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the “SEC”). The file number for MTH is No.1-9977. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549, and at the SEC’s internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by MTH pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of the Limited Offering Memorandum will be available for inspection in the same manner as described above. See “BONDHOLDERS’ RISKS – Dependence Upon Developers and Homebuilders.”

Description of Past and Current Projects of Meritage

<u>Name of Community</u>	<u>City</u>	<u>Number of Lots</u>	<u>Status of Development</u>
Simpson Crossing	Lowry Crossing	540	In Development
Stonehaven	Seagoville	809	In Development
Brookside	Princeton	328	Fully Developed

Executive Biographies of Principals of Meritage

Austin Woffinden, Dallas/Fort Worth (DFW) Division President. Mr. Woffinden strategically leads and directs Meritage’s Dallas/Fort Worth Division to ensure attainment of established business plans and plays an active role in developing, implementing, and achieving the strategic and annual operating goals. Mr. Woffinden holds a Doctor of Jurisprudence from Arizona State University and a Bachelor of Science from Brigham Young University and served as Division Vice President for the Meritage Phoenix Division prior to his current role in the Dallas/Fort Worth Division.

Description of GRBK

GRBK is a limited liability company. Its sole member is Green Brick. Green Brick is a publicly traded company listed on The New York Stock Exchange under the ticker symbol “GRBK.” Green Brick invests in a wide range of real estate investments and is a diversified homebuilding and land development company. Green Brick acquires and develops land and provides land and construction financing to its controlled homebuilders. Green Brick also operates Green Brick Title, Green Brick Mortgage, and BHOME Mortgage as part of its operations portfolio, allowing a fully integrated process throughout the home buying experience.

Green Brick provides expertise and capital to develop neighborhoods with classic architecture interwoven with the latest technological advancements, and in turn provide a long-term return for their investors, residents, and cities where they develop and build. Green Brick currently operates in Texas, Georgia, Colorado, and Florida.

In the Dallas Metroplex, Green Brick develops neighborhoods for its Team Builders™ and for many of the most well-known large public and private homebuilders in the nation under the Green Brick brand. As of December 31, 2024, Green Brick had 37,831 lots owned and controlled. When excluding land held for future development, as of December 31, 2024, Green Brick had 34,031 lots owned and controlled in high-growth sub-markets throughout the

Dallas and Atlanta metropolitan areas and the Vero Beach, Florida market. See “BONDHOLDERS’ RISKS – Dependence Upon Developers and Homebuilders.”

Green Brick is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the SEC. Such reports, proxy statements, and other information filed by Green Brick can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E. Washington D.C. 20549 and at the SEC’s internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the NYSE, 11 Wall St., New York, NY 10005. All documents subsequently filed by Green Brick pursuant to the requirements of the Securities and Exchange Act of 1934 after the date of the Limited Offering Memorandum will be available for inspection in the same manner as described above.

In addition, Green Brick makes available on its website, <http://greenbrickpartners.com/reporting/>, its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports from Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. Unless otherwise specified, information contained on Green Brick’s website is not incorporated into this Limited Offering Memorandum. See “BONDHOLDERS’ RISKS – Dependence Upon Developers and Homebuilders.”

Description of Past and Current Projects of GRBK

<u>Name of Community</u>	<u>City</u>	<u>Number of Lots</u>	<u>Status of Development</u>
The Village at Twin Creeks	Allen	561	Fully Developed
Edgewood	Frisco	354	Fully Developed
Park Vista	Frisco	359	Fully Developed
Buffalo Ridge	Waxahachie	405	Fully Developed

Executive Biographies of Green Brick

James R. Brickman, Co-Founder, Chief Executive Officer and Director. Mr. Brickman is responsible for all major investment decisions, capital allocation, strategic planning, and relationships with Green Brick’s builders. Mr. Brickman was the founding manager and advisor of each of JBGL Capital LP, since 2008, and JBGL Builder Finance, LLC, since 2010. Prior to forming JBGL in 2008, Mr. Brickman was a manager of various joint ventures and limited partnerships that developed and built low and high-rise office buildings, multi-family and condominium homes, single-family homes, entitled land and supervised a property management company. He previously served as Chairman and CEO of Princeton Homes Ltd. and Princeton Realty Corporation, which developed land, constructed custom single-family homes, and managed apartments it built. Mr. Brickman has over 40 years of experience in nearly all phases of real estate construction, development, and real estate finance property management. Mr. Brickman received B.B.A. and M.B.A degrees from Southern Methodist University.

Richard A. Costello, Chief Financial Officer. Mr. Costello joined Green Brick as CFO in January 2015, months after the company went public. His responsibilities include oversight of all financial reporting, lending relationships, audit supervision, cash management, and investor relations. He has over 26 years of financial and operational experience in all aspects of real estate management. Since 2007, Mr. Costello has been a private investor. Previously, he worked for 16 years at GL Homes of Florida, one of the largest private developers and home builders in Florida. There he served as Chief Financial Officer and Chief Operating Officer as well as in other senior financial management roles. Prior to joining GL Homes, Mr. Costello worked for six years as AVP-Finance for Paragon Group, a regional commercial real estate developer, and for four years as an auditor for KPMG. Mr. Costello received a B.S. degree in Accounting from the University of Central Florida and his M.B.A. from Northwestern University’s Kellogg School.

Jed Dolson, Chief Operations Officer and Executive Vice President. Mr. Dolson currently serves as the Chief Operating Officer and Executive Vice President for Green Brick. Prior to his role as COO and Executive VP, Mr. Dolson was the President of the Texas Region for Green Brick where he oversaw Green Brick’s majority ownership positions in Centre Living Homes, CB JENI Homes, Normandy Homes, Southgate Homes, and Trophy

Signature Homes. Mr. Dolson also served as Head of Land Acquisition and Development for Green Brick from 2013 to 2017. Before joining Green Brick, Mr. Dolson served as a managing member of Pecos One LLC, a consulting firm owned by Mr. Dolson that exclusively provided development management services for all Green Brick projects since 2010. Mr. Dolson worked for three years at Jones & Boyd Engineering, and later served five years as Director of Development for a local private residential developer. Mr. Dolson received a B.S. degree in Civil Engineering from Texas A&M University and a M.S. Degree in Civil Engineering from Stanford University.

Bobby L. Samuel, III, National Vice President of Land. Mr. Samuel currently serves as the National Vice President of Land for Green Brick. Before joining Green Brick, Mr. Samuel served as the Vice President of Land for the Dallas-Fort Worth Division of a large public homebuilder. His experience also includes serving as a civil engineering consultant and client manager with a national engineering firm and Director of Land Development for a Dallas-Fort Worth private residential developer. Mr. Samuel received a B.S. degree in Civil Engineering from Texas A&M University and an M.B.A. from Texas Christian University. He holds a professional engineering license in the State of Texas.

History and Financing of the District

The Developers purchased the two tracts constituting the Property in October and November 2021 for a combined purchase price of approximately \$8,000,000. Meritage's acquisition was made with corporate cash on hand and GRBK's acquisition was made with internal corporate cash funding. No third-party financing was used.

The total cost of the District Improvements was approximately \$33,259,411. A portion of such costs in the approximate amount of \$24,052,091*, is expected to be reimbursed to the Developers with proceeds of the Bonds. The balance of the costs of the District Improvements, in the approximate amount of \$9,207,320*, have been paid by the Developers with corporate cash funding or cash on hand, and, to the extent not paid from the Project Fund as described in the following sentence, will not be reimbursed by the City. Any difference between the sum of the 2024 Annual Installments, the 2025 Annual Installments, and the interest earnings thereon and the amount of debt service due on the Bonds on September 15, 2025, shall be deposited to the Project Fund on the Closing Date and used to reimburse the Developer for costs of the District Improvements. See "THE DISTRICT IMPROVEMENTS."

In addition to the District Improvements, the Developers constructed the Amenities in the approximate amount of \$1,697,000 and the Private Improvements in the approximate amount of \$14,426,700, with corporate cash funding or cash on hand, without reimbursement by the City. See "THE DEVELOPMENT – Amenities and Private Improvements."

GRBK's corporate cash funding is provided through a senior, unsecured revolving credit facility (the "Unsecured Revolving Credit Facility") with a lender group comprised of eight banks including Flagstar Bank, Veritex Community Bank, Huntington National Bank, Texas Capital Bank, Goldman Sachs Bank US, BancorpSouth Bank, Woodforest National Bank, and MidFirst Bank. The Unsecured Revolving Credit Facility provides GRBK with \$330,000,000 in commitments. As of May 31, 2025, \$305,000,000 of the Unsecured Revolving Credit Facility was available. Additional corporate cash funding is provided to GRBK through a revolving credit facility (the "Inwood Revolving Credit Facility") with Inwood National Bank. The Inwood Revolving Credit Facility provides GRBK with \$35,000,000 of a secured revolving line of credit, which is secured by mortgages on real property and security interests in certain personal property (to the extent that such personal property is connected with the use and enjoyment of the real property) that is owned by certain of GRBK's subsidiaries. The Inwood Revolving Credit Facility is not secured by any real or personal property within or related to the District. As of May 31, 2025, \$35,000,000 of the Inwood Revolving Credit Facility was available.

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THE PID ADMINISTRATOR

The following information has been provided by the PID 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 PID Administrator. The City has entered into an agreement with the PID Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The PID Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The PID Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin, Houston, and North Richland Hills, Texas.

The PID 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 identification numbers within the District;
- Trust account analysis and reconciliation;
- Property owner inquiries;
- Determination of prepayment amounts;
- Preparation and review of disclosure notices with dissemination agent; and
- Review of developer draw requests for reimbursement of public improvement costs.

APPRAISAL

General. Integra Realty Resources – Dallas (the “Appraiser”), prepared an appraisal report for the City dated June 11, 2025, based upon a physical inspection of the District conducted on, and effective date of, March 1, 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 District 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 G 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 G – Appraisal.”

Value Estimates. The Appraiser estimated the cumulative retail market value as is of the fee simple interest in the remaining developed lots in Improvement Area #1 and Improvement Area #2, the developed lots in Improvement Area #3, and the completed homes within Improvement Area #1 and Improvement Area #2 of the District under certain hypothetical conditions. The Appraisal does not reflect the value of the property within the District as if sold to a single purchaser in a single transaction. See “APPENDIX G – Appraisal.”

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Using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, the cumulative retail market value as is of the fee simple interest of real property in the District, as of March 1, 2025, is \$105,952,000, as follows:

Value Conclusions			
Parcel	Interest Appraised	Date of Value	Value Conclusion
Cumulative Retail Market Value As Is (154 Remaining Developed Lots, IA #1)	Fee Simple	March 1, 2025	\$15,356,000
Cumulative Retail Market Value As Is (182 Remaining Developed Lots, IA #2)	Fee Simple	March 1, 2025	\$18,172,000
Cumulative Retail Market Value As Is (104 Developed Lots, IA #3)	Fee Simple	March 1, 2025	\$9,574,000
Cumulative Retail Market Value As Is (28 Completed Homes on 40' Lots, IA #1)	Fee Simple	March 1, 2025	\$7,700,000
Cumulative Retail Market Value As Is (99 Completed Homes on 50' Lots, IA #1)	Fee Simple	March 1, 2025	\$30,690,000
Cumulative Retail Market Value As Is (16 Completed Homes on 60' Lots, IA #1)	Fee Simple	March 1, 2025	\$5,200,000
Cumulative Retail Market Value As Is (52 Completed Homes on 40' Lots, IA #2)	Fee Simple	March 1, 2025	\$14,300,000
Cumulative Retail Market Value As Is (16 Completed Homes on 50' Lots, IA #2)	Fee Simple	March 1, 2025	\$4,960,000

None of the City, the Developers, 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 none of the City, the Developers, or the Underwriter make any representation as to the reasonableness of such assumptions.

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 Developers have 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. 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.

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 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 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 Initial Purchasers

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 such 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.

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.

Assessment Limitations

Annual Installments of Assessments are billed to owners of Assessed Property. 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 the 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 in the District, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See "— Bondholders' 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 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 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 each of the Assessment Ordinances, no such homestead rights had been claimed. Furthermore, the Developers owned 100% of the property within the District at the time the Assessments were levied and are not eligible to claim

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

Failure by owners of the Assessed Property to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels of Assessed Property 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 IS 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; No Prefunding of Delinquency and Prepayment Reserve Account

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 Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is not funded from the proceeds of the Bonds. Instead, funding of the Delinquency and Prepayment Reserve Account is accumulated over time, by the mechanism described in “SECURITY FOR THE BONDS SIMILARLY SECURED – Delinquency and Prepayment Reserve Account of the Reserve Fund.” The Indenture provides that if after a withdrawal from the Reserve Account the amounts therein are less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account sufficient to cure such deficiency. The Indenture also provides that if the amount on deposit in the Delinquency and Prepayment Reserve Account shall at any time be less than the Delinquency and Prepayment Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the 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 at least fifty percent (50%) of the Bonds then Outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or 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 governmental immunity, 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 “– 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 covenants in the Indenture to take and pursue all reasonable 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. 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 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 State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the Owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

State Law Requiring Notice of Assessment; Failure of Developers and 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 Developers 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 Developers or homebuilders does not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The 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 89th Legislative Session of the State concluded 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. On June 23, 2025, the Governor announced he will call a special session to begin on July 21, 2025. While the initial list of items to be addressed in the July 21, 2025, special session does not include items related to the PID Act or the issuance of special assessment bonds, it is impossible to predict what new proposals may be presented at the July 21, 2025 special session or any future special sessions 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 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.

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

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

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 Developers 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 the 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 Developers, including general economic conditions, may impact the timing of 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, impositions and 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 homebuilders are unable to access building materials in a timely manner, it may affect the ability of the homebuilders to complete construction of homes or pay the Assessments when due. See "THE DEVELOPERS – History and Financing of the District." If the cost of materials remains high or increases, it may affect the ability of the homebuilders to construct homes within 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 estimate costs and 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 Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developers.

Absorption Rates

There can be no assurance that the homebuilders will be able to achieve anticipated absorption rates. Failure to achieve the absorption rate estimates may adversely affect the estimated value of the District, could impair the economic viability of the District, and could reduce the ability or desire of property owners in the District to pay the Assessments.

Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developers, the City, the City's Financial Advisor, or the Underwriter can give any assurance that the building programs which are planned throughout the District will be completed in accordance with the Developers' expectations. The competitive position of the Meritage and Trophy in the construction and sale of single-family residential units is affected by most of the

factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise become able to compete with the Development. Below is a list of competitive projects in the area sorted by lot size.

Community	Builder	SF	Lot Size	NSPM ⁽¹⁾	Price	Lot Basis	Lots Remaining	School District
Grand Heritage Traditions	Bloomfield	1,503 – 3,754	50'	6.9	\$310K-\$481K	\$1,000/ff	203	Community
Crestridge Meadows	Starlight	1,429 – 2,722	50'	16.1	\$283K-\$359K	\$1,000/ff	19	Community
LakePointe	Trophy	1,800 – 4,351	50' - 60'	8.0	\$339K-\$552K	\$1,000/ff	43	Community
Lavon Farms	Pacesetter	1,827 – 2,864	50'	3.1	\$348K-\$427K	\$1,000/ff	37	Community

⁽¹⁾ Net Sales Per Month.

Source: The Developers

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 (or operator) for the remediation of a hazardous substance condition of the property. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within the District has such a current liability with respect to such parcel; however, it is possible that such liabilities do currently exist, and that the City is not aware of them.

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

See “THE DEVELOPMENT – Environmental” for discussion of a previous ESA and ESI 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 adequate wastewater service and the Bear Creek SUD providing adequate water service to the Development. If the City fails to provide wastewater services or the Bear Creek SUD fails to provide water services to the property in the District, the Development cannot be completed as expected. See “THE DEVELOPMENT – Utilities.”

Flood Plains

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) Community Panel number 48085C0440J (June 2, 2009), the property in the District lies outside the range of both the 100-year and 500-year floodplains.

FEMA will from time to time revise its FIRMs. None of the City, the Underwriter, or the Developers 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, 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 Rights

As described herein under “THE DEVELOPMENT – Existing Mineral and Groundwater Rights, Easements, and Other Third-Party Property Rights” the Developers hold title to all reservations of mineral rights and royalty interests and easements for the Property. There may also be additional related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Collin County.

The Developers do not expect the existence or exercise of any 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 Developers’ 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.

Management and Ownership

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

Dependence Upon Developers and Homebuilders

As of May 31, 2025, Meritage and Trophy together had the obligation for payment of approximately 49% of the Assessments. The ability of the Meritage and Trophy to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. There can be no assurances given as to the financial ability of the Meritage and Trophy to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Meritage or Trophy will advance such funds. See "THE DEVELOPERS – Description of Meritage" and "– Description of GRBK."

Neither the Developers or Trophy will guarantee or otherwise be obligated to pay debt service on the Bonds. Payment of the Assessments on the Assessed Property will be the responsibility of Meritage and Trophy, as the case may be, as the owners of such Assessed Property prior to purchase by homeowners.

Use of Appraisal

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

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

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

TAX MATTERS

Opinion

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

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

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated

redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of the State 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.

McCall, Parkhurst & Horton L.L.P. 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 obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal thereof and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX 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 herein under the captions or subcaptions "PLAN OF FINANCE – The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts") "THE DISTRICT" (except for the subcaption "Collection and Delinquency History in Improvement Area #1 and Improvement Area #2 of the District), "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings" (first paragraph only), "LEGAL MATTERS – 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 – Form of Indenture" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinances, 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 Ordinances, 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 Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

Litigation – The Developers

At the time of delivery and payment for the Bonds, the Developers 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 knowledge of such entities, threatened against or affecting such entities wherein an unfavorable decision, ruling, or finding would have a material adverse effect on the financial condition or operations of such entities or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the

Reimbursement Agreement, the Development Agreement, the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”).

Additionally, affiliated entities of the Developers have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

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 PID Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (in such capacity, the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of 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 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 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 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 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 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 Issuer or from any statement made pursuant to the Disclosure Agreement of Issuer.

A default by a Developer or the PID Administrator with respect to its obligations under the Disclosure Agreement of Developer (defined below) is not a default by the City. The City has no obligation to provide financial information, operating data, or reports that a Developer or the PID Administrator is obligated to provide under the Disclosure Agreement of Developer in the event a Developer or the PID Administrator fails to do so.

The City’s Compliance with Prior Undertakings

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

The Managing Developer

The Managing Developer, the PID Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds) to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Developers, the Development, and the District Improvements (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 Developers or the PID Administrator to comply with its obligations under the Disclosure Agreement of Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Managing Developer will agree to (i) prepare and provide certain updated information in report form to the Dissemination Agent and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreements of Developer. The Managing Developer will not agree to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Developer. The Managing 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 Managing Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Developer or from any statement made pursuant to the Disclosure Agreement of Developer.

The Managing Developers' Compliance with Prior Undertakings

Other than described below, during the last five years, the Managing Developer has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

In connection with its continuing disclosure obligations related to the City of Hutto, Texas, Special Assessment Revenue Bonds, Series 2021 (Durango Farms Public Improvement District Project), the Managing Developer failed to file its quarterly report for the period ending March 31, 2022, by the May 15, 2022, deadline. The Managing Developer filed the quarterly report on May 23, 2022, and filed notice of its failure to file on May 25, 2022.

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 \$_____) and no accrued interest. The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. 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 PFIA requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "NO RATING" above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal

investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

INVESTMENTS

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

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

with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

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

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

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

Under State law, the City’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable

income to be derived.” At least quarterly the City’s investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

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

INFORMATION RELATING TO THE TRUSTEE

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

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

Additional information concerning the Trustee may be found at www.wilmingtontrust.com. Neither the information on the Trustee’s website nor any links from such website are a part of this Limited Offering Memorandum, nor should any such information be relied upon to make an investment decision as to the Bonds.

SOURCES OF INFORMATION

General

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records and its representatives, the Developers, 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 Developers 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 District Improvements, the Development, the Developers generally and, in particular, the information included in maps herein and in the sections captioned "PLAN OF FINANCE" (except the for the information under the subheading "- The Bonds"), "THE DISTRICT IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPERS," "BONDHOLDERS' RISKS" (only as it pertains to the Developers, Trophy, the District Improvements, and the Development), "LEGAL MATTERS – Litigation – The Developers," and "CONTINUING DISCLOSURE – The Managing Developer" and "- The Managing Developer's Compliance with Prior Undertakings" has been provided by the Developers, and the Developers have warranted and represented that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developers will each separately deliver a certificate to such effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC, the PID Administrator, and has been included in reliance upon the authority of such firm as experts in the field of assessment allocation/methodology and district administration.

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by Integra Realty Resources – Dallas, the Appraiser, and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Integra Realty Resources – Dallas has consented to the inclusion of the Appraisal herein.

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 ninety (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 HEREIN TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

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

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREAS

The following information has been derived from various sources, including the U.S. Census, the Municipal Advisory Council of Texas, and the County. While such sources are believed to be reliable, no representation is made as to the accuracy thereof.

Location and Population

The City is located in southeastern Collin County approximately 6 miles north of Rockwall and 33 miles northeast of Dallas off of Highway 205 and Highway 78. The City was founded in 1854 and incorporated in 1972. The 2020 Census population for the City was 4,469. As of January 1, 2025, the City estimates the population to be 11,396.

Education

Primary and secondary education is provided by Community ISD. See “THE DEVELOPMENT – Schools.”

The following list includes the major colleges and universities located within a 60-mile radius of the County.

Austin College	Sherman, Texas
Collin College System	McKinney, Texas
Texas A&M University – Commerce	Commerce, Texas
Grayson County Community College	Sherman, Texas
Southern Methodist University	Dallas, Texas
Texas Christian University	Fort Worth, Texas
Texas Woman's University	Denton, Texas
University of Dallas	Dallas, Texas
University of North Texas	Denton, Texas
University of Texas at Arlington	Arlington, Texas
University of Texas at Dallas	Dallas, Texas

Historical Employment in Collin County (Average Annual)

	Average Annual				
	2025 ⁽¹⁾	2024 ⁽¹⁾	2023	2022	2021
Civilian Labor Force	692,891	680,301	644,539	635,039	597,989
Total Employed	668,885	654,384	640,361	614,007	571,326
Total Unemployed	24,006	25,917	24,178	21,032	26,663
Unemployment Rate	3.5 %	3.8%	3.6%	3.3%	4.5%

⁽¹⁾ As of April 2025.

Source: Texas Workforce Commission.

Major Employers

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

<u>Employer</u>	<u>Employees</u>
State Farm Insurance Corporate Office	12,000
JPMorgan Chase	10,530
Frisco Independent School District	8,850
Bank of America	6,318
Capital One Finance	5,578
Richardson ISD	5,500
Blue Cross & Blue Shield of Texas	5,300
Toyota Motor North America, Inc.	4,960
Raytheon Intelligence and Space	4,200
PepsiCO	3,759

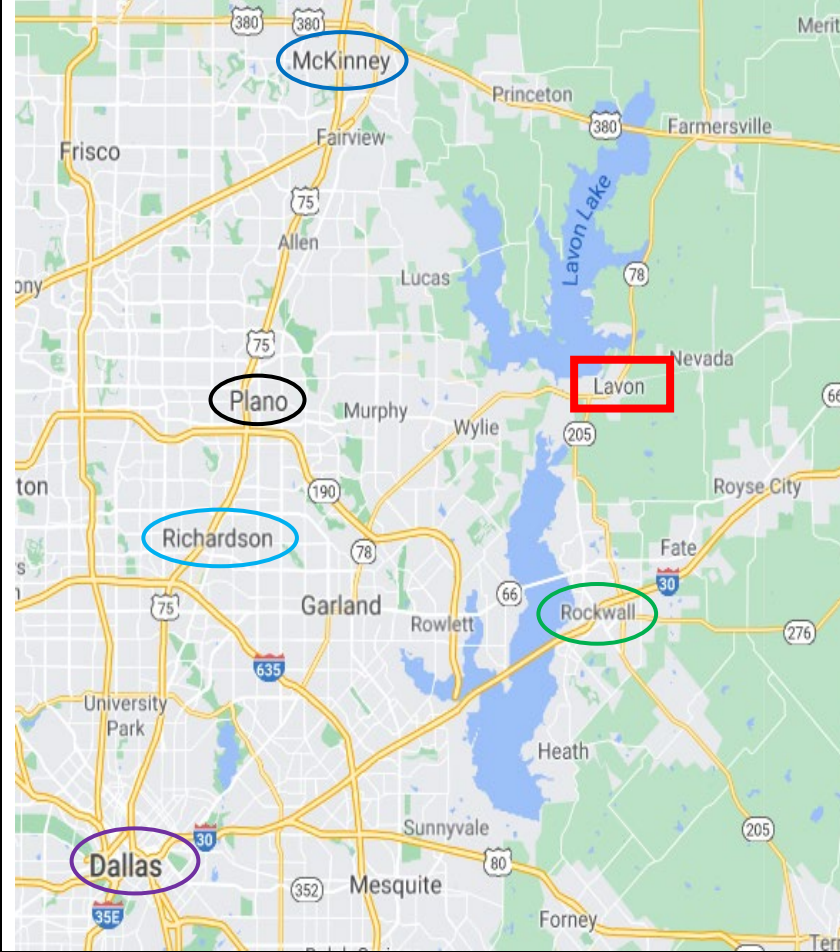
Source: Collin County Annual Comprehensive Financial Report, For the Fiscal Year Ended September 30, 2024

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Surrounding Economic Activity

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

City of Plano (2023)		City of Rockwall (2023)		City of Richardson (2023)	
Approximately 16 miles from the City		Approximately 19 miles from the City		Approximately 24 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
JP Morgan Chase	9,500	Rockwall ISD	1,994	State Farm Insurance	10,000
Capital One Finance	7,542	L-3 Harris Technologies	700	Richardson ISD	5,729
Toyota Motor North America, Inc	4,573	Texas Health Presbyterian Hospital	700	University of Texas at Dallas	3,455
Bank of America	4,500	Pegasus Foods	700	Blue Cross Blue Shield of Texas	3,100
AT&T Foundry	2,500	Wal-Mart Superstore	450	GEICO	2,300
Eriasson	2,406	Channell Commercial	380	Raytheon	2,200
Liberty Mutual Insurance Company	2,385	Rockwall County	364	RealPage	2,100
Medical City Plano	2,332	City of Rockwall	353	Cisco	1,700
USAA	2,092	Texas Star Express	275	Texas Instruments	1,800
Fannie Mae	2,000	Karat by Lollicup USA	260	United Health Care	1,700



City of McKinney (2023)	
Approximately 25 miles from the City	
Employer	Employees
Raytheon Space & Airborne Systems	4,347
McKinney ISD	2,749
Collin County	2,034
Encore Wire Corp.	1,765
Globe Life	1,600
Independent Financial	1,521
City of McKinney	1,508
Collin College	964
Baylor University	788
Medical Center of McKinney	670

City of Dallas (2024)	
Approximately 32 miles from the City	
Employer	Employees
UT Southwestern Medical Center	25,641
Dallas ISD	22,857
Southwest Airlines Co.	19,190
City of Dallas	13,798
Parkland Health & Hospital System	13,103
At&T Inc.	10,690
Dallas County Community College	8,230
Texas Instruments Inc.	7,704
Methodist Dallas Medical Center	6,689
Dallas County	6,500

Source: Municipal Advisory Council of Texas

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APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF LAVON, TEXAS

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee**

DATED AS OF AUGUST 1, 2025

SECURING

[\$29,099,000]

**CITY OF LAVON, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT
PROJECTS)**

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EXHIBIT A	1

INDENTURE OF TRUST

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

WHEREAS, on or before September 21, 2021, a petition (the “*Petition*”) was submitted and filed with the City Secretary of the City (the “*City Secretary*”) pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “*Act*” or “*PID Act*”), requesting the creation of a public improvement district located within the extraterritorial jurisdiction of the City to be known as “Trails of Lavon Public Improvement District” (the “*District*”); and

WHEREAS, the Petition contained the signatures of the (i) owners of taxable real 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 Collin Central Appraisal District, and (ii) record owners of real property liable for assessment by the District who: (A) constitute more than 50 percent of all record owners of property that is liable for assessment in the District; or (B) own taxable real property that constitutes more than fifty percent of the area of all taxable real property that is liable for assessment in the District; and

WHEREAS, on September 21, 2021, the City Council of the City (the “*City Council*”) adopted Resolution No. 2021-09-12 accepting the Petition and calling a public hearing on the creation of the District on October 19, 2021; and

WHEREAS, after due notice, on October 19, 2021 the City Council opened, conducted and closed the public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act and, on October 19, 2021, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2021-10-03 adopted by the City Council (the “*Creation Resolution*”), authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

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

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

WHEREAS, the City, pursuant to Section 372.016(c) of the PID Act, in 2023 and 2024, mailed notices of the public hearings 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 in Improvement Area #1, Improvement Area #2 and Improvement Area #3; and

WHEREAS, the City Council opened, conducted and closed the public hearings, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Assessment Roll, and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of Improvement Area #1 Project Costs, Improvement Area #2 Project Costs and the Improvement Area #3 Project Costs, the purposes of the Assessments, the special benefits of the Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, at the public hearings referenced above, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Improvement Area #1 Project Costs, Improvement Area #2 Project Costs and Improvement Area #3 Project Costs, the Assessment Roll, or the levy of the Assessments; and

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

WHEREAS, the City Council is authorized by the PID Act to issue revenue bonds payable from the Assessments for the purpose of (i) paying the Improvement Area #1 Project Costs, (ii) paying the Improvement Area #2 Project Costs, (iii) paying the Improvement Area #3 Project Costs, (iv) funding a reserve fund for payment of principal and interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District and (vi) paying the costs of issuance of the Bonds; and

WHEREAS, On July 15, 2025, the City Council approved an Amended and Restated Service and Assessment Plan by adopting Ordinance No. 2025-_____, which serves to amend and restate the Service and Assessment Plan in its entirety for the purposes of (1) issuing the Bonds; (2) updating the Improvement Area #1 Assessment Roll; (3) updating the Improvement Area #2 Assessment Roll; and (4) updating the Improvement Area #3 Assessment Roll.

WHEREAS, the City Council now desires to issue its revenue bonds, in accordance with the PID Act, such bonds to be entitled “City of Lavon, Texas, Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects)” (the “*Bonds*”), such Bonds being payable solely from a first lien on, security interest in, and pledge of the Trust Estate for the purposes set forth in this preamble; and

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

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds Similarly Secured by the Owners thereof, and of other good and valuable consideration,

the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the “*Trust Estate*”):

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

THIRD GRANTING CLAUSE

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

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

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

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

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

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

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. **Definitions.**

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

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

“*Additional Interest*” means the 0.50% additional interest charged on the Assessments pursuant to Section 372.018 of the PID Act.

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

“*Administrator*” means an employee or designee of the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

“*Annual Collection Costs*” means the “Annual Collection Costs”, as defined in the Service and Assessment Plan, including actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (i) the Administrator; (ii) City staff; (iii) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (iv) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (v) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (vi) paying and redeeming Bonds Similarly Secured; (vii) investing or depositing Assessments and Annual Installments; (viii) complying with the Service and Assessment Plan, this Indenture and the PID Act with respect to the Bonds Similarly Secured, including continuing disclosure requirements; and (ix) the paying agent/registrar and Trustee in connection with Bonds Similarly Secured, including their respective legal counsel. Annual Collection Costs do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds Similarly Secured. Annual Collection Costs collected but not expended for actual Annual Collection Costs in any year shall be carried

forward and applied to reduce Annual Collection Costs in subsequent years to avoid the over-collection of Annual Collection Costs.

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

“Annual Installment” means, collectively, the Improvement Area #1 Annual Installment, Improvement Area #2 Annual Installment and the Improvement Area #3 Annual Installment.

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

“Applicable Laws” means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State or of the United States of America, 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, collectively, the Improvement Area #1 Assessed Property, Improvement Area #2 Assessed Property and the Improvement Area #3 Assessed Property.

“Assessment Ordinance” means, collectively, (i) the ordinance adopted by the City Council on July 18, 2023, as may be amended or supplemented, that levied the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property, (ii) the ordinance adopted by the City Council on September 3, 2024, as may be amended or supplemented, that levied the Improvement Area #2 Assessments on the Improvement Area #2 Assessed Property, and (iii) the ordinance adopted by the City Council on October 15, 2024, as may be amended or supplemented, that levied the Improvement Area #3 Assessments on the Improvement Area #3 Assessed Property.

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

“Assessment Roll” means, collectively, the Improvement Area #1 Assessment Roll, Improvement Area #2 Assessment Roll and the Improvement Area #3 Assessment Roll.

“Assessments” means, collectively, the Improvement Area #1 Assessments, Improvement Area #2 Assessments and the Improvement Area #3 Assessments.

“Attorney General” means the Attorney General of the State.

“Authorized Denomination” means, for the Bonds, \$100,000 and any integral multiple of \$1,000 in excess thereof. The City prohibits any Bond to be issued in a denomination of less than \$100,000 and further prohibits the assignment of a CUSIP number to any Bond with a

denomination of less than \$100,000, and any attempt to accomplish either of the foregoing shall be void and of no effect.

“Authorized Improvements” mean those improvements authorized by Section 372.003 of the PID Act for which Assessments are levied, including those described in the Service and Assessment Plan.

“Bond” means any of the Bonds.

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

“Bond Fund” means the Fund established pursuant to Section 6.1 and administered pursuant to Section 6.4 of this Indenture.

“Bond Ordinance” means the ordinance adopted by the City Council on [July 15, 2025,] authorizing the issuance of the Bonds pursuant to this Indenture.

“Bond Pledged Revenue Account” means the Account in the Pledged Revenue Fund established pursuant to Section 6.1 of this Indenture.

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

“Bonds” means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled “City of Lavon, Texas, Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects)”.

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

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

“Certificate for Payment” means, with respect to payment or reimbursement of Improvement Area #1 Project Costs and the Improvement Area #2 Project Costs, a certificate substantially in the form of Exhibit A hereto and executed by a Person approved by the City Representative that is delivered to the City Representative and the Trustee specifying the amount of work performed and the Improvement Area #1 Project Costs, Improvement Area #2 Project Costs or Improvement Area #3 Project Costs thereof, and requesting payment for such Improvement Area #1 Project Costs, the Improvement Area #2 Project Costs or Improvement Area #3 Project Costs from money on deposit in the Improvement Area #1 Bond Improvement Account, the Improvement Area #2 Bond Improvement Account or Improvement Area #3 Bond Improvement Account, as applicable, of the Project Fund as further described in Section 6.5 of this Indenture.

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

“*City Order*” means written instructions by the City, executed by a City Representative.

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

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

“*Comptroller*” means the Comptroller of Public Accounts of the State.

“*Costs of Issuance Account*” means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

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

“*Defeased Bond*” shall have the meaning assigned to such term in Section 14.3(a) of this Indenture.

“*Delinquency and Prepayment Reserve Account*” means the reserve account administered by the City and segregated from other funds of the City and established by Section 6.1 of this Indenture.

“*Delinquency and Prepayment Reserve Requirement*” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds Similarly Secured to be funded from Assessment Revenues deposited to the Pledged Revenue Fund.

“*Delinquent Collection Costs*” means, for a Parcel, interest, penalties and attorneys' fees that are authorized by the PID Act and by the Assessment Ordinance and that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent payments due under the Service and Assessment Plan, including costs and expenses related to the foreclosure of liens.

“*Delivery Date*” means [August 13, 2025], which is the date of delivery of the Bonds to the initial purchaser or purchasers thereof against payment therefor.

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

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

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

“Foreclosure Proceeds” means the proceeds, including interest and penalty 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”, in the singular, means any of the funds established pursuant to Section 6.1 of this Indenture, and *“Funds”*, in the plural, means, collectively, all of the funds established pursuant to Section 6.1 of this Indenture.

“Improvement Area” means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1, Improvement Area #2 and Improvement Area #3.

“Improvement Area #1” means that portion of the District generally described in Section II of the Service and Assessment Plan and depicted in Exhibit A-2 to the Service and Assessment Plan and as specifically described in Exhibit L-2 to the Service and Assessment Plan.

“Improvement Area #1 Annual Installment” means, with respect to each Improvement Area #1 Assessed Property, each annual payment of: (i) the principal of and interest on the Improvement Area #1 Assessments as shown on the Improvement Area #1 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit F-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs and (iii) the Additional Interest.

“Improvement Area #1 Assessed Property” means the property located in Improvement Area #1 that benefits from the Improvement Area #1 Projects and is defined as the “Improvement Area #1 Assessed Property” in the Service and Assessment Plan.

“Improvement Area #1 Assessment Roll” means the “Improvement Area #1 Assessment Roll”, which document is attached to the Service and Assessment Plan as Exhibit F-1, as updated, modified or amended from time to time.

“Improvement Area #1 Assessments” means the aggregate assessments levied against Improvement Area #1 Assessed Property based on the special benefit conferred on such Parcels by the Improvement Area #1 Projects. The singular of such term means the assessment levied against an Improvement Area #1 Parcel as shown on the Improvement Area #1 Assessment Roll.

“Improvement Area #1 Bond Improvement Account” means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit property located in the Improvement Area #1 and are described in Section III.B. of, shown on Exhibit B to, and depicted on Exhibit I-2 to the Service and Assessment Plan.

“Improvement Area #1 Project Costs” means the Actual Costs, as defined in the Service and Assessment Plan (excluding Annual Collection Costs), solely for the Improvement Area #1 Projects.

“Improvement Area #1 Projects” means, collectively, (i) the pro rata portion of the Major Improvements allocable to Improvement Area #1, and (ii) the Improvement Area #1 Improvements.

“Improvement Area #2” means that portion of the District generally described in Section II of the Service and Assessment Plan and depicted in Exhibit A-3 to the Service and Assessment Plan and as specifically described in Exhibit L-3 to the Service and Assessment Plan.

“Improvement Area #2 Annual Installment” means, with respect to each Improvement Area #2 Assessed Property, each annual payment of: (i) the principal of and interest on the Improvement Area #2 Assessments as shown on the Improvement Area #2 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit G-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs and (iii) the Additional Interest.

“Improvement Area #2 Assessed Property” means the property located in Improvement Area #2 that benefits from the Improvement Area #2 Projects and is defined as the “Improvement Area #2 Assessed Property” in the Service and Assessment Plan.

“Improvement Area #2 Assessment Roll” means the “Improvement Area #2 Assessment Roll”, which document is attached to the Service and Assessment Plan as Exhibit G-1, as updated, modified or amended from time to time.

“Improvement Area #2 Assessments” means the aggregate assessments levied against Improvement Area #2 Assessed Property based on the special benefit conferred on such Parcels by the Improvement Area #2 Projects. The singular of such term means the assessment levied against an Improvement Area #2 Parcel as shown on the Improvement Area #2 Assessment Roll.

“Improvement Area #2 Bond Improvement Account” means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

“Improvement Area #2 Improvements” means the Authorized Improvements which only benefit property located in the Improvement Area #2 and are described in Section III.C., shown on Exhibit B and depicted on Exhibit I-3 to the Service and Assessment Plan.

“Improvement Area #2 Project Costs” means the Actual Costs, as defined in the Service and Assessment Plan (excluding Annual Collection Costs), solely for the Improvement Area #2 Projects.

“Improvement Area #2 Projects” means, collectively, (i) the pro rata portion of the Major Improvements allocable to Improvement Area #2, and (ii) the Improvement Area #2 Improvements.

“Improvement Area #3” means that portion of the District generally described in Section II of the Service and Assessment Plan and depicted in Exhibit A-4 to the Service and Assessment Plan and as specifically described in Exhibit L-4 to the Service and Assessment Plan.

“Improvement Area #3 Annual Installment” means, with respect to each Improvement Area #3 Assessed Property, each annual payment of: (i) the principal of and interest on the Improvement Area #3 Assessments as shown on the Improvement Area #3 Assessment Roll or in an Annual Service Plan Update, and as shown in Exhibit H-2 to the Service and Assessment Plan, and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs and (iii) the Additional Interest.

“Improvement Area #3 Assessed Property” means the property located in Improvement Area #3 that benefits from the Improvement Area #3 Projects and is defined as the “Improvement Area #3 Assessed Property” in the Service and Assessment Plan.

“Improvement Area #3 Assessment Roll” means the “Improvement Area #3 Assessment Roll”, which document is attached to the Service and Assessment Plan as Exhibit H-1, as updated, modified or amended from time to time.

“Improvement Area #3 Assessments” means the aggregate assessments levied against Improvement Area #3 Assessed Property based on the special benefit conferred on such Parcels by the Improvement Area #3 Projects. The singular of such term means the assessment levied against an Improvement Area #3 Parcel as shown on the Improvement Area #3 Assessment Roll.

“Improvement Area #3 Bond Improvement Account” means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

“Improvement Area #3 Improvements” means the Authorized Improvements which only benefit property located in the Improvement Area #3 and are described in Section III.D., shown on Exhibit B and depicted on Exhibit I-4 to the Service and Assessment Plan.

“Improvement Area #3 Project Costs” means the Actual Costs, as defined in the Service and Assessment Plan (excluding Annual Collection Costs), solely for the Improvement Area #3 Projects.

“Improvement Area #3 Projects” means, collectively, (i) the pro rata portion of the Major Improvements allocable to Improvement Area #3, and (ii) the Improvement Area #3 Improvements.

“Indenture” means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more Supplemental Indentures.

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

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

“Initial Bonds” means the Initial Bonds authorized by Section 5.2 of this Indenture.

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

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

“Major Improvements” means those Authorized Improvements that confer a special benefit to all of the Assessed Property within the District, and are described in Section III.A. of, shown on Exhibit B to, and depicted on Exhibit I-1 to the Service and Assessment Plan.

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

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

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

“Parcel” or *“Parcels”* means a parcel or parcels within the District identified by either a tax map identification number assigned by the Collin Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Collin County.

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

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

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

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

“*Pledged Revenue Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.3 of this Indenture.

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

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

“*Principal and Interest Account*” means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

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

“*Purchaser*” means the initial purchaser of the Bonds.

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

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

“*Record Date*” means the close of business on the last Business Day of the month next preceding an Interest Payment Date.

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

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

redemption thereof pursuant to this Indenture, and (ii) when used with respect to any Refunding Bond, the redemption price set forth in a Supplemental Indenture.

“Refunding Bonds” means bonds issued to refund all or any portion of the Outstanding Bonds Similarly Secured that are payable from and secured by a parity lien on the Pledged Revenues, and such Refunding Bonds and any Bonds Similarly Secured that remain Outstanding following the issuance of such Refunding Bonds shall be equally and ratably secured by a parity lien on the Pledged Revenues in all respects, all as more specifically described in the Supplemental Indenture authorizing such Refunding Bonds.

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

“Reserve Account” means the Account in the Reserve Fund established pursuant to Section 6.1 of this Indenture.

“Reserve Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.7.

“Reserve Fund Obligations” means cash or Investment Securities.

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, and (iii) 10% of the proceeds of the Bonds Similarly Secured; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to Section 6.7(c); and provided further that as a result of (1) a mandatory sinking fund redemption pursuant to Section 4.2, (2) an optional redemption pursuant to Section 4.3 or (3) an extraordinary optional redemption pursuant to Section 4.4, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the Delivery Date, the Reserve Account Requirement is \$[] which is an amount equal to the Reserve Account Requirement defined above.

“Service and Assessment Plan” means the document, including the Assessment Roll, which is attached 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 a Stated Maturity of Bonds payable from such installments at the times and in the amounts provided in Section 4.2, or a Stated Maturity of Refunding Bonds payable from such installments at the times and in the amounts provided in a Supplemental Indenture.

“Special Record Date” has the meaning set forth in the form of Bond included in Section 5.2 hereof.

“State” means the State of Texas.

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

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

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

“*Trust Estate*” means the Trust Estate described in the granting clauses of this Indenture, and the Trust Estate shall, with respect to Pledged Revenues, only include Pledged Revenues related to Assessments levied on Assessed Property within Improvement Area #1 for the Improvement Area #1 Projects, within Improvement Area #2 for the Improvement Area #2 Projects and within Improvement Area #3 for the Improvement Area #3 Projects unless the City pledges additional revenues to the payment of the Bonds Similarly Secured, which additional pledge may only be created in a Supplemental Indenture.

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

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

Section 1.2. **Findings.**

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II

THE BONDS

Section 2.1. Security for the Bonds Similarly Secured.

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

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

Section 2.2. Limited Obligations.

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

Section 2.3. Authorization for Indenture.

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

Section 2.4. Contract with Owners and Trustee.

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

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$[29,099,000] for the purpose of (i) paying a portion of the Improvement Area #1 Project Costs, (ii) paying a portion of the Improvement Area #2 Project Costs, (iii) paying a portion of the Improvement Area #3 Project Costs, (iv) funding a reserve fund for payment of principal and interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds.

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

(a) The Bonds shall be dated 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 Delivery Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below, or on a date of earlier redemption, 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 at the rates set forth below:

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

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

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

- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee;
- (e) an executed Signature and No-Litigation Certificate of the City;
- (f) an executed opinion of Bond Counsel; and

(g) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds Similarly Secured shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date or Special Record Date, as applicable.

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

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

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds Similarly Secured to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State, any such payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds Similarly Secured thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds Similarly Secured, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds Similarly Secured for any further payment of such unclaimed moneys or on account of any such Bonds Similarly Secured, subject to any applicable escheat law or similar law of the State.

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds 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, 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 on the Delivery Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General, is a valid and binding obligation of the City, and has been registered by the Comptroller.

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

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

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

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

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

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

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

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

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

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond Similarly Secured or portion thereof called for redemption prior

to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond Similarly Secured.

Section 3.8. Cancellation.

All Bonds Similarly Secured paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds Similarly Secured in lieu of which exchange Bonds Similarly Secured or replacement Bonds Similarly Secured are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds Similarly Secured, the Trustee shall dispose of cancelled Bonds Similarly Secured in accordance with its record retention policies.

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 denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

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

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in 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 Similarly Secured, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond Similarly Secured of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond Similarly Secured to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

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

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

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

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

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

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

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

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

Section 3.11. 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 blanket letter of representations from the City to DTC. On the Delivery 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 Record Date or Special Record Date, as applicable, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

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

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

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

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. **Limitation on Redemption.**

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

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

(a) The Bonds maturing on September 15 in each of the years 20[], 20[] and 20[] (collectively, the “*Term Bonds*”), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective sinking fund installments as set forth in the following schedule:

Term Bonds maturing September 15, 20[]

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20[]	\$
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]*	

Term Bonds maturing September 15, 20[]

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20[]	\$
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	

September 15, 20[]
 September 15, 20[]
 September 15, 20[]
 September 15, 20[]
 September 15, 20[]*

Term Bonds maturing September 15, 20[]

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20[]	\$
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]	
September 15, 20[]*	

* Stated Maturity.

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

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

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

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem Bonds before their scheduled maturity date, in whole or in part, on any date on or after September 15, 20[], such redemption date or

dates to be fixed by the City, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Section 4.4. Extraordinary Optional Redemption.

The City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on the fifteenth day of any month, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Sections 6.7(a) and 6.7(c)) or any other transfers to the Redemption Fund under the terms of this Indenture.

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to either Sections 4.3 or 4.4, the particular maturity of Bonds or portions of a maturity of Bonds to be redeemed shall be selected and designated by the City in its sole discretion. If less than all of the Bonds of a maturity are to be redeemed pursuant to either Sections 4.2, 4.3 or 4.4, Bonds shall be redeemed in increments of \$1,000 by any method selected by the Trustee that results in a random selection, provided that no redemption shall cause the principal amount of any Bond to be less than the minimum Authorized Denomination for such Bond. Notwithstanding the foregoing, if any Bonds are to be partially redeemed and such redemption results in the redemption of a portion of a single Bond in an amount less than the Authorized Denomination in effect at that time, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

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

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

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds 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 Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller, 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 this Article 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 may be typewritten and photocopied or otherwise reproduced.

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

(a) Form of Bond.

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

REGISTERED
NO. _____

United States of America
State of Texas

REGISTERED
\$ _____

CITY OF LAVON, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2025
(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT
PROJECTS)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DELIVERY DATE</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, 20__	[August 13, 2025]	_____

The City of Lavon, 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 Delivery Date, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing September 15, 2025.

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated as of the Delivery Date and issued in the aggregate principal amount of \$[29,099,000] and issued, with the

limitations described herein, pursuant to an Indenture of Trust, dated as of August 1, 2025 (the “*Indenture*”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Improvement Area #1 Project Costs, (ii) paying a portion of the Improvement Area #2 Project Costs, (iii) paying a portion of the Improvement Area #2 Project Costs, (iv) funding a reserve fund for payment of principal and interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying the costs of issuance of the Bonds.

The Bonds are limited obligations of the City payable solely from a first lien on, security interest in, and pledge of the Trust Estate. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

IN THE INDENTURE, THE CITY HAS RESERVED THE RIGHT to issue Refunding Bonds payable from and secured by a lien on and pledge of the sources described above on a parity with this Bond.

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

The Bonds are issuable as fully registered bonds only in denominations of \$100,000 and any multiple of \$1,000 in excess thereof (“*Authorized Denominations*”). Except to the extent permitted by the Indenture, the City prohibits the breaking up or allocation of CUSIP numbers to any Bond or Bonds in denominations of less than \$100,000, and any attempt to do so will be void and of no effect.

The Bonds maturing on September 15 in the years 20[], 20[] and 20[] (collectively, “*Term Bonds*”), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective sinking fund installments as set forth in the following schedule:

Term Bonds maturing September 15, 20[]

Redemption Date

Sinking Fund Installment

\$

*

Term Bonds maturing September 15, 20[]

Redemption Date

Sinking Fund Installment

\$

*

Term Bonds maturing September 15, 20[]

Redemption Date

Sinking Fund Installment

\$

*

* Stated Maturity.

At least thirty (30) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot 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 Section 4.6 of 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 30 days prior to the sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

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

The City reserves the right and option to redeem Bonds before their scheduled maturity date, in whole or in part, on any date on or after September 15, 20[], such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption.

The Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the fifteenth day of any month, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture.

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

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

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

predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

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

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

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

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

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

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

City Secretary

Mayor

[CITY SEAL]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

WILMINGTON TRUST, NATIONAL
ASSOCIATION,
as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

Dated: _____

Signature Guaranteed by:

Authorized Signatory

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

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

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

(ii) in the first paragraph of the Bond, the words “on the Maturity Date, as specified above, the sum of _____ DOLLARS” shall be deleted and the following will be inserted: “on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates”</u>

(Information to be inserted from Section 3.2(b)); and

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

Section 5.3. CUSIP Registration.

The City may secure identification numbers through CUSIP Global Services, managed by S&P Global Markets Intelligence on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is

expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and none of the City, the attorneys approving said Bonds as to legality or the Trustee are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. Except as authorized under Section 4.5 hereof, the City prohibits any Bond to be issued in a denomination of less than \$100,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$100,000, 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 Bondholders and that neither the City nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 5.4. Legal Opinion.

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

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

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

- (A) Principal and Interest Account.

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

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

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

- (A) Improvement Area #1 Bond Improvement Account;
- (B) Improvement Area #2 Bond Improvement Account;
- (C) Improvement Area #3 Bond Improvement Account; and
- (D) Costs of Issuance Account.

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

- (A) Bond Pledged Revenue Account.

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

- (i) to the Reserve Account of the Reserve Fund: \$[_____], which is equal to the initial Reserve Account Requirement;
- (ii) to the Costs of Issuance Account of the Project Fund: \$[_____];
- (iii) to the Improvement Area #1 Bond Improvement Account of the Project Fund: \$[_____];

(iv) to the Improvement Area #2 Bond Improvement Account of the Project Fund: \$[_____];

(v) to the Improvement Area #3 Bond Improvement Account of the Project Fund: \$[_____]; and

(vi) to the Administrative Fund: \$[_____].

Section 6.3. Pledged Revenue Fund.

(a) Periodically upon receipt thereof, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Assessments and Annual Installments, other than the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited to the Administrative Fund in accordance with Section 6.9 hereof. Following such deposit to the Pledged Revenue Fund, the City shall transfer or cause to be transferred the following amounts from the Pledged Revenue Fund to the following Accounts: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund, an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, taking into account any amounts then on deposit in such Principal and Interest Account, and (ii) second, if necessary, to the Reserve Account of the Reserve Fund, an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth in Section 6.7 hereof and, immediately following the initial deposit to the Pledged Revenue Fund, prior to any other transfers or deposits being made under this Section 6.3(a), if the Delinquency and Prepayment Reserve Account of the Reserve Fund does not contain the Delinquency and Prepayment Reserve Requirement and Additional Interest is collected, then all such Additional Interest will be transferred into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement is met. In addition, in the event the City owes Rebatable Arbitrage to the United States Government pursuant to Section 6.8 hereof, the City shall provide a City Order to the Trustee to transfer to the Rebate Fund, prior to any other transfer under this Section 6.3(a), the full amount of Rebatable Arbitrage owed by the City, as further described in Section 6.10(f) hereof. If any funds remain on deposit in the Pledged Revenue Fund after the foregoing deposits are made, the City shall have the option, in its sole and absolute discretion, to use such excess funds for any one or more of the following purposes: (i) pay other costs of the Improvement Area #1 Projects, (ii) pay other costs of the Improvement Area #2 Projects, (iii) pay other costs of the Improvement Area #3 Projects, (iv) pay other costs permitted by the PID Act, or (v) deposit such excess into the Redemption Fund to redeem Bonds Similarly Secured as provided in Article IV or in a Supplemental Indenture. Along with each transfer to the Trustee, the City shall provide a certificate as to the funds, accounts and payments into which the amounts are to be deposited or paid.

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

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

(d) The Trustee shall transfer Prepayments to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 or Refunding Bonds pursuant to a Supplemental Indenture promptly after deposit of such amounts into the Pledged Revenue Fund.

(e) Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 or Refunding Bonds pursuant to a Supplemental Indenture.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund for the purposes set forth in Section 6.3(a) hereof, as directed by the City in a City Certificate.

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds Similarly Secured.

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

(c) The City may, in its discretion, deposit moneys into the Principal and Interest Account at any time from any source other than Assessments and Annual Installments, and upon such deposit, such moneys shall be part of the Trust Estate.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1. Except as provided in Sections 6.5(c) and (e), money on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund shall only be used to pay Improvement Area #1 Project Costs, money on deposit in the Improvement Area #2 Bond Improvement Account of the Project Fund shall only be used to pay Improvement Area #2 Project Costs, and money on deposit in the Improvement Area #3 Bond Improvement Account of the Project Fund shall only be used to pay Improvement Area #3 Project Costs.

(b) (1) 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.

(2) Disbursements from the Improvement Area #1 Bond Improvement Account, the Improvement Area #2 Bond Improvement Account, and the Improvement Area #2 Bond Improvement Account of the Project Fund to pay Improvement Area #1 Project Costs, Improvement Area #2 Project Costs and Improvement Area #3 Project Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment. Each such Certificate for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such Certificate for Payment or in the invoices submitted therewith and the Trustee may rely on such payment instructions with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

(c) (1) If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #1 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the identified amounts on deposit in the Improvement Area #1 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee.

(2) If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #2 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #2 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #2 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the identified amounts on deposit in the Improvement Area #2 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee.

(3) If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #3 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #3 Projects such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #3

Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #3 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the identified amounts on deposit in the Improvement Area #3 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee.

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

(e) (1) Upon the filing of a City Certificate stating that all Improvement Area #1 Projects have been completed and that all Improvement Area #1 Project Costs have been paid, or that any Improvement Area #1 Project Costs are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfer, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

(2) Upon the filing of a City Certificate stating that all Improvement Area #2 Projects have been completed and that all Improvement Area #2 Project Costs have been paid, or that any Improvement Area #2 Project Costs are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #2 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfer, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

(3) Upon the filing of a City Certificate stating that all Improvement Area #3 Projects have been completed and that all Improvement Area #3 Project Costs have been paid, or that any Improvement Area #3 Project Costs are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #3 Bond Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfer, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

(g) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred, in the same proportionate amounts as the proportionate amounts of Bond proceeds deposited to the Improvement Area #1 Bond Improvement Account, the Improvement Area #2 Bond Improvement Account and the Improvement Area #3 Bond Improvement Account on the Date of Delivery of the Bonds, to the Improvement Area #1 Bond Improvement Account of the Project Fund and used to pay Improvement Area #1 Project Costs, to the Improvement Area #2 Bond Improvement Account of the Project Fund and used to pay Improvement Area #2 Project Costs, and to the Improvement Area #3 Bond Improvement Account of the Project Fund and used to pay Improvement Area #3 Project Costs or, if no Improvement Area #1 Improvement

Project Costs, Improvement Area #2 Project Costs or Improvement Area #3 Project Costs remain to be funded, to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Order filed with the Trustee, and the Costs of Issuance Account shall be closed.

Section 6.6. Redemption Fund.

The Trustee shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4 and to redeem Refunding Bonds as provided in a Supplemental Indenture. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV and Refunding Bonds as provided in a Supplemental Indenture.

Section 6.7. Reserve Fund.

(a) The City agrees with the Owners of the Bonds Similarly Secured to accumulate and, when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture. The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing September 15, 2025, an amount equal to the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan unless and until it receives a City Order directing that a different amount be used. Whenever a transfer is made from the Reserve Account to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds. The Additional Interest shall continue to be collected and deposited pursuant to this Section 6.7 until the Bonds Similarly Secured are no longer Outstanding, but only in the event the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement.

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

(c) In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 or Refunding Bonds pursuant to a Supplemental Indenture, the Trustee, pursuant to prior written directions from the City, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such

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

(d) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date in accordance with Section 6.4, unless within thirty days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured, (iii) to the Improvement Area #1 Bond Improvement Account of the Project Fund to pay Improvement Area #1 Project Costs if such application and the expenditure of funds is expected to occur within three years of the date hereof, (iv) to the Improvement Area #2 Bond Improvement Account of the Project Fund to pay Improvement Area #2 Project Costs if such application and the expenditure of funds is expected to occur within three years of the date hereof, (v) to the Improvement Area #3 Bond Improvement Account of the Project Fund to pay Improvement Area #3 Project Costs if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (vi) to the Redemption Fund to be applied to the redemption of Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Order, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 or Refunding Bonds pursuant to a Supplemental Indenture. In the event that the Trustee does not receive a City Order directing the transfer of such excess to the Administrative Fund within 45 days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds pursuant to Section 4.4 hereof or Refunding Bonds pursuant to a Supplemental Indenture and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with this Section.

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

Trustee shall transfer first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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

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

Section 6.8. Rebate Fund: Rebatable Arbitrage.

(a) The Rebate Fund is to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

(b) In order to assure that Rebatable Arbitrage is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the City's federal tax certificate for the Bonds or Refunding Bonds, as further set forth in written directions from the City to the Trustee. 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 under this Section, but only so long as the Trustee follows such written instructions in all respects.

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

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

Section 6.9. Administrative Fund.

(a) Periodically upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Order 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 shall not be security for the Bonds Similarly Secured.

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account, other than the Reserve Fund, shall be invested by the Trustee in Investment Securities as directed by the City pursuant to a City Order filed with the Trustee; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Order filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Order shall be a certification, upon which the Trustee may conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default under this Indenture. 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 or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability

for losses (including depreciation) arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the legality or suitability of any investments. The Parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

(e) The Trustee will furnish to the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(f) In the event it is found, after an annual calculation has been done pursuant to Section 6.8 hereof, that the City owes Rebatale Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Order, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatale Arbitrage owed by the City. The City Order shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

Section 6.11. Security of Funds.

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

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

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

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds Similarly Secured are Outstanding, the City covenants, agrees and warrants that it will take and pursue all reasonable 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.

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

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

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

Section 7.3. Against Encumbrances.

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

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

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any Bonds Similarly Secured are Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and holder or holders of any Bonds Similarly Secured or any duly authorized agent or agents of such holders shall have the right at all

reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the City's regular business hours and on a mutually agreeable date not later than twenty days after the City receives such request.

Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds.

(a) The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the “gross income” of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any “private business use,” as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the “private business use” described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a “private business use” that is “related” and not “disproportionate,” within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as a “private activity bond” within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being “federally guaranteed” within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of an advance refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds is issued, and in the case of a current refunding bond, for a period of 90 days or less,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the Delivery Date) an amount that is at least equal to 90 percent of the “Excess Earnings,” within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) In order to facilitate compliance with the above covenant (a)(8), the Rebate Fund is established by the City pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The City understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the “*Treasury Regulations*”). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond

counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for Improvement Area #1 Project Costs, Improvement Area #2 Project Costs and Improvement Area #3 Project Costs on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Improvement Area #1 Project Costs, Improvement Area #2 Project Costs and Improvement Area #3 Project Costs are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the Delivery Date, or (2) the date the Bonds are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The City covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE VIII

LIABILITY OF CITY

Section 8.1. Liability of City.

(a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds Similarly Secured, and no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds Similarly Secured or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds Similarly Secured or other obligations relating to the District, other than as specifically provided for in this Indenture.

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

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

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

(e) Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Document 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 Similarly Secured by mandamus or other proceeding at law or in equity.

(f) The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial

Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

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

ARTICLE IX

THE TRUSTEE

Section 9.1. Acceptance of Trust; Trustee as Registrar and Paying Agent.

(a) The Trustee accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the terms and conditions and subject to the provisions of this Indenture to all of which the parties hereto and the respective Owners of the Bonds Similarly Secured agree.

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

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction (satisfactory to the Trustee in its sole and absolute discretion) by the Owners against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments or transfers (provided such payment or transfer is prior to an Event of Default) when required hereunder, or to deliver any notice when required hereunder. During the occurrence of an Event of Default, the Trustee shall be entitled to indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, and in such case the Trustee may make transfers from the Pledged Revenue Fund and 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 Similarly Secured Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

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

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically and expressly set forth in this Indenture. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Trustee. 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 any other person or entity or any of their 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 such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person. In any event, the Trustee shall not be liable for any amount in excess of the value of the Trust Estate.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for such losses, damages or expense which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special, punitive or consequential loss or damages 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 in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Projects, Improvement Area #2 Projects or Improvement Area #3 Projects. 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 Owners of not less than a majority in principal amount of the Bonds Similarly Secured then Outstanding relating to the time, method and place of conducting

any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(d) The Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts.

(e) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, and the discharge of this Indenture.

(f) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through receivers, agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any receiver, agent or attorney appointed with due care and in good faith by it hereunder, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel selected by the Trustee with due care, who may be counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be liable for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel.

(g) The Trustee shall not be responsible for any recital herein (except with respect to the authentication certificate of the Trustee endorsed on the Bonds) or for the recording, filing, or refiling of this Indenture in connection therewith, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof or of any money paid to or upon the order of the City pursuant to any provision of this Indenture.

(i) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of at least 50% in aggregate principal amount of Bonds then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default.

(j) 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 any act or event that (i) materially and adversely affects the Trustee's ability to perform the

relevant obligations under this Indenture or delays the Trustee's ability to do so, (ii) is beyond the reasonable control of the Trustee, (iii) is not due to the Trustee's fault or negligence and (iv) could not be avoided by the exercise of commercially reasonable efforts, which acts or events may include, without limitation, any act of any governmental authority that was not voluntarily induced or promoted by the Trustee, or brought about by the breach of its obligations under this Indenture or any applicable law; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes that are not due to the breach of any labor agreement by the Trustee; acts of civil or military authority; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility it being understood that Trustee shall use all commercially reasonable efforts which are consistent with accepted practices in the industry to perform hereunder and/or to resume performance under the circumstances, and in the event of any such failure or delay the Trustee shall give immediate notice to the City of such condition or occurrence, which may be given in the most expeditious manner available, including telephonically or electronically, subsequently confirmed in writing.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

(a) The Trustee may request and conclusively rely and shall be protected in acting or refraining from acting upon any resolution, instrument, opinion, report, order, judgment, notice, request, consent, waiver, certificate, statement, affidavit, requisition, direction, bond, debenture 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 that the Trustee shall in good faith reasonably believe to be qualified in relation to the subject matter or is 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. Subject to Section 9.1 and 9.3, the Trustee may consult with counsel selected by the Trustee with due care, who may or may not be Bond Counsel, and any advice from such counsel with respect to compliance with the provisions of this Indenture shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder, reasonably and in good faith, in accordance with such advice.

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

thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative. The Trustee shall be entitled to conclusively rely upon the foregoing as sufficient evidence of the facts set forth herein. The execution of any City Order shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent thereto have occurred.

(c) The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13.

(d) In the event that any portion of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Trust Estate, 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, selected by the Trustee with due care, 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.

Section 9.6. Compensation.

(a) Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, the previously determined and agreed upon, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar and extraordinary services rendered, 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, all pursuant to a City Order and subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by such City Order, and the Trustee shall have a first lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Similarly Secured Outstanding. 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 the Trustee has 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 shall make such payment from monies in the Administrative Fund, and to the extent moneys in the Administrative Fund are insufficient, then from lawfully available funds (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 Similarly Secured Outstanding hereunder. The right of the Trustee to fees, expense, and indemnification shall survive the release, discharge, and satisfaction of the Indenture.

(b) 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 any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event, unless any such events are the result of the Trustee's negligence or willful misconduct.

Section 9.7. Permitted Acts.

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

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 60 days' notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor. Notwithstanding the foregoing, if, after 60 days following receipt of the notice, the City has not appointed a successor Trustee, the Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee, at no expense to the City, and such resignation shall take effect upon the court's appointment of a successor Trustee.

Section 9.9. Removal of Trustee.

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

Section 9.10. Successor Trustee.

(a) If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

(b) If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least 50% of the aggregate Outstanding principal amount of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

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

(d) If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds Similarly Secured may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

(e) Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

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

(g) Trustee shall not be responsible or liable for the acts or omissions of any successor Trustee, nor shall it be responsible or liable for any costs of appointment or transition of such successor Trustee.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of its 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 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be converted or merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder and will have and succeed to the rights, powers, duties, immunities and privileges as predecessor, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee To File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, at the City's expense, such continuation statements as may be delivered to the Trustee and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest 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; provided unless the Trustee is otherwise notified by the City, the Trustee may conclusively rely upon the initial filing statements delivered to it in filing any continuation statements hereunder. The Trustee is not responsible for the initial filing, execution, delivery, recording or authorization of any financing statements.

Section 9.14. 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 principal amount of the Bonds Similarly Secured then Outstanding or their representatives duly authorized in writing.

Section 9.15. 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 Similarly Secured.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

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

(b) This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law, and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds Similarly Secured in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds Similarly Secured;

(iv) to set forth additional provisions, if deemed necessary or advisable, in connection with the issuance of Refunding Bonds permitted under the terms of this Indenture; and

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

Section 10.2. Owners' Meetings.

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

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

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, if such consent is required pursuant to Section 10.1, shall be mailed by first class mail, by the Trustee to each Owner of Bonds Similarly Secured from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Bonds Similarly Secured shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds Similarly Secured and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 10.4. Procedure for Amendment Not Requiring Owner Consent.

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. The City shall direct the Trustee to provide a copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Owner consent, mailed by first class mail to each Owner of Bonds Similarly Secured, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.4, shall be proof of the matters therein stated until the contrary is proved.

(b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the City, and the Supplemental Indenture shall be deemed conclusively binding upon the City, the Trustee and the Owners of all Bonds Similarly Secured as of the date of such execution and delivery.

Section 10.5. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Similarly Secured Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.6. Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 10.7. Amendatory Endorsement of Bonds.

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

Section 10.8. Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds Similarly Secured 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 10.9. Execution of Supplemental Indenture.

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

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

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

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

(ii) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2; and

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and which shall give such notice at the written request of the Owners of not less than 50% in aggregate Outstanding principal amount of the Bonds Similarly Secured then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice.

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

The Trustee shall not be charged with knowledge of (a) any events or other information, or (b) any default or Event of Default under this Indenture or any other agreement unless a responsible officer of the Trustee shall have actual knowledge thereof.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than 50% in aggregate Outstanding principal amount of the Bonds Similarly Secured then Outstanding hereunder shall proceed, to protect and enforce the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) PURSUANT TO SECTION 11.7, THE PRINCIPAL OF THE BONDS SIMILARLY SECURED SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

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

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing as provided in Section 11.1, or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of 50% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given in writing to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, as follows:

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

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

The Trustee shall make payments to the Owners pursuant to this Section 11.4 within thirty (30) days of receipt of such good and available funds, and the record date shall be the date the Trustee receives such good and available funds.

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

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

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds.

(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 may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds Similarly Secured shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds Similarly Secured or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

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

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

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

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate is and will remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to Section 7.2(d), the City will take all steps reasonably necessary and appropriate, and will provide written direction to the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

Section 12.2. General.

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

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

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

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

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

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

(b) Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired.

(c) The City reserves the right to issue Refunding Bonds for the purpose of refunding any of the Bonds Similarly Secured and in accordance with the conditions set forth below:

(i) The maximum maturity for the Refunding Bonds will not exceed 30 years from the date of delivery of the Bonds;

(ii) The principal of and interest on the Refunding Bonds must be scheduled to be paid or mature on March 15 or September 15, or both, of the years in which each principal or interest are scheduled to be paid or mature; and

(iii) There shall be deposited to the Reserve Account of the Reserve Fund an amount equal to the Reserve Account Requirement taking into account the outstanding Bonds Similarly Secured, and the Refunding Bonds then proposed to be issued.

Section 13.3. Books of Record.

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

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture.

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

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

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds Similarly Secured has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Deemed Paid.

(a) Any Outstanding Bonds Similarly Secured shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of this Indenture (a "*Defeased Bond*"), and particularly this Article XIV, when payment of the principal of, premium, if any, on such Defeased Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities that mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds Similarly Secured with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond Similarly Secured shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond Similarly Secured and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Trust Estate as provided in this Indenture, and such principal and interest shall be payable solely from

such money or Defeasance Securities. 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 Defeased Bonds and shall not be part of the Trust Estate. 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 Defeased Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

(b) Any determination not to redeem Defeased Bond that is made in conjunction with the payment arrangements specified in Sections 14.3(a)(1) or 14.3(a)(2) shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Bond for redemption; (2) the City gives notice of the reservation of that right to the Owners of the Defeased Bond immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of clause (a) of this Section 14.3 with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

(c) Until all Defeased Bonds shall have become due and payable, the Trustee and the Paying Agent/Registrar each shall perform the services of Trustee and Paying Agent/Registrar for such Defeased Bond the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Indenture.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

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

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the

City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

(a) Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

(b) Except as otherwise expressly provided herein, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

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

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

Section 15.4. No Waiver of Personal Liability.

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

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

(a) Except as otherwise expressly provided herein, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be faxed, delivered by hand, or mailed by first class mail, postage prepaid, and addressed as follows:

If to the City

City of Lavon, Texas
120 School Road
Lavon, Texas 75166
Attn: City Manager
Telephone: (972) 843-4220

If to the Trustee, initially also acting in
the capacity of Paying Agent/Registrar

Wilmington Trust, National Association
15950 N. Dallas Parkway, Suite 200
Dallas, Texas 75248
Attn: Corporate Trust Administration
Telephone: (714) 384-4174

(b) Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(d) The Trustee shall mail to each Owner of a Bond Similarly Secured notice of the redemption or defeasance of all Bonds Similarly Secured Outstanding.

Section 15.6. Partial Invalidity.

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

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State, excluding its conflict of laws rules to the extent such rules would apply the law of another jurisdiction. Venue and exclusive jurisdiction for any action to enforce or construe this Indenture shall be a state court of competent jurisdiction in Collin County, Texas.

Section 15.8. Payment on Business Day.

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

Section 15.9. Counterparts.

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

Section 15.10. Verification of Statutory Representations and Covenants.

The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as 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 its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.
- (c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.
- (d) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed as of the date hereof.

CITY OF LAVON, TEXAS

By: _____
Mayor

Attest:

City Secretary

(CITY SEAL)

City Signature Page to Indenture of Trust

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

Trustee Signature Page to Indenture of Trust

#

EXHIBIT A

CERTIFICATE FOR PAYMENT

The undersigned is an agent for Meritage Homes of Texas, LLC, an Arizona limited liability company (the “Developer”) and requests payment from the Improvement Area #[1][2][3] Bond 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 construction of certain Improvement Area #[1][2][3] Projects related to the Trails of Lavon Public Improvement District (the “District”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust, dated as of August 1, 2025, by and between the City of Lavon, Texas (the “City”) and the Trustee relating to the “City of Lavon, Texas, Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects)” (the “Indenture”).

In connection to the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Improvement Area #[1][2][3] Projects have not been the subject of any prior payment request submitted to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Improvement Area #[1][2][3] Projects below is a true and accurate representation of the costs associated with the creation, acquisition, or construction of said Improvement Area #[1][2][3] Projects, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Indenture, the Service and Assessment Plan and all reimbursement or other agreements between the Developer and the City related to the District.
5. All conditions set forth in the Indenture and all reimbursement or other agreements between the Developer and the City related to the District for the payment hereby requested have been satisfied.

#

6. The work with respect to the Improvement Area #[1][2][3] Projects referenced below (or its completed segment) has been completed and the City may begin inspection of the Improvement Area #[1][2][3] Projects.

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 should include the following:

Payee / Description of Improvement Area #[1][2][3] Improvement	Total Cost of Improvement Area #[1][2][3] Improvement	Budgeted Cost of Improvement Area #[1][2][3] Improvement	Amount to be paid from the Improvement Area #[1][2][3] Bond Improvement Account

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are **“bills paid” affidavits and supporting documentation** in the standard form for City construction projects evidencing that any contractor or subcontractor having performed work on an Improvement Area #[1][2][3] Improvement described above has been paid in full for all work completed through the previous Certificate for Payment.

[Information regarding Payee, amount, and payments instructions attached]

I hereby declare that the above representations and warranties are true and correct.

Dated: _____.

DEVELOPER:

Meritage Homes of Texas, LLC,
an Arizona limited liability company

By: _____

Name: _____

Its: _____

#

APPROVAL OF REQUEST BY CITY

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. The City authorizes and directs the amount of this Certificate for Payment to be paid by Trustee from the Improvement Area #[1][2][3] Bond Improvement Account of 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 Indenture, the Service and Assessment Plan, or any reimbursement or other agreement between the parties or that there is a defect in the Improvement Area #[1][2][3] Projects.

CITY OF LAVON, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT 2025 AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

JULY 1, 2025

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INTRODUCTION

Capitalized terms used in this 2025 Amended and Restated Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this 2025 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 2025 Amended and Restated Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this 2025 Amended and Restated Service and Assessment Plan for all purposes.

On October 19, 2021, the City Council passed and approved Resolution No. 2021-10-03 authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon approval in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 190.774 acres located within the corporate limits of the City, as described by the legal description on **Exhibit L-1** and depicted on **Exhibit A-1**.

On July 18, 2023, the City Council approved the Service and Assessment Plan for the District by adopting Ordinance No. 2023-07-07, which approved the levy of Assessments for Assessed Property within the District and approved the Improvement Area #1 Assessment Roll.

On September 3, 2024, the City Council approved the September 2024 Amended and Restated Service and Assessment Plan for the District by adopting the 2024 Assessment Ordinance – Improvement Area #2, which served to amend and restate the Service and Assessment Plan, in its entirety for the purposes of (1) updating the Improvement Area #1 Assessment Roll; (2) identifying the Improvement Area #2 Authorized Improvements to be provided by the District; (3) identifying the costs of the Improvement Area #2 Authorized Improvements; (4) identifying the indebtedness to be incurred for the Improvement Area #2 Authorized Improvements, and the manner of assessing the Improvement Area #2 Assessed Property for the costs of the Improvement Area #2 Authorized Improvements; (5) levying the Improvement Area #2 Assessments for Improvement Area #2 Assessed Property; and (6) approving the Improvement Area #2 Assessment Roll.

On October 15, 2024, the City Council approved the October 2024 Amended and Restated Service and Assessment Plan by adopting the 2024 Assessment Ordinance – Improvement Area #3, which served to amend and restate the September 2024 Amended and Restated Service and Assessment Plan in its entirety for the purposes of (1) identifying the Improvement Area #3 Authorized Improvements to be provided by the District; (2) identifying the costs of the Improvement Area #3 Authorized Improvements; (3) identifying the indebtedness to be incurred

for the Improvement Area #3 Authorized Improvements, and the manner of assessing the Improvement Area #3 Assessed Property for the costs of the Improvement Area #3 Authorized Improvements; (4) levying the Improvement Area #3 Assessments for Improvement Area #2 Assessed Property; and (5) approving the Improvement Area #3 Assessment Roll.

On July 15, 2025, the City Council approved this 2025 Amended and Restated Service and Assessment Plan by adopting Ordinance No. 2025- , which serves to amend and restate the October 2024 Amended and Restated Service and Assessment Plan in its entirety for the purposes of (1) issuing the District Bonds; (2) updating the Improvement Area #1 Assessment Roll; (3) updating the Improvement Area #2 Assessment Roll; and (4) updating the Improvement Area #3 Assessment Roll.

The PID Act requires a service plan to (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 forms are 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 the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F-1**. The Improvement Area #2 Assessment Roll is included as **Exhibit G-1**. The Improvement Area #3 Assessment Roll is included as **Exhibit H-1**.

SECTION I: DEFINITIONS

“2023 Assessment Ordinance” means Ordinance No. 2023-07-07 approved and adopted by the City Council on July 18, 2023, which levied the Improvement Area #1 Assessment against Improvement Area #1, and approved the Service and Assessment Plan.

“2024 Assessment Ordinance – Improvement Area #2” means Ordinance No. 2024-09-02 approved and adopted by the City Council on September 3, 2024, which levied the Improvement Area #2 Assessment against Improvement Area #2, and amended and restated the Service and Assessment Plan.

“2024 Assessment Ordinance – Improvement Area #3” means Ordinance No. 2024-10-03 approved and adopted by the City Council on October 15, 2024, which levied the Improvement Area #3 Assessment against Improvement Area #3, and amended and restated the Service and Assessment Plan.

“2025 Amended and Restated Service and Assessment Plan” means this Trails of Lavon Public Improvement District Amended and Restated Service and Assessment Plan, which replaces in its entirety the October 2024 Amended and Restated Service Plan, as updated, amended, or supplemented from time to time.

“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 2025 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.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this 2025 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 of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds, if applicable.

“Annual Service Plan Update” means an update to this 2025 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, including the Improvement Area #1 Assessment Roll, the Improvement Area #2 Assessment Roll, and the Improvement Area #3 Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in any Annual Service Plan Updates.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act and described in **Section III**, as further depicted on **Exhibit I-1, Exhibit I-2, Exhibit I-3, and Exhibit I-4**.

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

“City” means the City of Lavon, Texas.

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

“County” means Collin 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 2025 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, collectively, Meritage Homes of Texas, LLC, GRBK Edgewood, LLC, and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means the Trails of Lavon Public Improvement District containing approximately 190.774 acres located within the corporate limits of the City, and more specifically described in **Exhibit L-1** and depicted on **Exhibit A-1**.

“District Bonds” means those certain “City of Lavon, Texas Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects)” that are secured by the Improvement Area #1 Assessments, the Improvement Area #2 Assessments, and the Improvement Area #3 Assessments.

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

“Engineer’s Report” means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

“Improvement Area #1” means approximately 96.956 acres located within the District, more specifically described in **Exhibit L-2** and depicted on **Exhibit A-2**.

“Improvement Area #1 Annual Installment” means the Annual Installment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Improvement Area #1; and (4) Additional Interest related to the allocable portion of the District Bonds or any PID Bonds issued to refinance all or a portion of the Improvement Area #1 Assessments, if applicable, as shown on **Exhibit F-2**.

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

“Improvement Area #1 Assessment” means an Assessment levied against Improvement Area #1 Assessed Property, related to the Improvement Area #1 Projects, and imposed pursuant to the 2023 Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with

the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included in this 2025 Amended and Restated Service and Assessment Plan as **Exhibit F-1**.

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in **Section III.B** and depicted on **Exhibit I-2**.

“Improvement Area #1 Initial Parcel” means all of the Improvement Area #1 Assessed Property against which the entire Improvement Area #1 Assessment was levied at the time the City Council approved the 2023 Assessment Ordinance.

“Improvement Area #1 Projects” means collectively, (1) the pro rata portion of the Major Improvements allocable to Improvement Area #1; (2) the Improvement Area #1 Improvements; (3) the allocable portion of the first year’s Annual Collection Costs related to the District Bonds; and (4) the allocable portion of the Bond Issuance Costs incurred in connection with the issuance of the District Bonds.

“Improvement Area #2” means approximately 67.729 acres located within the District, more specifically described in **Exhibit L-3** and depicted on **Exhibit A-3**.

“Improvement Area #2 Annual Installment” means the Annual Installment of the Improvement Area #2 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the allocable portion of the District Bonds or any PID Bonds issued to refinance all or a portion of the Improvement Area #2 Assessment, if applicable, as shown on **Exhibit G-2**.

“Improvement Area #2 Assessed Property” means any Parcel within Improvement Area #2 against which an Improvement Area #2 Assessment is levied.

“Improvement Area #2 Assessment” means an Assessment levied against a Parcel within Improvement Area #2 and imposed pursuant to the 2024 Assessment Ordinance – Improvement Area #2 and the provisions herein, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #2 Assessment Roll” means the Assessment Roll for the Improvement Area #2 Assessed Property, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #2

Assessment Roll is included in this 2025 Amended and Restated Service and Assessment Plan as **Exhibit G-1**.

“Improvement Area #2 Improvements” means the Authorized Improvements which only benefit the Improvement Area #2 Assessed Property, as further described in **Section III.C** and depicted on **Exhibit I-3**.

“Improvement Area #2 Initial Parcel” means all of the Improvement Area #2 Assessed Property against which the entire Improvement Area #2 Assessment was levied at the time the City Council approved the 2025 Assessment Ordinance – Improvement Area #2.

“Improvement Area #2 Projects” means collectively, (1) the pro rata portion of the Major Improvements allocable to Improvement Area #2; (2) the Improvement Area #2 Improvements; (3) the allocable portion of the first year’s Annual Collection Costs related to the District Bonds; and (4) the allocable portion of the Bond Issuance Costs incurred in connection with the issuance of the District Bonds.

“Improvement Area #3” means approximately 26.059 acres located within the District, more specifically described in **Exhibit L-4** and depicted on **Exhibit A-4**.

“Improvement Area #3 Annual Installment” means the Annual Installment of the Improvement Area #3 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the allocable portion of the District Bonds or any PID Bonds issued to refinance all or a portion of the Improvement Area #3 Assessment, if applicable, as shown on **Exhibit H-2**.

“Improvement Area #3 Assessed Property” means any Parcel within Improvement Area #3 against which an Improvement Area #3 Assessment is levied.

“Improvement Area #3 Assessment” means an Assessment levied against a Parcel within Improvement Area #3 and imposed pursuant to the 2024 Assessment Ordinance – Improvement Area #3 and the provisions herein, as shown on the Improvement Area #3 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #3 Assessment Roll” means the Assessment Roll for the Improvement Area #3 Assessed Property, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #3 Assessment Roll is included in this 2025 Amended and Restated Service and Assessment Plan as **Exhibit H-1**.

“Improvement Area #3 Improvements” means the Authorized Improvements which only benefit the Improvement Area #3 Assessed Property, as further described in **Section III.D** and depicted on **Exhibit I-4**.

“Improvement Area #3 Initial Parcel” means all the Improvement Area #3 Assessed Property against which the entire Improvement Area #3 Assessment was levied at the time the City Council approved the 2025 Assessment Ordinance – Improvement Area #3.

“Improvement Area #3 Projects” means collectively, (1) the pro rata portion of the Major Improvements allocable to Improvement Area #3; (2) the Improvement Area #3 Improvements; (3) the allocable portion of the first year’s Annual Collection Costs related to the District Bonds; and (4) the allocable portion of the Bond Issuance Costs incurred in connection with the issuance of the District Bonds.

“Indenture” means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. lot size, home product, Estimated Buildout Value, etc.), as determined at the time of levying the applicable Assessment 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, as shown on **Exhibit E**.

“Lot Type 1” means a Lot within Improvement Area #1 marketed to homebuilders as a 40’ Lot. The buyer disclosure for Lot Type 1 is attached in **Appendix B**.

“Lot Type 2” means a Lot within Improvement Area #1 marketed to homebuilders as a 50’ or 60’ Lot. The buyer disclosure for Lot Type 2 is attached in **Appendix B**.

“Lot Type 3” means a Lot within Improvement Area #2 marketed to homebuilders as a 40’ Lot. The buyer disclosure for Lot Type 3 is attached in **Appendix B**.

“Lot Type 4” means a Lot within Improvement Area #2 marketed to homebuilders as a 50’ or 60’ Lot. The buyer disclosure for Lot Type 4 is attached in **Appendix B**.

“Lot Type 5” means a Lot within Improvement Area #3 marketed to homebuilders as a 40’ Lot. The buyer disclosure for Lot Type 5 is attached in **Appendix B**.

“Lot Type 6” means a Lot within Improvement Area #3 marketed to homebuilders as a 50’ or 60’ Lot. The buyer disclosure for Lot Type 6 is attached in **Appendix B**.

“Major Improvements” means those Authorized Improvements that confer a special benefit to all of the Assessed Property within the District, as further described in **Section III.A.** and depicted on **Exhibit I-1**.

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) for each Lot Type, the amount shown on **Exhibit E**.

“Non-Benefitted Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit J**.

“October 2024 Amended and Restated Service and Assessment Plan” means the Trails of Lavon Public Improvement District 2024 Amended and Restated Service Plan as approved on October 15, 2024, by the 2024 Assessment Ordinance – Improvement Area #3, which is to be replaced in its entirety by this 2025 Amended and Restated Service and Assessment Plan.

“Parcel” or “Parcels” means a specific property within the District identified by either a tax parcel identification number assigned by the Collin Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Plat or the Official Public Records of the County, or by any other means determined by the City.

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

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

“Prepayment” means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an

Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“Prepayment Costs” means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

“September 2024 Amended and Restated Service and Assessment Plan” means the Trails of Lavon Public Improvement District 2024 Amended and Restated Service Plan as approved on September 3, 2024, by the 2024 Assessment Ordinance – Improvement Area #2, which was replaced in its entirety by the October 2024 Amended and Restated Service and Assessment Plan.

“Service and Assessment Plan” means the Trails of Lavon Public Improvement District Service and Assessment Plan approved on July 18, 2023, by the 2023 Assessment Ordinance, which was replaced in its entirety by the September 2024 Amended and Restated Service and Assessment Plan.

“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 190.774 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit L-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 651 Lots developed with single-family homes.

Improvement Area #1 includes approximately 96.956 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit L-2** and depicted on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to include approximately 297 Lots developed with single-family homes (54 single-family homes that are on Lots classified as Lot Type 1, and 243 single-family homes that are on Lots classified as Lot Type 2).

Improvement Area #2 includes approximately 67.729 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described by the legal description on **Exhibit L-3** and depicted on **Exhibit A-3**. Development of Improvement Area #2 is anticipated to include approximately 250 Lots developed with single-family homes (114 single-family homes that are on Lots classified as Lot Type 3, and 136 single-family homes that are on Lots classified as Lot Type 4).

Improvement Area #3 includes approximately 26.059 acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit L-4** and depicted on **Exhibit A-4**. Development of Improvement Area #3 is anticipated to include approximately 104 Lots developed with single-family homes (59 single-family homes that are on Lots classified as Lot Type 5, and 45 single-family homes that are on Lots classified as Lot Type 6).

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Developer and their 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 as otherwise noted below. The budget for the Authorized Improvements is shown on **Exhibit B**.

A. Major Improvements

- *Clearing and Excavation*

Improvements including all clearing and excavation associated with the public arterial road rights-of-way within the District.

- *Erosion Control*

Improvements including the installation of all erosion control measures associated with the public arterial road rights-of-way and major utility improvements within or serving the District.

- *Roadway*

Improvements including subgrade stabilization, paving, sidewalks, barrier free ramps, signage, striping, streetlights, testing and all other materials associated with the public arterial road rights-of-way within the District. The roadway improvements will be owned and operated by the City.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to the District. The sanitary sewer improvements will be owned and operated by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, testing, and all other necessary appurtenances required to provide water service to all Lots within the District. The water improvements will be owned and operated by Bear Creek Special Utility District.

- *Storm Sewer*

Improvements including trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, all other necessary appurtenances required to provide adequate drainage for the arterial road rights-of-way within the District. The storm sewer improvements will be owned and operated by the City.

- *Soft Costs*

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

B. Improvement Area #1 Improvements

- *Clearing and Excavation*

Improvements including all clearing and excavation associated with the public residential road rights-of-way, detention ponds, swales and channels within Improvement Area #1.

- *Erosion Control*

Improvements including the installation of all erosion control measures associated with the public residential road rights-of-way and detention ponds within Improvement Area #1.

- *Roadway*

Improvements including subgrade stabilization, pavement, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public residential road rights-of-way within Improvement Area #1. The roadway improvements will be owned and operated by the City.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to each Lot within Improvement Area #1. The sanitary sewer improvements will be owned and operated by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, piping, vales, fire hydrant assemblies, service connections, testing, and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1. The water improvements will be owned and operated by Bear Creek Special Utility District.

- *Storm Sewer*

Improvements including trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, and all other necessary appurtenances required to provide adequate drainage within Improvement Area #1. The storm sewer improvements will be owned and operated by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

C. Improvement Area #2 Improvements

- *Clearing and Excavation*

Improvements including all clearing and excavation associated with the public residential road rights-of-way, detention ponds, swales and channels within Improvement Area #2.

- *Erosion Control*

Improvements including the installation of all erosion control measures associated with the public residential road rights-of-way and detention ponds within Improvement Area #2.

- *Roadway*

Improvements including subgrade stabilization, pavement, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public residential road rights-of-way within Improvement Area #2. The roadway improvements will be owned and operated by the City.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to each Lot within Improvement Area #2. The sanitary sewer improvements will be owned and operated by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, piping, vales, fire hydrant assemblies, service connections, testing, and all other necessary

appurtenances required to provide water service to each Lot within Improvement Area #2. The water improvements will be owned and operated by Bear Creek Special Utility District.

- *Storm Sewer*

Improvements including trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, and all other necessary appurtenances required to provide adequate drainage within Improvement Area #2. The storm sewer improvements will be owned and operated by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Improvement Area #2 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

D. Improvement Area #3 Improvements

- *Clearing and Excavation*

Improvements including all clearing and excavation associated with the public residential road rights-of-way, detention ponds, swales and channels within Improvement Area #3.

- *Erosion Control*

Improvements including the installation of all erosion control measures associated with the public residential road rights-of-way and detention ponds within Improvement Area #3.

- *Roadway*

Improvements including subgrade stabilization, pavement, sidewalks, barrier free ramps, signage, striping, streetlights, testing, and all other materials associated with the public residential road rights-of-way within Improvement Area #3. The roadway improvements will be owned and operated by the City.

- *Sanitary Sewer*

Improvements including trench excavation and embedment, trench safety, piping, manholes, service connections, testing, and all other necessary appurtenances required to provide sanitary sewer service to each Lot within Improvement Area #3. The sanitary sewer improvements will be owned and operated by the City.

- *Water*

Improvements including trench excavation and embedment, trench safety, piping, vales, fire hydrant assemblies, service connections, testing, and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #3. The water improvements will be owned and operated by Bear Creek Special Utility District.

- *Storm Sewer*

Improvements including trench excavation and embedment, trench safety, piping, inlets, headwalls, rock rip-rap, pond outfalls, testing, and all other necessary appurtenances required to provide adequate drainage within Improvement Area #3. The storm sewer improvements will be owned and operated by the City.

- *Soft Costs*

Costs related to designing, constructing, and installing the Improvement Area #3 Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

E. 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.

- *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.

- *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.

F. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the Service Plan for Improvement Area #1, Improvement Area #2, and Improvement Area #3. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this 2025 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 disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated each year in an Annual Service Plan Update and as necessary to reflect any budget revisions at the time the PID Bonds are issued.

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 2025 Amended and 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 and developers 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 has determined that the costs related to the Authorized Improvements shall be allocated as follows:

- The costs of the Major Improvements were allocated to Improvement Area #1, Improvement Area #2, and Improvement Area #3 based upon Estimated Buildout Value of each area to the Estimated Buildout Value of the District at the time the Service and Assessment Plan was approved. Currently, Improvement Area #1 is allocated 47.24% of the Major Improvements costs, Improvement Area #2 is allocated 37.53% of the Major Improvements costs, and Improvement Area #3 is allocated 15.23% of the Major Improvements costs. Improvement Area #1, Improvement Area #2, and Improvement Area #3's shares of the Major Improvement costs are illustrated in **Exhibit B**.
- The costs of the Improvement Area #1 Projects were allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property.
- The costs of the Improvement Area #2 Projects were allocated to each Parcel within Improvement Area #2 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #2 Assessed Property to the Estimated Buildout Value of all Improvement Area #2 Assessed Property.
- The costs of the Improvement Area #3 Projects shall be allocated to each Parcel within Improvement Area #3 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #3 Assessed Property to the Estimated Buildout Value of all Improvement Area #3 Assessed Property. Currently, the Improvement Area #3 Initial Parcel is the only Parcel within Improvement Area #3, and as such, the Improvement Area #3 Initial Parcel is allocated 100% of the Improvement Area #3 Projects.

B. Assessments

The Improvement Area #1 Assessment was levied on the Improvement Area #1 Assessed Property as shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F-1**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2** and are

subject to revisions made in any Annual Service Plan Update. Upon further division or subdivision of the Improvement Area #1 Assessed Property, the Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Improvement Area #2 Assessment was levied on the Improvement Area #2 Assessed Property as shown on the Improvement Area #2 Assessment Roll, attached hereto as **Exhibit G-1**. The projected Improvement Area #2 Annual Installments are shown on **Exhibit G-2** and are subject to revisions made in any Annual Service Plan Update. Upon further division or subdivision of the Improvement Area #2 Assessed Property, the Improvement Area #2 Assessment will be reallocated pursuant to **Section VI**.

The Improvement Area #3 Assessment was levied on the Improvement Area #3 Initial Parcel as shown on the Improvement Area #3 Assessment Roll, attached hereto as **Exhibit H-1**. The projected Improvement Area #3 Annual Installments are shown on **Exhibit H-2** and are subject to revisions made in any Annual Service Plan Update. Upon division or subdivision of the Improvement Area #3 Initial Parcel, the Improvement Area #3 Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, Lot Type 5, or Lot Type 6, respectively, exceed the corresponding Maximum Assessment for each Lot classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- *Improvement Area #1*
 - The costs of the Improvement Area #1 Projects equal \$16,981,873 as shown on **Exhibit B**; and
 - The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Projects equal to or greater than the Actual Cost of the Improvement Area #1 Projects; and
 - The Improvement Area #1 Initial Parcel was allocated 100% of the Improvement Area #1 Assessment levied for the Improvement Area #1 Projects, which equaled \$14,365,000, of which \$14,090,000 is currently outstanding as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**; and

- The special benefit, determined at the time the Improvement Area #1 Assessment was levied ($\geq$ \$16,981,873) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Projects is equal to or greater than the amount of the Improvement Area #1 Assessment (\$14,365,000) levied on the Improvement Area #1 Assessed Property for the Improvement Area #1 Projects; and
 - At the time the City Council approved the Service and Assessment Plan, the Developer owned 100% of the Improvement Area #1 Initial Parcel. The Developer acknowledged that the Improvement Area #1 Projects conferred a special benefit on the Improvement Area #1 Initial Parcel and consented to the imposition of the Improvement Area #1 Assessment 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 Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Improvement Area #1 Assessment on the Improvement Area #1 Assessed Property.
- *Improvement Area #2*
 - The costs of the Improvement Area #2 Projects equal \$15,919,984 as shown on **Exhibit B**; and
 - The Improvement Area #2 Assessed Property receives special benefit from the Improvement Area #2 Projects equal to or greater than the Actual Cost of the Improvement Area #2 Projects; and
 - The Improvement Area #2 Initial Parcel was allocated 100% of the Improvement Area #2 Assessment levied for the Improvement Area #2 Projects, which equaled \$10,620,000, of which \$10,498,000 is currently outstanding as shown on the Improvement Area #2 Assessment Roll attached hereto as **Exhibit G-1**; and
 - The special benefit, determined at the time the Improvement Area #1 Assessment was levied ($\geq$ \$15,919,984) received by the Improvement Area #2 Initial Parcel from the Improvement Area #2 Projects is equal to or greater than the amount of the Improvement Area #2 Assessment (\$10,620,000) levied on the Improvement Area #2 Initial Parcel for the Improvement Area #2 Projects; and
 - At the time the City Council approved the September 2024 Amended and Restated Service Plan, the Developer owned 100% of the Improvement Area #2 Initial

Parcel. The Developer acknowledged that the Improvement Area #2 Projects confer a special benefit on the Improvement Area #2 Initial Parcel and consented to the imposition of the Improvement Area #2 Assessment 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 2024 Assessment Ordinance – Improvement Area #2; (2) the September 2024 Amended and Restated Service and Assessment Plan and the 2024 Assessment Ordinance – Improvement Area #2; and (3) the levying of the Improvement Area #2 Assessment on the Improvement Area #2 Initial Parcel.

- *Improvement Area #3*

- The costs of the Improvement Area #3 Projects equal \$5,404,464 as shown on **Exhibit B**; and
- The Improvement Area #3 Assessed Property receives special benefit from the Improvement Area #3 Projects equal to or greater than the Actual Cost of the Improvement Area #3 Projects; and
- The Improvement Area #3 Initial Parcel was allocated 100% of the Improvement Area #3 Assessment levied for the Improvement Area #3 Projects, which equaled \$4,183,000, of which \$4,123,000 is currently outstanding as shown on the Improvement Area #3 Assessment Roll attached hereto as **Exhibit H-1**; and
- The special benefit determined at the time the Improvement Area #2 Assessment was levied ($\geq \$5,404,464$) received by the Improvement Area #3 Initial Parcel from the Improvement Area #3 Projects is equal to or greater than the amount of the Improvement Area #3 Assessment (\$4,183,000) levied on the Improvement Area #3 Initial Parcel for the Improvement Area #3 Projects; and
- At the time the City Council approved the October 2024 Amended and Restated Service and Assessment Plan, the Developer owned 100% of the Improvement Area #3 Initial Parcel. The Developer acknowledged that the Improvement Area #3 Projects confer a special benefit on the Improvement Area #3 Initial Parcel and consented to the imposition of the Improvement Area #3 Assessment 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 2024 Assessment Ordinance – Improvement Area #3; (2) the October 2024 Amended and Restated

Service and Assessment Plan and the 2024 Assessment Ordinance – Improvement Area #3; and (3) the levying of the Improvement Area #3 Assessment on the Improvement Area #3 Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this Section VI shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Developer, relying on information from homebuilders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, Lot Type 5, and Lot Type 6 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates, but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

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

2. Upon Subdivision by a Recorded Subdivision Plat

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of newly subdivided Lots with the same Lot Type

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

consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, Lot Type 5 and Lot Type 6 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

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

3. Upon Consolidation

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

B. Mandatory Prepayment of Assessments

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to or concurrently with any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable "Notice of Assessment Termination," a form of which is attached hereto as **Exhibit J**.

C. True-Up of Assessments if Maximum Assessment Exceeded at Plat

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type

shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City's approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment.

D. Reduction of Assessments

If the Actual Costs of completed Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds have not been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that PID Bonds have been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds as directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the

Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property.

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated Improvement Area #1 Annual Installments, **Exhibit G-2** shows the estimated Improvement Area #2 Annual Installments, and **Exhibit H-2** shows the estimated Improvement Area #3 Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the Parcel not including any Non-Benefitted Property, as shown by the Collin Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments, but in no case shall the City take any action, or fail to take any action, that would cause it to be in default under any Indenture. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Remaining Property**"), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this 2025 Amended and Restated Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment

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

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

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

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

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the

Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Improvement Area #2 Assessment Roll is attached as **Exhibit G-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #2 Assessment Roll and Improvement Area #2 Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Improvement Area #3 Assessment Roll is attached as **Exhibit H-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #3 Assessment Roll and Improvement Area #3 Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this 2025 Amended and Restated Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st 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 2025 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 2025 Amended and 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 2025 Amended and 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 2025 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 2025 Amended and 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 2025 Amended and Restated Service and Assessment Plan. Interpretations of this 2025 Amended and Restated Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure/Filing Requirements

Per Section 5.014 of the Texas Property Code, as amended, this 2025 Amended and Restated Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the Lot types with the District. The buyer disclosures are attached hereto as **Appendix B**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance of this 2025 Amended and Restated Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this 2025 Amended and Restated Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

E. Severability

If any provision of this 2025 Amended and 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.

SECTION IX: ADDITIONAL INFORMATION

The following information will serve as the 2025 Annual SAP Update for Improvement Area #1, Improvement Area #2, and Improvement Area #3.

PARCEL SUBDIVISION

Improvement Area #1

The Final Plat of Trails of Lavon Phase 1 was filed and recorded with the County on 4/3/2024 and consists of 209 residential Lots and 7 Lots of Non-Benefitted Property.

The Final Plat of Trails of Lavon Phase 2A was filed and recorded with the County on 4/3/2024 and consists of 88 residential Lots and 3 Lots of Non-Benefitted Property.

A Replat of Trail of Lavon Phase 2A was filed and recorded with the County on 7/29/2024 and splits 1 existing Lot of Non-Benefitted Property into 2 Lots of Non-Benefitted Property.

See the Lot Type classification summary within Improvement Area #1 below:

Improvement Area #1	
Lot Type	Number of Lots
1	54
2	243
Total	297

See **Exhibit A-5** for the Improvement Area #1 Lot Type classification map.

Improvement Area #2

The Final Plat of Trails of Lavon Phase 3 was filed and recorded with the County on 10/21/2024 and consists of 250 residential Lots and 8 Lots of Non-Benefitted Property.

See the Lot Type classification summary within Improvement Area #2 below:

Improvement Area #2	
Lot Type	Number of Lots
3	114
4	136
Total	250

See **Exhibit A-6** for the Improvement Area #2 Lot Type classification map.

Improvement Area #3

There have not been any recorded plats in Improvement Area #3. [Developer to confirm.]

See the Lot Type classification summary within Improvement Area #3 below:

5	59
6	45

See **Exhibit A-7** for the Improvement Area #2 Lot Type classification map.

LOT AND HOME SALES

Improvement Area #1 [Developer to provide]

Per the Developer, the lot ownership composition is provided below:

- Developer Owned:
 - Lot Type 1: _____
 - Lot Type 2: _____
- Homebuilder Owned:
 - Lot Type 1: _____
 - Lot Type 2: _____
- End-User Owned:
 - Lot Type 1: _____
 - Lot Type 2: _____

Improvement Area #2 [Developer to provide]

Per the Developer, the lot ownership composition is provided below:

- Developer Owned:
 - Lot Type 3: _____
 - Lot Type 4: _____
- Homebuilder Owned:
 - Lot Type 3: _____
 - Lot Type 4: _____
- End-User Owned:
 - Lot Type 3: _____
 - Lot Type 4: _____

Improvement Area #3 [Developer to provide]

Per the Developer, the lot ownership composition is provided below:

- Developer Owned:
 - Lot Type 5: _____
 - Lot Type 6: _____
- Homebuilder Owned:
 - Lot Type 5: _____
 - Lot Type 6: _____
- End-User Owned:
 - Lot Type 5: _____
 - Lot Type 6: _____

See **Appendix B** for the buyer disclosures.

AUTHORIZED IMPROVEMENTS

Improvement Area #1 [Developer to update.]

Per the Developer as of the 2024 SAP Update, the Authorized Improvements listed in the Service and Assessment Plan for Improvement Area #1 are currently under construction and projected to be completed in the fourth quarter of 2024. The budget of \$14,521,849.87 for the Authorized Improvements is as shown in the table below.

Authorized Improvement Budget					
Authorized Improvements	Budget	Spent to Date	Percent of Budget Spent	Completion Date	
Improvement Area #1 Improvements					
Clearing & Excavation	\$ 399,730.00	\$ 399,730.00	100.00%	03/19/2024	
Erosion Control	\$ 83,102.25	\$ 83,102.25	100.00%	03/19/2024	
Roadway	\$ 2,449,190.43	\$ 2,449,190.43	100.00%	03/19/2024	
Sanitary Sewer	\$ 1,339,394.54	\$ 1,339,394.54	100.00%	03/19/2024	
Water	\$ 1,835,810.63	\$ 1,835,810.63	100.00%	03/19/2024	
Storm Sewer	\$ 2,957,013.05	\$ 2,957,013.05	100.00%	03/19/2024	
Soft Costs	\$ 2,354,085.40	\$ 1,447,661.31	61.50%	03/19/2024	
Major Improvements					
Clearing & Excavation	\$ 41,649	\$ 41,649.00	100.00%	11/30/2024	
Erosion Control	\$ 9,244	\$ 9,244.00	100.00%	11/30/2024	
Roadway	\$ 1,091,017	\$ 761,878.00	69.83%	11/30/2024	
Sanitary Sewer	\$ 1,081,076	\$ 1,081,076.00	100.00%	11/30/2024	
Water	\$ 153,308	\$ 153,308.00	100.00%	11/30/2024	
Storm Sewer	\$ 87,365	\$ 87,365.00	100.00%	11/30/2024	
Soft Costs	\$ 639,864	\$ 393,496.30	61.50%	11/30/2024	
Total	\$ 14,521,849.87	\$ 13,039,918.51			

Improvement Area #2 [Developer to provide]

Per the Developer, the Authorized Improvements listed in the September 2024 Amended and Restated Service and Assessment Plan for Improvement Area #2 are currently under construction and projected to be completed in _____. The budget for the Authorized Improvements is as shown in the table below.

Authorized Improvement Budget				
Authorized Improvements	Budget	Spent to Date	Percent of Budget Spent	Forecast Completion Date
Improvement Area #2 Improvements				
Clearing & Excavation	\$ 198,788.41	\$ -	0.00%	
Erosion Control	\$ 55,145.00	\$ -	0.00%	
Roadway	\$ 4,081,704.75	\$ -	0.00%	
Sanitary Sewer	\$ 1,036,233.06	\$ -	0.00%	
Water	\$ 1,676,615.82	\$ -	0.00%	
Storm Sewer	\$ 2,163,422.12	\$ -	0.00%	
Soft Costs	\$ 2,403,602.31	\$ -	0.00%	
Major Improvements				
Clearing & Excavation	\$ 33,090	\$ -	0.00%	
Erosion Control	\$ 7,344	\$ -	0.00%	
Roadway	\$ 866,794	\$ -	0.00%	
Sanitary Sewer	\$ 858,896	\$ -	0.00%	
Water	\$ 121,801	\$ -	0.00%	
Storm Sewer	\$ 69,410	\$ -	0.00%	
Soft Costs	\$ 508,361	\$ -	0.00%	
Total	\$ 14,081,206.58	\$ -	0.00%	

Improvement Area #3 [Developer to provide]

Per the Developer, the Authorized Improvements listed in the October 2024 Amended and Restated Service and Assessment Plan for Improvement Area #2 are currently under construction and projected to be completed in _____. The budget for the Authorized Improvements is as shown in the table below.

Improvement Area #3 Improvements			
Clearing & Excavation	\$	174,118.00	0.00%
Erosion Control	\$	39,381.04	0.00%
Roadway	\$	1,110,345.65	0.00%
Sanitary Sewer	\$	432,823.42	0.00%
Water	\$	469,476.99	0.00%
Storm Sewer	\$	678,644.01	0.00%
Soft Costs	\$	750,612.35	0.00%
Major Improvements			
Clearing & Excavation	\$	13,433	0.00%
Erosion Control	\$	2,981	0.00%
Roadway	\$	351,877	0.00%
Sanitary Sewer	\$	348,671	0.00%
Water	\$	49,445	0.00%
Storm Sewer	\$	28,177	0.00%
Soft Costs	\$	206,370	0.00%
Total	\$	4,656,356.09	\$ -

OUTSTANDING ASSESSMENT

Improvement Area #1

Net of the principal bond payment due September 15, Improvement Area #1 has an outstanding Assessment of \$14,090,000.00.

Improvement Area #2

Net of the principal bond payment due September 15, Improvement Area #2 has an outstanding Assessment of \$10,498,000.00

Improvement Area #3

Net of the principal bond payment due September 15, Improvement Area #3 has an outstanding Assessment of \$4,123,000.00.

ANNUAL INSTALLMENT DUE 1/31/2026

Improvement Area #1

- **Principal and Interest** – The total principal and interest required for the Annual Installment is \$1,050,400.00.
- **Additional Interest** – The total Additional Interest Reserve Requirement, as defined in the Indenture, is equal to \$774,950.00 and has not been met. As such, the Additional Interest Account will be funded with Additional Interest on the outstanding Assessments, resulting in an Additional Interest amount due of \$70,450.00.
- **Annual Collection Costs** – The cost of administering the District and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. The total Annual Collection Costs budgeted for the Annual Installment is \$48,492.22

P3Works Administration	\$	30,073.20
City Auditor	\$	491.30
City Administration	\$	3,000.00
Filing Fees	\$	491.30
County Collection	\$	1,391.00
Pid Trustee Fees	\$	1,719.54
Dissemination Agent	\$	1,719.54
Draw Request Review	\$	10,000.00
CDA Review	\$	3,500.00
Collection Cost Maintenance Balance	\$	10,000.00
Less CCMB Credit from Prior Years	\$	(15,121.90)
Arbitrage Calculation	\$	1,228.24
Total	\$	48,492.22

Improvement Area #1		
Due January 31, 2026		
Principal	\$	205,000.00
Interest		845,400.00
Additional Interest		70,450.00
Annual Collection Costs		48,492.22
Total Annual Installment	\$	1,169,342.22

Please contact P3Works for the pay period for Improvement Area #1. See **Exhibit K** for the debt service schedule for the District Bonds.

Improvement Area #2

- **Principal and Interest** – The total principal and interest required for the Annual Installment is \$778,880.00.
- **Additional Interest** – The total Additional Interest Reserve Requirement, as defined in the Indenture, is equal to \$577,390.00 and has not been met. As such, the Additional Interest Account will be funded with Additional Interest on the outstanding Assessments, resulting in an Additional Interest amount due of \$52,490.00.
- **Annual Collection Costs** – The cost of administering the District and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. The total Annual Collection Costs budgeted for the Annual Installment is \$34,286.65.

Improvement Area #2		
Due January 31, 2026		
P3Works Administration	\$	22,339.66
City Auditor	\$	364.96
City Administration	\$	3,000.00
Filing Fees	\$	364.96
County Collection	\$	1,250.00
Pid Trustee Fees	\$	1,277.34
Dissemination Agent	\$	1,277.34
Draw Request Review	\$	10,000.00
CDA Review	\$	3,500.00
Collection Cost Maintenance Balance	\$	10,000.00
Less CCMB Credit from Prior Years	\$	(20,000.00)
Arbitrage Calculation	\$	912.39
Total	\$	34,286.65

Improvement Area #2		
Due January 31, 2026		
Principal	\$	149,000.00
Interest		629,880.00
Additional Interest		52,490.00
Annual Collection Costs		34,286.65
Total Annual Installment	\$	865,656.65

Please contact P3Works for the pay period for Improvement Area #2. See **Exhibit K** for the debt service schedule for the District Bonds.

Improvement Area #3

- **Principal and Interest** – The total principal and interest required for the Annual Installment is \$303,320.00
- **Additional Interest** – The total Additional Interest Reserve Requirement, as defined in the Indenture, is equal to \$226,765.00 and has not been met. As such, the Additional Interest Account will be funded with Additional Interest on the outstanding Assessments, resulting in an Additional Interest amount due of \$20,615.00
- **Annual Collection Costs** – The cost of administering the District and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. The total Annual Collection Costs budgeted for the Annual Installment is \$17,764.25.

Improvement Area #3	
Administrative Expenses Breakdown	
P3Works Administration	\$ 8,799.14
City Auditor	\$ 143.75
City Administration	\$ 3,000.00
Filing Fees	\$ 143.75
County Collection	\$ 812.00
Pid Trustee Fees	\$ 503.12
Dissemination Agent	\$ 503.12
Draw Request Review	\$ 10,000.00
CDA Review	\$ 3,500.00
Collection Cost Maintenance Balance	\$ 10,000.00
Less CCMB Credit from Prior Years	\$ (20,000.00)
Arbitrage Calculation	\$ 359.37
Total	\$ 17,764.25

Improvement Area #3	
Due January 31, 2026	
Principal	\$ 67,000.00
Interest	247,380.00
Additional Interest	20,615.00
Annual Collection Costs	17,764.25
Total Annual Installment	\$ 352,759.25

Please contact P3Works for the pay period for Improvement Area #3. See **Exhibit K** for the debt service schedule for the District Bonds.

PREPAYMENT OF ASSESSMENTS IN FULL

Improvement Area #1

No full prepayments of Assessments have occurred within Improvement Area #1.

Improvement Area #2

No full prepayments of Assessments have occurred within Improvement Area #2.

Improvement Area #3

No full prepayments of Assessments have occurred within Improvement Area #3.

PARTIAL PREPAYMENT OF ASSESSMENTS

Improvement Area #1

No partial prepayments of Assessments have occurred within Improvement Area #1.

Improvement Area #2

No partial prepayments of Assessments have occurred within Improvement Area #2.

Improvement Area #3

No partial prepayments of Assessments have occurred within Improvement Area #3.

EXHIBITS

The following Exhibits are attached to and made a part of this 2025 Amended and Restated Service and Assessment Plan for all purposes:

Exhibit A-1	Map of the District
Exhibit A-2	Map of Improvement Area #1
Exhibit A-3	Map of Improvement Area #2
Exhibit A-4	Map of Improvement Area #3
Exhibit A-5	Improvement Area #1 Lot Type Classification Map
Exhibit A-6	Improvement Area #2 Lot Type Classification Map
Exhibit A-7	Improvement Area #3 Lot Type Classification Map
Exhibit B	Project Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F-1	Improvement Area #1 Assessment Roll
Exhibit F-2	Improvement Area #1 Annual Installments
Exhibit G-1	Improvement Area #2 Assessment Roll
Exhibit G-2	Improvement Area #2 Annual Installments
Exhibit H-1	Improvement Area #3 Assessment Roll
Exhibit H-2	Improvement Area #3 Annual Installments
Exhibit I-1	Maps of Major Improvements
Exhibit I-2	Maps of Improvement Area #1 Improvements
Exhibit I-3	Maps of Improvement Area #2 Improvements
Exhibit I-4	Maps of Improvement Area #3 Improvements
Exhibit J	Form of Notice of Assessment Termination
Exhibit K	District Bonds Debt Service Schedule
Exhibit L-1	District Legal Description
Exhibit L-2	Improvement Area #1 Legal Description
Exhibit L-3	Improvement Area #2 Legal Description
Exhibit L-4	Improvement Area #3 Final Plat

APPENDICES

The following Appendices are attached to and made a part of this 2025 Amended and Restated Service and Assessment Plan for all purposes:

Appendix A	Engineer's Report
Appendix B	Buyer Disclosures

EXHIBIT A-1 – MAP OF THE DISTRICT

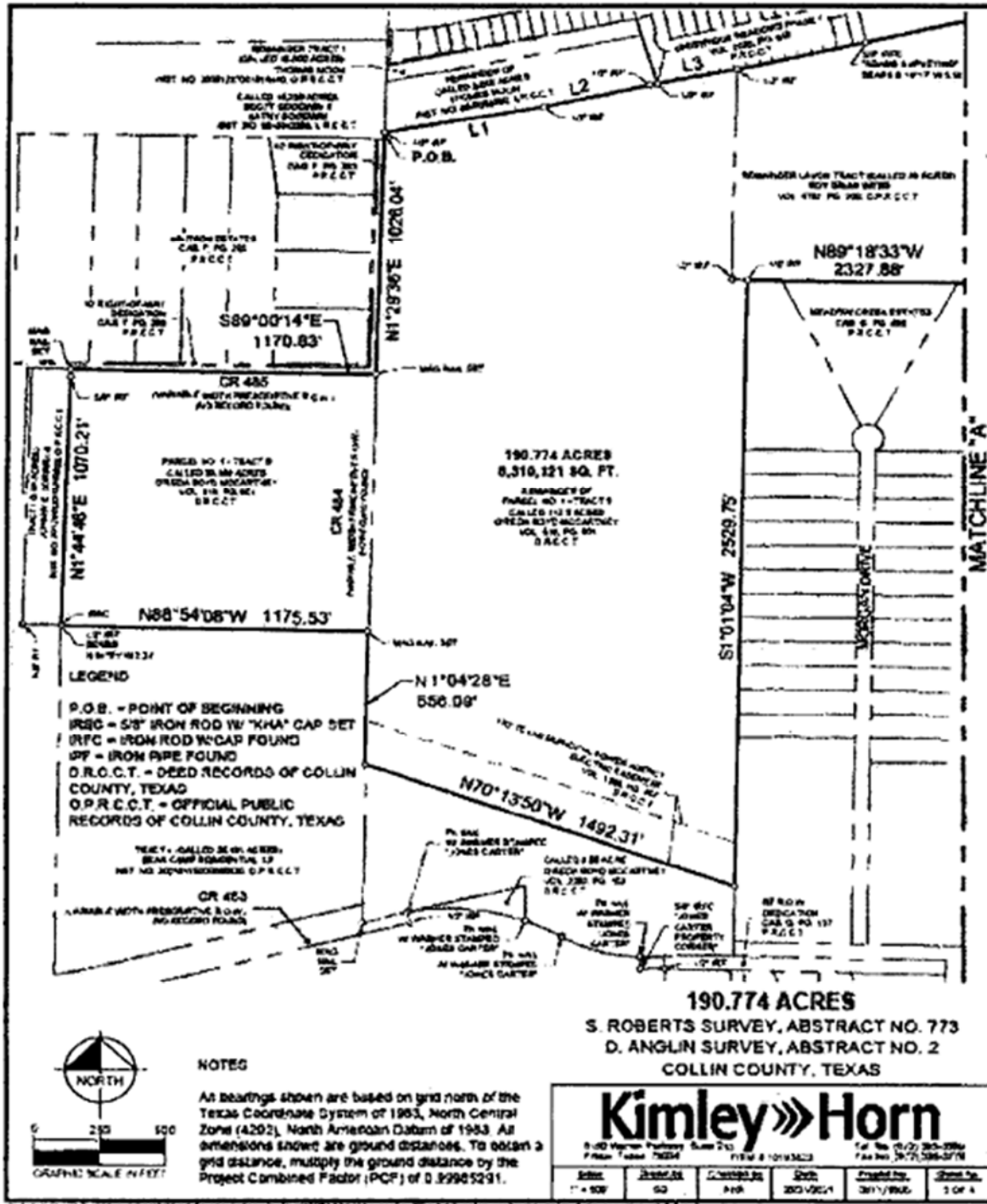


EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1



EXHIBIT A-3 – MAP OF IMPROVEMENT AREA #2



EXHIBIT A-4 – MAP OF IMPROVEMENT AREA #3

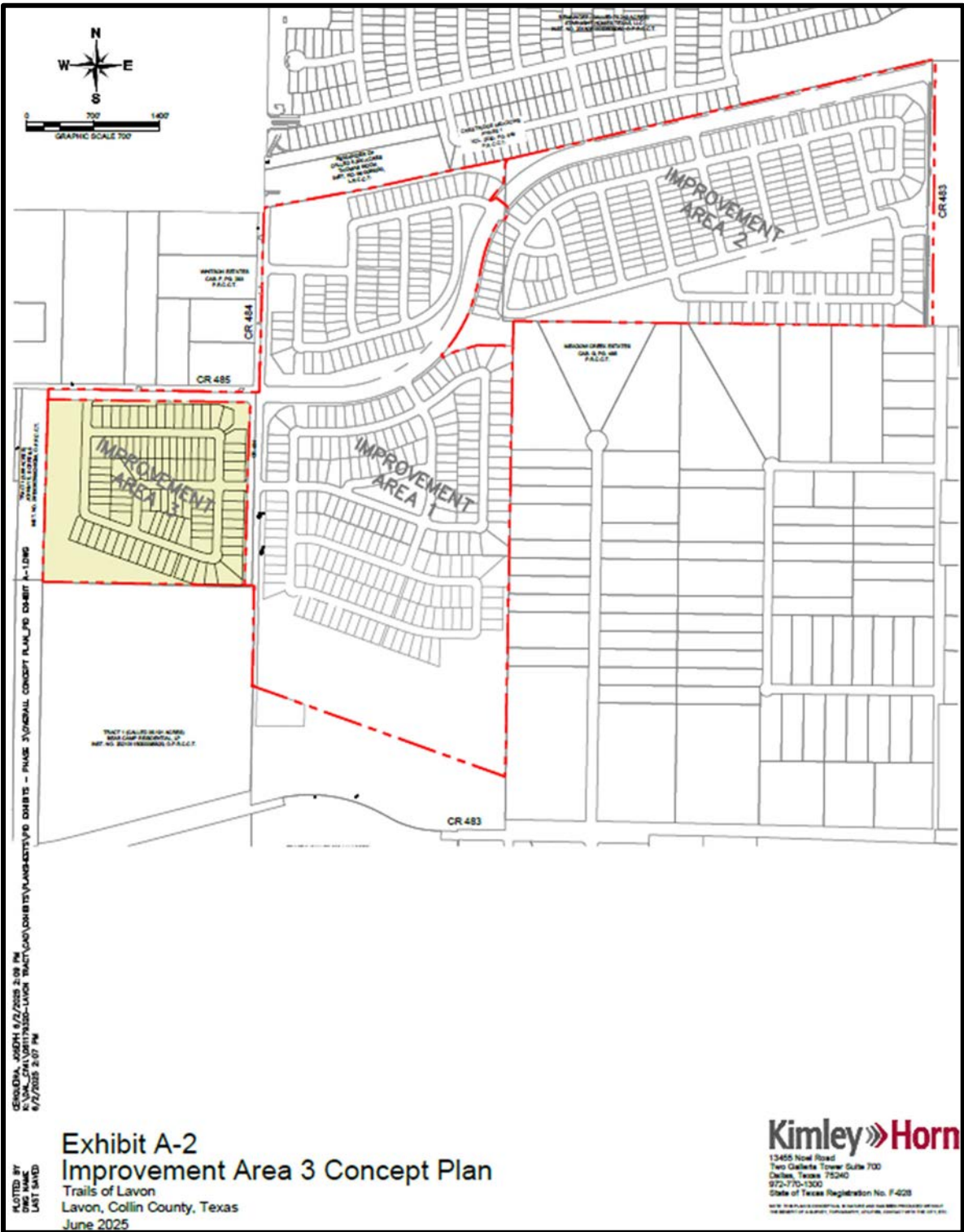


EXHIBIT A-5 – IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP

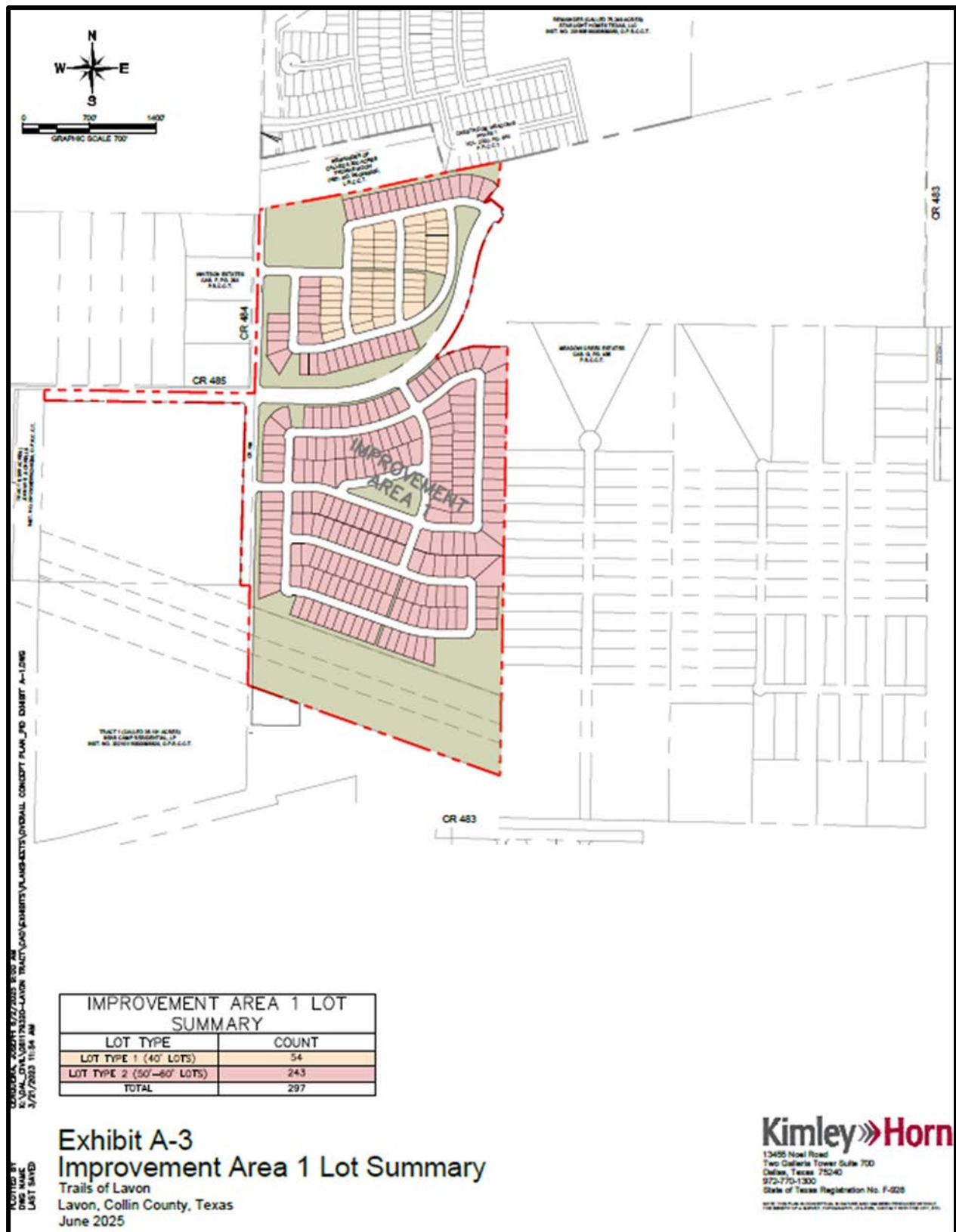


EXHIBIT A-6 - IMPROVEMENT AREA #2 LOT TYPE CLASSIFICATION MAP

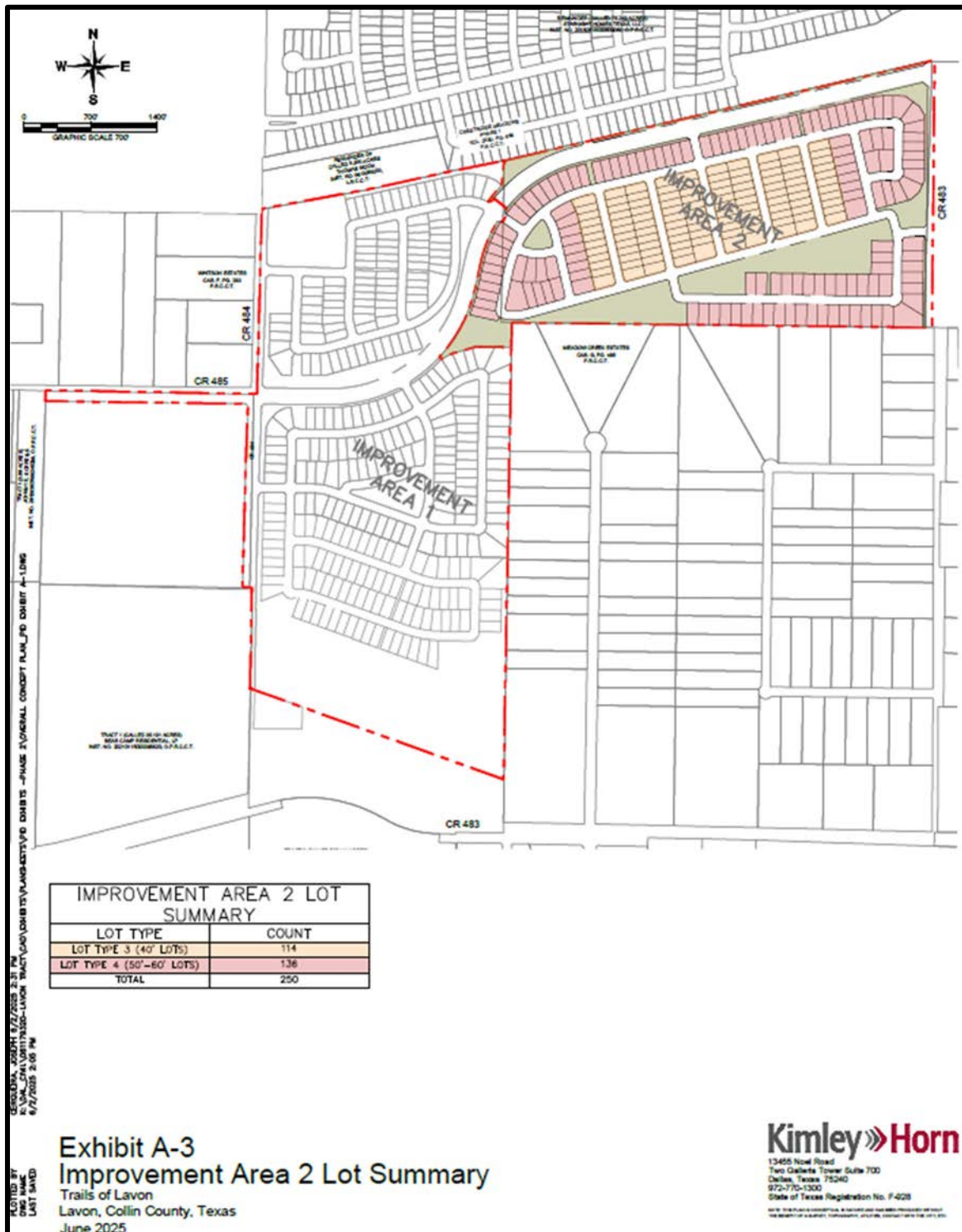


EXHIBIT A-7 - IMPROVEMENT AREA #3 LOT TYPE CLASSIFICATION MAP

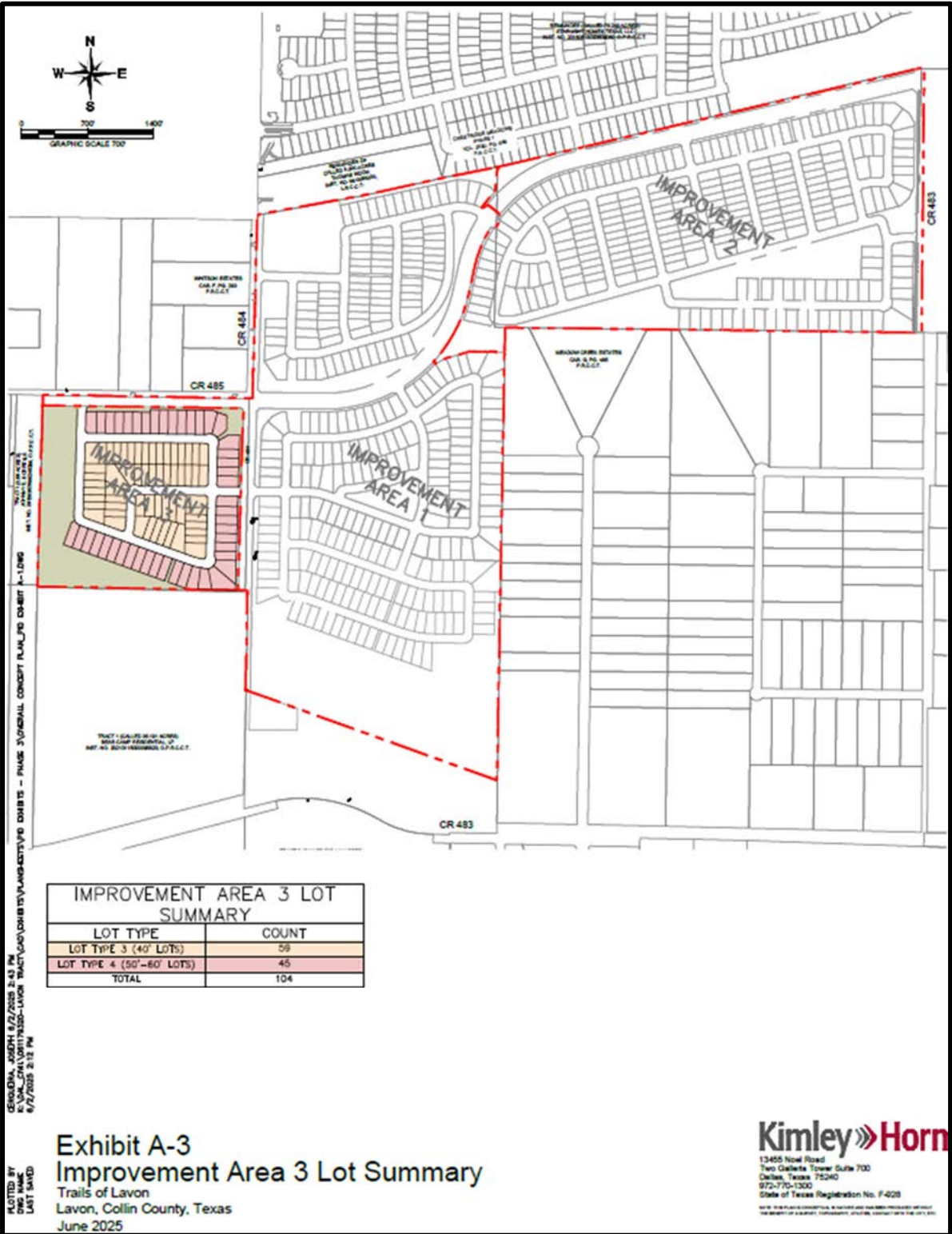


EXHIBIT B – PROJECT COSTS

	Total	Private	Improvement Area #1		Improvement Area #2		Improvement Area #3	
			%	Cost	%	Cost	%	Cost
Major Improvements^{[a], [b]}								
Clearing & Excavation	\$ 88,172	\$ -	47.24%	\$ 41,649	37.53%	\$ 33,090	15.23%	\$ 13,433
Erosion Control	19,570	-	47.24%	9,244	37.53%	7,344	15.23%	2,981
Roadway	2,309,689	-	47.24%	1,091,017	37.53%	866,794	15.23%	351,877
Sanitary Sewer	2,288,643	-	47.24%	1,081,076	37.53%	858,896	15.23%	348,671
Water ^[c]	324,554	-	47.24%	153,308	37.53%	121,801	15.23%	49,445
Storm Sewer	184,951	-	47.24%	87,365	37.53%	69,410	15.23%	28,177
Soft Costs ^[d]	1,354,595	-	47.24%	639,864	37.53%	508,361	15.23%	206,370
	<u>\$ 6,570,173</u>	<u>\$ -</u>		<u>\$ 3,103,524</u>		<u>\$ 2,465,695</u>		<u>\$ 1,000,955</u>
Improvement Area #1 Improvements^[a]								
Clearing & Excavation	\$ 399,730	\$ -	100.00%	\$ 399,730	0.00%	\$ -	0.00%	\$ -
Erosion Control	83,102	-	100.00%	83,102	0.00%	-	0.00%	-
Roadway	2,449,190	-	100.00%	2,449,190	0.00%	-	0.00%	-
Sanitary Sewer	1,339,395	-	100.00%	1,339,395	0.00%	-	0.00%	-
Water ^[c]	1,835,811	-	100.00%	1,835,811	0.00%	-	0.00%	-
Storm Sewer	2,957,013	-	100.00%	2,957,013	0.00%	-	0.00%	-
Soft Costs ^[d]	2,354,085	-	100.00%	2,354,085	0.00%	-	0.00%	-
	<u>\$ 11,418,326</u>	<u>\$ -</u>		<u>\$ 11,418,326</u>		<u>\$ -</u>		<u>\$ -</u>
Improvement Area #2 Improvements^[e]								
Clearing & Excavation	\$ 198,788	\$ -	0.00%	\$ -	100.00%	\$ 198,788	0.00%	\$ -
Erosion Control	55,145	-	0.00%	-	100.00%	55,145	0.00%	-
Roadway	4,081,705	-	0.00%	-	100.00%	4,081,705	0.00%	-
Sanitary Sewer	1,036,233	-	0.00%	-	100.00%	1,036,233	0.00%	-
Water ^[c]	1,676,616	-	0.00%	-	100.00%	1,676,616	0.00%	-
Storm Sewer	2,163,422	-	0.00%	-	100.00%	2,163,422	0.00%	-
Soft Costs ^[d]	2,403,602	-	0.00%	-	100.00%	2,403,602	0.00%	-
	<u>\$ 11,615,511</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ 11,615,511</u>		<u>\$ -</u>
Improvement Area #3 Improvements^[f]								
Clearing & Excavation	\$ 174,118	\$ -	0.00%	\$ -	0.00%	\$ -	100.00%	\$ 174,118
Erosion Control	39,381	-	0.00%	-	0.00%	-	100.00%	39,381
Roadway	1,110,346	-	0.00%	-	0.00%	-	100.00%	1,110,346
Sanitary Sewer	432,823	-	0.00%	-	0.00%	-	100.00%	432,823
Water ^[c]	469,477	-	0.00%	-	0.00%	-	100.00%	469,477
Storm Sewer	678,644	-	0.00%	-	0.00%	-	100.00%	678,644
Soft Costs ^[d]	750,612	-	0.00%	-	0.00%	-	100.00%	750,612
	<u>\$ 3,655,401</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ 3,655,401</u>
Private Improvements^[a]								
Clearing & Excavation	\$ 2,530,237	\$ 2,530,237	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
Erosion Control	228,647	228,647	0.00%	-	0.00%	-	0.00%	-
Retaining Walls	652,213	652,213	0.00%	-	0.00%	-	0.00%	-
Landscape/Hardscape & Miscellaneous	8,568,982	8,568,982	0.00%	-	0.00%	-	0.00%	-
Soft Costs ^[d]	2,446,621	2,446,621	0.00%	-	0.00%	-	0.00%	-
	<u>\$ 14,426,700</u>	<u>\$ 14,426,700</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
Bond Issuance Costs^[h]								
Debt Service Reserve Fund	\$ 2,161,504	\$ -		\$ 1,061,903		\$ 788,878		\$ 310,723
Underwriter's Discount ^[i]	873,970	-		428,880		319,600		125,490
Cost of Issuance	1,891,435	-		929,240		690,300		271,895
	<u>\$ 4,926,909</u>	<u>\$ -</u>		<u>\$ 2,420,023</u>		<u>\$ 1,798,778</u>		<u>\$ 708,108</u>
Other Costs^[h]								
Initial Administrative Fund Deposit	\$ 120,000	\$ -		\$ 40,000		\$ 40,000		\$ 40,000
	<u>\$ 120,000</u>	<u>\$ -</u>		<u>\$ 40,000</u>		<u>\$ 40,000</u>		<u>\$ 40,000</u>
Total	\$ 52,733,021	\$ 14,426,700		\$ 16,981,873		\$ 15,919,984		\$ 5,404,464

Footnotes:

[a] Costs per Engineer's Report dated April 19, 2023.

[b] The Major Improvement costs were allocated to Improvement Area #1 at the time of the Service and Assessment Plan. The remainder of such costs shall be allocated to Improvement Area #2 and Improvement Area #3 based on Estimated Buildout Value.

[c] Water improvements are to be owned and maintained by Bear Creek SUD.

[d] Soft Costs include planning, surveying, platting, engineering, staking, city inspection fees, Bear Creek SUD inspection fees, construction materials testing, miscellaneous, and contingency.

[e] Costs per Engineer's Report dated February 29, 2024.

[f] Costs per Engineer's Report dated September 16, 2024.

[g] Not reimbursable to the Developer from Assessments or PID Bonds.

[h] Preliminary estimates only and subject to change upon PID Bond issuance.

[i] Includes fee to counsel to the Underwriter.

EXHIBIT C – SERVICE PLAN

Improvement Area #1						
Annual Installments Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
Principal		\$ 205,000.00	\$ 213,000.00	\$ 226,000.00	\$ 240,000.00	\$ 254,000.00
Interest		845,400.00	833,100.00	820,320.00	806,760.00	792,360.00
	(1)	\$ 1,050,400.00	\$ 1,046,100.00	\$ 1,046,320.00	\$ 1,046,760.00	\$ 1,046,360.00
Annual Collection Costs	(2)	\$ 48,492.22	\$ 53,433.60	\$ 54,502.27	\$ 55,592.31	\$ 56,704.16
Additional Interest	(3)	\$ 70,450.00	\$ 69,425.00	\$ 68,360.00	\$ 67,230.00	\$ 66,030.00
Total Annual Installment	(4) = (1) + (2) + (3)	\$ 1,169,342.22	\$ 1,168,958.60	\$ 1,169,182.27	\$ 1,169,582.31	\$ 1,169,094.16

Improvement Area #2						
Annual Installments Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
Principal		\$ 149,000.00	\$ 149,000.00	\$ 158,000.00	\$ 167,000.00	\$ 177,000.00
Interest		629,880.00	620,940.00	612,000.00	602,520.00	592,500.00
	(1)	\$ 778,880.00	\$ 769,940.00	\$ 770,000.00	\$ 769,520.00	\$ 769,500.00
Annual Collection Costs	(2)	\$ 34,286.65	\$ 44,241.75	\$ 45,126.58	\$ 46,029.11	\$ 46,949.69
Additional Interest	(3)	\$ 52,490.00	\$ 51,745.00	\$ 51,000.00	\$ 50,210.00	\$ 49,375.00
Total Annual Installment	(4) = (1) + (2) + (3)	\$ 865,656.65	\$ 865,926.75	\$ 866,126.58	\$ 865,759.11	\$ 865,824.69

Improvement Area #3						
Annual Installments Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
Principal		\$ 67,000.00	\$ 61,000.00	\$ 64,000.00	\$ 68,000.00	\$ 72,000.00
Interest		247,380.00	243,360.00	239,700.00	235,860.00	231,780.00
	(1)	\$ 314,380.00	\$ 304,360.00	\$ 303,700.00	\$ 303,860.00	\$ 303,780.00
Annual Collection Costs	(2)	\$ 17,764.25	\$ 27,952.98	\$ 28,512.04	\$ 29,082.28	\$ 29,663.92
Additional Interest	(3)	\$ 20,615.00	\$ 20,280.00	\$ 19,975.00	\$ 19,655.00	\$ 19,315.00
Total Annual Installment	(4) = (1) + (2) + (3)	\$ 352,759.25	\$ 352,592.98	\$ 352,187.04	\$ 352,597.28	\$ 352,758.92

EXHIBIT D – SOURCES AND USES OF FUNDS

	Private	Improvement Area #1	Improvement Area #2	Improvement Area #3	Total
Sources of Funds					
District Bonds ^[a]	\$ -	\$ 14,296,000	\$ 10,620,000	\$ 4,183,000	\$ 29,099,000
Improvement Area #1 Reimbursement Obligation ^[b]	-	68,572	-	-	68,572
Improvement Area #1 Interest Earnings ^[c]	-	1,821,857	-	-	1,821,857
Improvement Area #2 Interest Earnings ^[c]	-	-	632,842	-	632,842
Improvement Area #3 Interest Earnings ^[c]	-	-	-	196,907	196,907
Developer Contribution - Improvement Area #1 ^[d]	-	795,443	-	-	795,443
Developer Contribution - Improvement Area #2 ^[d]	-	-	4,667,142	-	4,667,142
Developer Contribution - Improvement Area #3 ^[d]	-	-	-	1,024,557	1,024,557
Developer Contribution - Private Improvements ^[d]	14,426,700	-	-	-	14,426,700
Total Sources	\$ 14,426,700	\$ 16,981,873	\$ 15,919,984	\$ 5,404,464	\$ 52,733,021
Uses of Funds					
Major Improvements	\$ -	\$ 3,103,524	\$ 2,465,695	\$ 1,000,955	\$ 6,570,173
Improvement Area #1 Improvements	-	11,418,326	-	-	11,418,326
Improvement Area #2 Improvements	-	-	11,615,511	-	11,615,511
Improvement Area #3 Improvements	-	-	-	3,655,401	3,655,401
Private Improvements ^[d]	14,426,700	-	-	-	14,426,700
	\$ 14,426,700	\$ 14,521,850	\$ 14,081,207	\$ 4,656,356	\$ 47,686,113
Bond Issuance Costs^[e]					
Debt Service Reserve Fund	\$ -	\$ 1,061,903	\$ 788,878	\$ 310,723	\$ 2,161,504
Underwriter's Discount ^[f]	-	428,880	319,600	125,490	873,970
Cost of Issuance	-	929,240	690,300	271,895	1,891,435
	\$ -	\$ 2,420,023	\$ 1,798,778	\$ 708,108	\$ 4,926,909
Other Costs^[e]					
Initial Administrative Fund Deposit	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 120,000
	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 120,000
Total Uses	\$ 14,426,700	\$ 16,981,873	\$ 15,919,984	\$ 5,404,464	\$ 52,733,021

Footnotes:

[a] Includes the principal portion of Annual Installments collected in 2025 prior to the issuance of District Bonds, which shall be used to pay principal on the 9/15/2025 debt service payment.

[b] Includes the principal portion of Annual Installments collected in 2024 prior to the issuance of the District Bonds and will not be funded from the proceeds of PID Bonds or future Annual Installments. The outstanding balance of the Reimbursement Obligation is reduced to \$0, due to the issuance of the District Bonds.

[c] Interest collected on the 2024 and 2025 Annual Installments to be used to pay interest on the September 2025 debt service payment. The remainder shall be deposited into the respective Project Fund.

[d] Not reimbursable to the Developer through Assessments or PID Bonds.

[e] Preliminary estimates only and subject to change upon PID Bond issuance.

[f] Includes fee to counsel to the Underwriter.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Units ^[a]	Estimated Buildout Value ^[a]		Assessment ^[b]		Average Annual Installment		PID Assessment TRE ^[c]	PID Bond TRE ^[d]	Total Tax Stack
		Per Unit	Total	Per Unit	Total	Per Unit	Total			
Improvement Area #1										
Lot Type 1	54	\$ 340,615	\$ 18,393,210	\$ 39,491	\$ 2,132,532	\$ 3,277	\$ 176,960	\$ 0.867	\$ 0.962	\$ 2.868
Lot Type 2	243	\$ 424,419	\$ 103,133,817	\$ 49,208	\$ 11,957,468	\$ 4,083	\$ 992,243	\$ 0.867	\$ 0.962	\$ 2.868
IA#1 Subtotal	297	\$ 121,527,027		\$ 14,090,000		\$ 1,169,202			\$ 0.962	\$ 2.868
Improvement Area #2										
Lot Type 3	114	\$ 354,376	\$ 40,398,846	\$ 37,035	\$ 4,221,998	\$ 3,055	\$ 348,274	\$ 0.770	\$ 0.862	\$ 2.768
Lot Type 4	136	\$ 441,566	\$ 60,052,912	\$ 46,147	\$ 6,276,002	\$ 3,807	\$ 517,709	\$ 0.770	\$ 0.862	\$ 2.768
IA#2 Subtotal	250	\$ 100,451,758		\$ 10,498,000		\$ 865,983			\$ 0.862	\$ 2.768
Improvement Area #3										
Lot Type 5	59	\$ 330,000	\$ 19,470,000	\$ 35,253	\$ 2,079,928	\$ 3,013	\$ 177,748	\$ 0.784	\$ 0.913	\$ 2.819
Lot Type 6	45	\$ 425,000	\$ 19,125,000	\$ 45,402	\$ 2,043,072	\$ 3,880	\$ 174,598	\$ 0.784	\$ 0.913	\$ 2.819
IA#3 Subtotal	104	\$ 38,595,000		\$ 4,123,000		\$ 352,346			\$ 0.913	\$ 2.819
Total	651	\$ 260,573,785		\$ 28,711,000						

Footnotes:

[a] Per information provided by the Developer on September 20, 2024.

[b] Does not include Annual Installment due 1/31/2025 which will be used to make the September 2025 debt service payment on the District Bonds.

[c] Does not include Annual Collection Costs and Additional Interest.

[d] Includes Annual Collection Costs and Additional Interest.

EXHIBIT F-1 –IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2026
2911171	Non-Benefitted	\$ -	\$ -
2911173	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911175	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911176	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911177	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911178	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911179	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911180	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911181	Non-Benefitted	\$ -	\$ -
2911182	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911183	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911184	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911185	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911186	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911187	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911188	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911189	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911190	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911191	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911192	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911193	Non-Benefitted	\$ -	\$ -
2911194	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911195	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911196	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911197	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911198	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911199	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911200	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911201	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911202	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911203	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911204	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911205	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911206	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911207	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911208	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911209	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911210	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911211	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911212	Lot Type 2	\$ 49,927.12	\$ 4,114.87

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2026
2911213	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911214	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911215	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911216	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911217	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911218	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911219	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911220	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911221	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911222	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2911223	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912153	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912154	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912155	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912156	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912157	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912158	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912159	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912160	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912161	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912162	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912163	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912164	Non-Benefitted	\$ -	\$ -
2912165	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912166	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912167	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912168	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912169	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912170	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912171	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912172	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912173	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912174	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912175	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912176	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912177	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912178	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912179	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912180	Lot Type 2	\$ 49,927.12	\$ 4,114.87
2912181	Lot Type 2	\$ 49,927.12	\$ 4,114.87

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2026
2912182	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912183	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912184	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912185	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912186	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912187	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912188	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912189	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912190	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912191	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912193	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912194	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912195	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912197	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912198	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912199	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912200	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912201	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912202	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912203	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912204	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912205	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912206	Non-Benefitted	\$ -	\$ -
2912207	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912208	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912209	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912210	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912211	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912212	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912213	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912214	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912215	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912216	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912217	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912218	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912219	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912220	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912221	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912222	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912223	Lot Type 2	\$ 49,207.69	\$ 4,083.79

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2026
2912224	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912225	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912226	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912227	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912228	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912229	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912230	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912231	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912232	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911224	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911225	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911226	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911227	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911228	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911229	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911230	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911231	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911232	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911233	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911234	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911235	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911236	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912233	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912234	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912235	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912236	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912237	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912238	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912239	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912240	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912241	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912242	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912243	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2912244	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911237	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911238	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911239	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911240	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911241	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911242	Lot Type 2	\$ 49,207.69	\$ 4,083.79

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2026
2911243	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911244	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911245	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911246	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911247	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911248	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911249	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911250	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911251	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911252	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911253	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911254	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911255	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911256	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911257	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911258	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911259	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911260	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911261	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911262	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911263	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911264	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911265	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911266	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911267	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911268	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911269	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911270	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911271	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911272	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911273	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911274	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911275	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911276	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911277	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911278	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911279	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911280	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911281	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911282	Lot Type 2	\$ 49,207.69	\$ 4,083.79

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2026
2911283	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911284	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911285	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911286	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911287	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911288	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911289	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911290	Non-Benefitted	\$ -	\$ -
2911291	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911292	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911293	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911294	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911295	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911296	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911297	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911298	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911299	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911300	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911301	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911302	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911303	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911304	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911305	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911306	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911307	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911308	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911309	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911310	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911311	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911312	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911313	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911314	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911315	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911316	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911317	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911318	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911319	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911320	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911321	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911322	Lot Type 2	\$ 49,207.69	\$ 4,083.79

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2026
2911323	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911324	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911325	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911326	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911327	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911328	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911329	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911330	Non-Benefitted	\$ -	\$ -
2911331	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911332	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911333	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911334	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911335	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911336	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911337	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911338	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911339	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911340	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911342	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911343	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911344	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911345	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911346	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911347	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911348	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911349	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911350	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911351	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911352	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911353	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911354	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911355	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911356	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911357	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911358	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911359	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911360	Non-Benefitted	\$ -	\$ -
2911361	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911362	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911363	Lot Type 1	\$ 39,491.34	\$ 3,277.42

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment due 1/31/2026
2911364	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911365	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911366	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911367	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911368	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911369	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911370	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911371	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911372	Lot Type 1	\$ 39,491.34	\$ 3,277.42
2911373	Non-Benefitted	\$ -	\$ -
2911374	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911375	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911376	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911377	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911378	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911379	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911380	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911381	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911382	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911383	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911384	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911385	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911386	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911387	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911388	Lot Type 2	\$ 49,207.69	\$ 4,083.79
2911389	Lot Type 2	\$ 49,207.69	\$ 4,083.79
Total^[b]		\$ 14,090,001.03	\$ 1,169,341.65

Footnotes:

[a] Subject to change based on final certified rolls provided by the County.

[b] Totals may not match Service Plan or Annual Installment schedule due to rounding.

EXHIBIT F-2 –IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Annual Installment Due 1/31 ^[a]	Principal	Interest ^[b]	Additional Interest	Reserve Fund ^[c]	Annual Collection Costs	Annual Installment ^[d]
2025	\$ 206,000.00	\$ 78,628.00	\$ -	\$ -	\$ 33,995.50	\$ 318,623.50
2026	\$ 205,000.00	\$ 845,400.00	\$ 70,450.00	\$ -	\$ 48,492.22	\$ 1,169,342.22
2027	\$ 213,000.00	\$ 833,100.00	\$ 69,425.00	\$ -	\$ 53,433.60	\$ 1,168,958.60
2028	\$ 226,000.00	\$ 820,320.00	\$ 68,360.00	\$ -	\$ 54,502.27	\$ 1,169,182.27
2029	\$ 240,000.00	\$ 806,760.00	\$ 67,230.00	\$ -	\$ 55,592.31	\$ 1,169,582.31
2030	\$ 254,000.00	\$ 792,360.00	\$ 66,030.00	\$ -	\$ 56,704.16	\$ 1,169,094.16
2031	\$ 269,000.00	\$ 777,120.00	\$ 64,760.00	\$ -	\$ 57,838.24	\$ 1,168,718.24
2032	\$ 286,000.00	\$ 760,980.00	\$ 63,415.00	\$ -	\$ 58,995.01	\$ 1,169,390.01
2033	\$ 303,000.00	\$ 743,820.00	\$ 61,985.00	\$ -	\$ 60,174.91	\$ 1,168,979.91
2034	\$ 322,000.00	\$ 725,640.00	\$ 60,470.00	\$ -	\$ 61,378.41	\$ 1,169,488.41
2035	\$ 341,000.00	\$ 706,320.00	\$ 58,860.00	\$ -	\$ 62,605.98	\$ 1,168,785.98
2036	\$ 362,000.00	\$ 685,860.00	\$ 57,155.00	\$ -	\$ 63,858.10	\$ 1,168,873.10
2037	\$ 385,000.00	\$ 664,140.00	\$ 55,345.00	\$ -	\$ 65,135.26	\$ 1,169,620.26
2038	\$ 408,000.00	\$ 641,040.00	\$ 53,420.00	\$ -	\$ 66,437.96	\$ 1,168,897.96
2039	\$ 433,000.00	\$ 616,560.00	\$ 51,380.00	\$ -	\$ 67,766.72	\$ 1,168,706.72
2040	\$ 460,000.00	\$ 590,580.00	\$ 49,215.00	\$ -	\$ 69,122.06	\$ 1,168,917.06
2041	\$ 489,000.00	\$ 562,980.00	\$ 46,915.00	\$ -	\$ 70,504.50	\$ 1,169,399.50
2042	\$ 519,000.00	\$ 533,640.00	\$ 44,470.00	\$ -	\$ 71,914.59	\$ 1,169,024.59
2043	\$ 552,000.00	\$ 502,500.00	\$ 41,875.00	\$ -	\$ 73,352.88	\$ 1,169,727.88
2044	\$ 586,000.00	\$ 469,380.00	\$ 39,115.00	\$ -	\$ 74,819.94	\$ 1,169,314.94
2045	\$ 623,000.00	\$ 434,220.00	\$ 36,185.00	\$ -	\$ 76,316.34	\$ 1,169,721.34
2046	\$ 661,000.00	\$ 396,840.00	\$ 33,070.00	\$ -	\$ 77,842.66	\$ 1,168,752.66
2047	\$ 703,000.00	\$ 357,180.00	\$ 29,765.00	\$ -	\$ 79,399.52	\$ 1,169,344.52
2048	\$ 747,000.00	\$ 315,000.00	\$ 26,250.00	\$ -	\$ 80,987.51	\$ 1,169,237.51
2049	\$ 794,000.00	\$ 270,180.00	\$ 22,515.00	\$ -	\$ 82,607.26	\$ 1,169,302.26
2050	\$ 844,000.00	\$ 222,540.00	\$ 18,545.00	\$ -	\$ 84,259.40	\$ 1,169,344.40
2051	\$ 897,000.00	\$ 171,900.00	\$ 14,325.00	\$ -	\$ 85,944.59	\$ 1,169,169.59
2052	\$ 954,000.00	\$ 118,080.00	\$ 9,840.00	\$ -	\$ 87,663.48	\$ 1,169,583.48
2053	\$ 1,014,000.00	\$ 60,840.00	\$ 5,070.00	\$ (1,061,902.95)	\$ 89,416.75	\$ 107,423.80
Total	\$ 14,296,000.00	\$ 15,503,908.00	\$ 1,285,440.00	\$ (1,061,902.95)	\$ 1,971,062.10	\$ 31,994,507.15

Footnotes:

[a] Annual Installments collected 1/31/2025 on the Improvement Area #1 Reimbursement Obligation shall be used for the 9/15/2025 debt service payment on the District Bonds.

[b] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing. Interest collected on the 2024 and 2025 Annual Installments prior to the issuance of District Bonds to be used to pay interest on the September 2025 debt service payment. The remainder shall be deposited into the respective Project Fund.

[c] Assumes Reserve Fund is fully funded and available to reduce the Improvement Area #1 Annual Installments at maturity of the District Bonds.

[d] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-1 - IMPROVEMENT AREA #2 ASSESSMENT ROLL

Property ID ^[a]	Lot Type	Notes	Outstanding Assessment	Annual Installment due 1/31/2026
2932785	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932786	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932787	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932788	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932789	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932790	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932791	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932792	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932793	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932794	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932795	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932796	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932797	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932798	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932799	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932800	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932801	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932802	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932803	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932804	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932805	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932806	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932807	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932811	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932812	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932813	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932814	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932815	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932816	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932817	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932820	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932821	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932822	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932823	Non-Benefitted		\$ -	\$ -
2932824	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932827	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932828	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932829	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932830	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932831	Lot Type 4		\$ 46,147.08	\$ 3,805.25

Property ID ^[a]	Lot Type	Notes	Outstanding Assessment	Annual Installment due 1/31/2026
2932832	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932833	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932834	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932835	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932836	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932837	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932838	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932839	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932840	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932841	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932842	Non-Benefitted		\$ -	\$ -
2932843	Non-Benefitted		\$ -	\$ -
2932844	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932848	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932849	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932850	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932851	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932852	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932853	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932855	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932856	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932857	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932858	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932859	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932860	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932861	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932862	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932863	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932864	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932865	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932866	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932867	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932868	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932869	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932870	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932871	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932872	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932873	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932874	Non-Benefitted		\$ -	\$ -
2932875	Lot Type 4		\$ 46,147.08	\$ 3,805.25

Property ID ^[a]	Lot Type	Notes	Outstanding Assessment	Annual Installment due 1/31/2026
2932882	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932883	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932884	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932885	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932890	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932891	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932892	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932893	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932894	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932895	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932896	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932897	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932898	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932899	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932900	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932901	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932902	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932903	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932904	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932905	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932906	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932907	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932908	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932909	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932910	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932911	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932912	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932913	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932914	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2932915	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932916	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932917	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932918	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932919	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932920	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932921	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932922	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932923	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932924	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932925	Lot Type 3		\$ 37,035.07	\$ 3,053.88

Property ID ^[a]	Lot Type	Notes	Outstanding Assessment	Annual Installment due 1/31/2026
2932926	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932927	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932928	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932929	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932930	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932931	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932932	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932933	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932934	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932935	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932936	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932937	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932938	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932939	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932951	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932952	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932953	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932954	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932955	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932956	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932957	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932958	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932959	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932960	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932961	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932962	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932963	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932964	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932965	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932966	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932967	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932968	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932969	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932970	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932971	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932972	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932973	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932974	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932975	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932976	Lot Type 3		\$ 37,035.07	\$ 3,053.88

Property ID ^[a]	Lot Type	Notes	Outstanding Assessment	Annual Installment due 1/31/2026
2932977	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932978	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932979	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932980	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932981	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932982	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932983	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932984	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932985	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932986	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932987	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932988	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932989	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932990	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932991	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932992	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932993	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932994	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932995	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932996	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932997	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932998	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2932999	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933000	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933001	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933002	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933003	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933004	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933005	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933006	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933007	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933008	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933009	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933010	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933011	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933012	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933013	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933014	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933015	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933016	Lot Type 3		\$ 37,035.07	\$ 3,053.88

Property ID ^[a]	Lot Type	Notes	Outstanding Assessment	Annual Installment due 1/31/2026
2933017	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933019	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933020	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933021	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933022	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933023	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933024	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933025	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933026	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933030	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933031	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933032	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933033	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933034	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933035	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933036	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933037	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933038	Lot Type 3	[c]	\$ 18,517.53	\$ 1,526.94
2933039	Lot Type 3		\$ 37,035.07	\$ 3,053.88
2933040	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933044	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933045	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933046	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933047	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933048	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933050	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933051	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933052	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933052	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933054	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933055	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933056	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933057	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933058	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933059	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933060	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933061	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933062	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933063	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933064	Lot Type 4		\$ 46,147.08	\$ 3,805.25

Property ID ^[a]	Lot Type	Notes	Outstanding Assessment	Annual Installment due 1/31/2026
2933065	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933066	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933067	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933068	Non-Benefitted		\$ -	\$ -
2933069	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933070	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933071	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933072	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933073	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933074	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933075	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933076	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933077	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933078	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933079	Lot Type 4		\$ 46,147.08	\$ 3,805.25
2933081	Non-Benefitted		\$ -	\$ -
2933082	Non-Benefitted		\$ -	\$ -
2933080	Non-Benefitted		\$ -	\$ -
2941099	Lot Type 3	[c]	\$ 18,517.53	\$ 1,526.94
Total^[b]			\$ 10,498,000.85	\$ 865,656.32

Footnotes:

[a] Subject to change based on final certified rolls provided by the County.

[b] Totals may not match Service Plan or Annual Installment schedule due to rounding.

[c] Undivided interest of parent Property ID 2941098 located at 908 Tulip Trail, billed 50% to Property ID 2933038 and 50% to Property ID 2941099.

EXHIBIT G-2 - IMPROVEMENT AREA #2 ANNUAL INSTALLMENTS

Annual Installment Due 1/31 ^[a]	Principal	Interest ^[b]	Additional Interest	Reserve Fund	Annual Collection Costs	Annual Installment ^[d]
2025	\$ 122,000.00	\$ 58,410.00	\$ -	\$ -	\$ 40,000.00	\$ 220,410.00
2026	\$ 149,000.00	\$ 629,880.00	\$ 52,490.00	\$ -	\$ 34,286.65	\$ 865,656.65
2027	\$ 149,000.00	\$ 620,940.00	\$ 51,745.00	\$ -	\$ 44,241.75	\$ 865,926.75
2028	\$ 158,000.00	\$ 612,000.00	\$ 51,000.00	\$ -	\$ 45,126.58	\$ 866,126.58
2029	\$ 167,000.00	\$ 602,520.00	\$ 50,210.00	\$ -	\$ 46,029.11	\$ 865,759.11
2030	\$ 177,000.00	\$ 592,500.00	\$ 49,375.00	\$ -	\$ 46,949.69	\$ 865,824.69
2031	\$ 188,000.00	\$ 581,880.00	\$ 48,490.00	\$ -	\$ 47,888.69	\$ 866,258.69
2032	\$ 199,000.00	\$ 570,600.00	\$ 47,550.00	\$ -	\$ 48,846.46	\$ 865,996.46
2033	\$ 211,000.00	\$ 558,660.00	\$ 46,555.00	\$ -	\$ 49,823.39	\$ 866,038.39
2034	\$ 224,000.00	\$ 546,000.00	\$ 45,500.00	\$ -	\$ 50,819.86	\$ 866,319.86
2035	\$ 237,000.00	\$ 532,560.00	\$ 44,380.00	\$ -	\$ 51,836.26	\$ 865,776.26
2036	\$ 252,000.00	\$ 518,340.00	\$ 43,195.00	\$ -	\$ 52,872.98	\$ 866,407.98
2037	\$ 267,000.00	\$ 503,220.00	\$ 41,935.00	\$ -	\$ 53,930.44	\$ 866,085.44
2038	\$ 283,000.00	\$ 487,200.00	\$ 40,600.00	\$ -	\$ 55,009.05	\$ 865,809.05
2039	\$ 301,000.00	\$ 470,220.00	\$ 39,185.00	\$ -	\$ 56,109.23	\$ 866,514.23
2040	\$ 319,000.00	\$ 452,160.00	\$ 37,680.00	\$ -	\$ 57,231.41	\$ 866,071.41
2041	\$ 339,000.00	\$ 433,020.00	\$ 36,085.00	\$ -	\$ 58,376.04	\$ 866,481.04
2042	\$ 359,000.00	\$ 412,680.00	\$ 34,390.00	\$ -	\$ 59,543.56	\$ 865,613.56
2043	\$ 382,000.00	\$ 391,140.00	\$ 32,595.00	\$ -	\$ 60,734.44	\$ 866,469.44
2044	\$ 405,000.00	\$ 368,220.00	\$ 30,685.00	\$ -	\$ 61,949.12	\$ 865,854.12
2045	\$ 430,000.00	\$ 343,920.00	\$ 28,660.00	\$ -	\$ 63,188.11	\$ 865,768.11
2046	\$ 457,000.00	\$ 318,120.00	\$ 26,510.00	\$ -	\$ 64,451.87	\$ 866,081.87
2047	\$ 485,000.00	\$ 290,700.00	\$ 24,225.00	\$ -	\$ 65,740.91	\$ 865,665.91
2048	\$ 515,000.00	\$ 261,600.00	\$ 21,800.00	\$ -	\$ 67,055.72	\$ 865,455.72
2049	\$ 548,000.00	\$ 230,700.00	\$ 19,225.00	\$ -	\$ 68,396.84	\$ 866,321.84
2050	\$ 582,000.00	\$ 197,820.00	\$ 16,485.00	\$ -	\$ 69,764.78	\$ 866,069.78
2051	\$ 618,000.00	\$ 162,900.00	\$ 13,575.00	\$ -	\$ 71,160.07	\$ 865,635.07
2052	\$ 657,000.00	\$ 125,820.00	\$ 10,485.00	\$ -	\$ 72,583.27	\$ 865,888.27
2053	\$ 698,000.00	\$ 86,400.00	\$ 7,200.00	\$ -	\$ 74,034.94	\$ 865,634.94
2054	\$ 742,000.00	\$ 44,520.00	\$ 3,710.00	\$ (788,877.79)	\$ 75,515.64	\$ 76,867.85
Total	\$ 10,620,000.00	\$ 12,004,650.00	\$ 995,520.00	\$ (788,877.79)	\$ 1,713,496.86	\$ 24,544,789.07

Footnotes:

[a] Annual Installments collected 1/31/2025 on the Improvement Area #2 Reimbursement Obligation shall be used for the 9/15/2025 debt service payment on the District Bonds.

[b] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing. Interest collected on the 2024 and 2025 Annual Installments prior to the issuance of District Bonds to be used to pay interest on the September 2025 debt service payment. The remainder shall be deposited into the respective Project Fund.

[c] Assumes Reserve Fund is fully funded and available to reduce the Improvement Area #2 Annual Installments at maturity of the District Bonds.

[d] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H-1 - IMPROVEMENT AREA #3 ASSESSMENT ROLL

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2026
1291872	Improvement Area #3 Initial Parcel	\$ 4,183,000.00	\$ 352,759.25
Total		\$ 4,183,000.00	\$ 352,759.25

Footnotes:

[a] The entire Improvement Area #3 Initial Parcel is contained within Property ID 1291872. For billing purposes, the Annual Installment due 1/31/2025 shall be allocated pro rata based on acreage. Subject to change based on final certified rolls provided by the County.

EXHIBIT H-2 - IMPROVEMENT AREA #3 ANNUAL INSTALLMENT

Annual Installment Due 1/31 ^[a]	Principal	Interest ^[b]	Additional Interest	Reserve Fund ^[c]	Annual Collection Costs	Annual Installment ^[d]
2025	\$ 60,000.00	\$ 23,006.50	\$ -	\$ -	\$ 40,000.00	\$ 123,006.50
2026	\$ 67,000.00	\$ 247,380.00	\$ 20,615.00	\$ -	\$ 17,764.25	\$ 352,759.25
2027	\$ 61,000.00	\$ 243,360.00	\$ 20,280.00	\$ -	\$ 27,952.98	\$ 352,592.98
2028	\$ 64,000.00	\$ 239,700.00	\$ 19,975.00	\$ -	\$ 28,512.04	\$ 352,187.04
2029	\$ 68,000.00	\$ 235,860.00	\$ 19,655.00	\$ -	\$ 29,082.28	\$ 352,597.28
2030	\$ 72,000.00	\$ 231,780.00	\$ 19,315.00	\$ -	\$ 29,663.92	\$ 352,758.92
2031	\$ 76,000.00	\$ 227,460.00	\$ 18,955.00	\$ -	\$ 30,257.20	\$ 352,672.20
2032	\$ 80,000.00	\$ 222,900.00	\$ 18,575.00	\$ -	\$ 30,862.35	\$ 352,337.35
2033	\$ 85,000.00	\$ 218,100.00	\$ 18,175.00	\$ -	\$ 31,479.59	\$ 352,754.59
2034	\$ 89,000.00	\$ 213,000.00	\$ 17,750.00	\$ -	\$ 32,109.18	\$ 351,859.18
2035	\$ 95,000.00	\$ 207,660.00	\$ 17,305.00	\$ -	\$ 32,751.37	\$ 352,716.37
2036	\$ 100,000.00	\$ 201,960.00	\$ 16,830.00	\$ -	\$ 33,406.40	\$ 352,196.40
2037	\$ 106,000.00	\$ 195,960.00	\$ 16,330.00	\$ -	\$ 34,074.52	\$ 352,364.52
2038	\$ 112,000.00	\$ 189,600.00	\$ 15,800.00	\$ -	\$ 34,756.01	\$ 352,156.01
2039	\$ 119,000.00	\$ 182,880.00	\$ 15,240.00	\$ -	\$ 35,451.13	\$ 352,571.13
2040	\$ 126,000.00	\$ 175,740.00	\$ 14,645.00	\$ -	\$ 36,160.16	\$ 352,545.16
2041	\$ 133,000.00	\$ 168,180.00	\$ 14,015.00	\$ -	\$ 36,883.36	\$ 352,078.36
2042	\$ 141,000.00	\$ 160,200.00	\$ 13,350.00	\$ -	\$ 37,621.03	\$ 352,171.03
2043	\$ 150,000.00	\$ 151,740.00	\$ 12,645.00	\$ -	\$ 38,373.45	\$ 352,758.45
2044	\$ 158,000.00	\$ 142,740.00	\$ 11,895.00	\$ -	\$ 39,140.92	\$ 351,775.92
2045	\$ 168,000.00	\$ 133,260.00	\$ 11,105.00	\$ -	\$ 39,923.74	\$ 352,288.74
2046	\$ 178,000.00	\$ 123,180.00	\$ 10,265.00	\$ -	\$ 40,722.21	\$ 352,167.21
2047	\$ 189,000.00	\$ 112,500.00	\$ 9,375.00	\$ -	\$ 41,536.65	\$ 352,411.65
2048	\$ 200,000.00	\$ 101,160.00	\$ 8,430.00	\$ -	\$ 42,367.39	\$ 351,957.39
2049	\$ 213,000.00	\$ 89,160.00	\$ 7,430.00	\$ -	\$ 43,214.74	\$ 352,804.74
2050	\$ 225,000.00	\$ 76,380.00	\$ 6,365.00	\$ -	\$ 44,079.03	\$ 351,824.03
2051	\$ 239,000.00	\$ 62,880.00	\$ 5,240.00	\$ -	\$ 44,960.61	\$ 352,080.61
2052	\$ 254,000.00	\$ 48,540.00	\$ 4,045.00	\$ -	\$ 45,859.82	\$ 352,444.82
2053	\$ 269,000.00	\$ 33,300.00	\$ 2,775.00	\$ -	\$ 46,777.02	\$ 351,852.02
2054	\$ 286,000.00	\$ 17,160.00	\$ 1,430.00	\$ (310,722.77)	\$ 47,712.56	\$ 41,579.79
Total	\$ 4,183,000.00	\$ 4,676,726.50	\$ 387,810.00	\$ (310,722.77)	\$ 1,093,455.90	\$ 10,030,269.63

Footnotes:

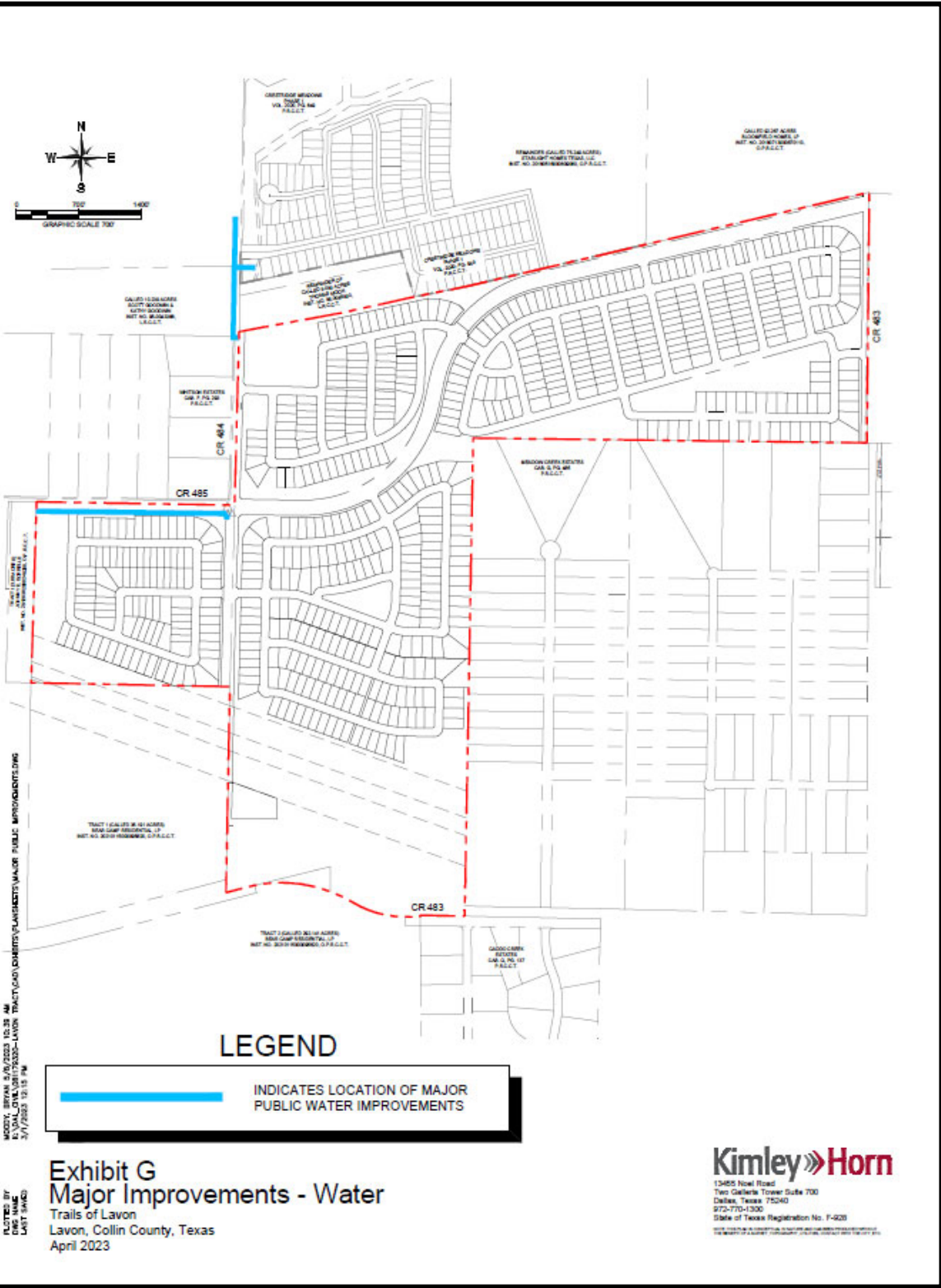
[a] Annual Installments collected 1/31/2025 on the Improvement Area #3 Reimbursement Obligation shall be used for the 9/15/2025 debt service payment on the District Bonds.

[b] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing. Interest collected on the 2024 and 2025 Annual Installments prior to the issuance of District Bonds to be used to pay interest on the September 2025 debt service payment. The remainder shall be deposited into the respective Project Fund.

[c] Assumes Reserve Fund is fully funded and available to reduce the Improvement Area #1 Annual Installments at maturity of the District Bonds.

[d] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT I-1 – MAPS OF MAJOR IMPROVEMENTS



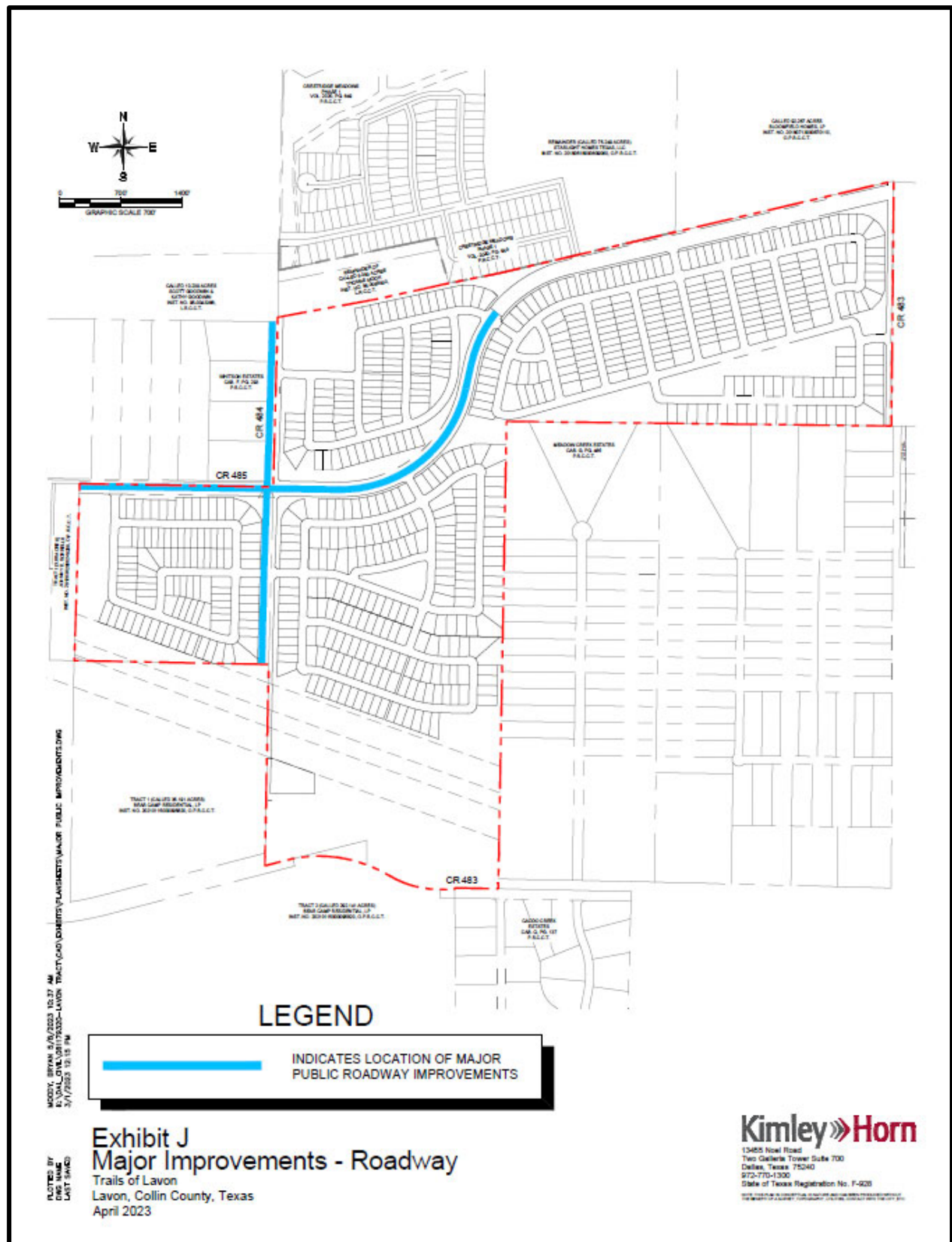
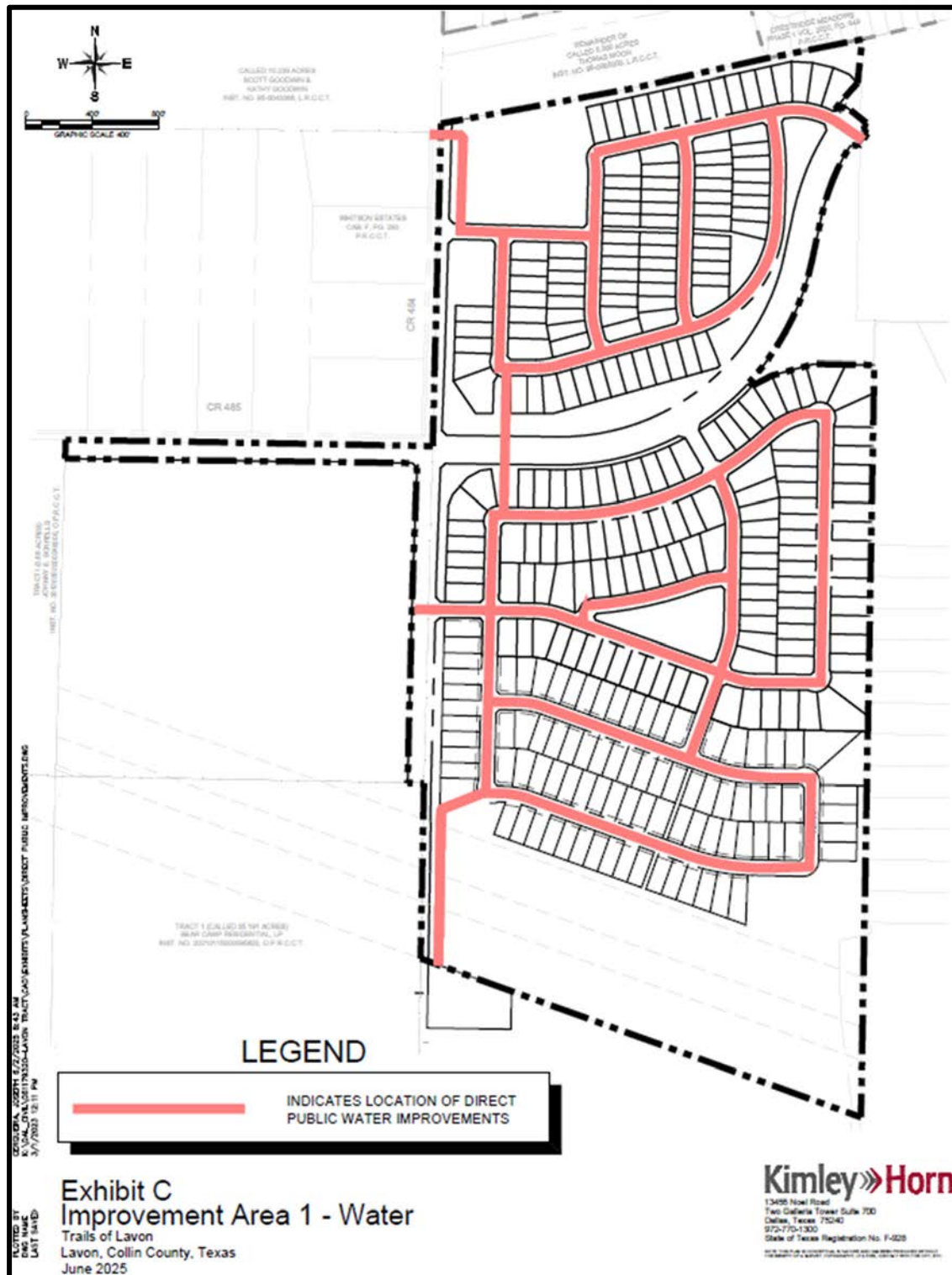


EXHIBIT I-2 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS



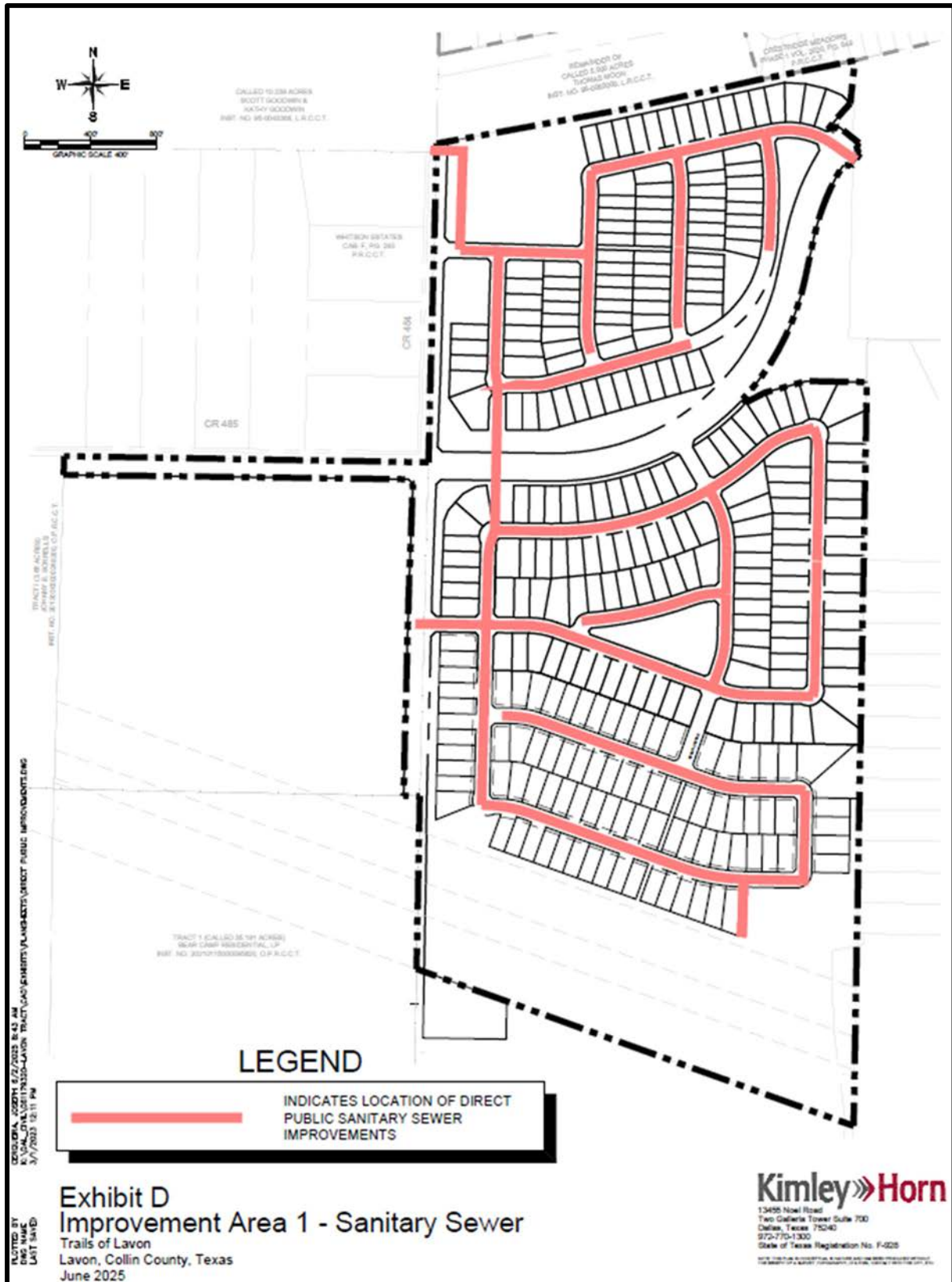


EXHIBIT I-3 – MAPS OF IMPROVEMENT AREA #2 IMPROVEMENTS

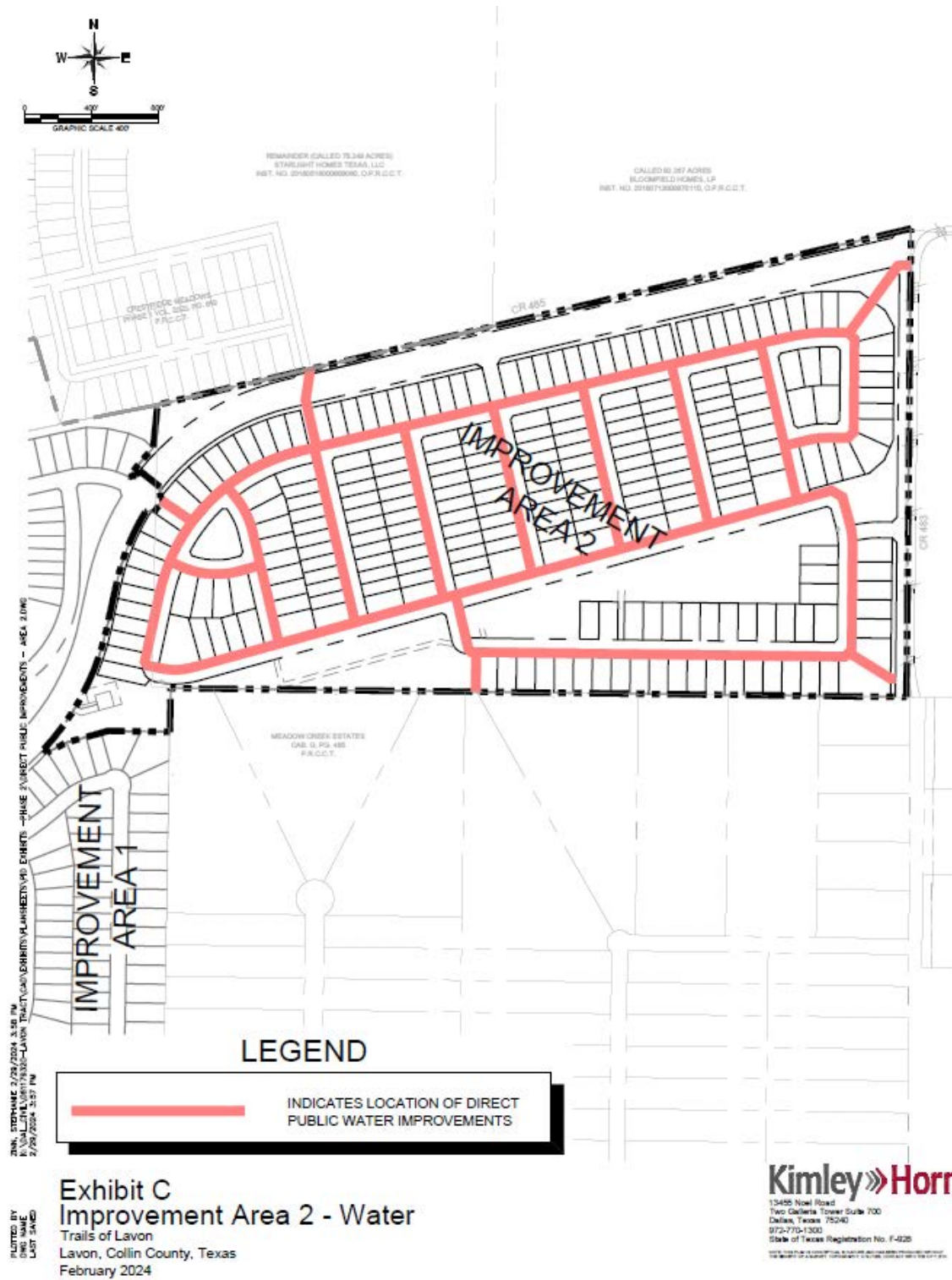


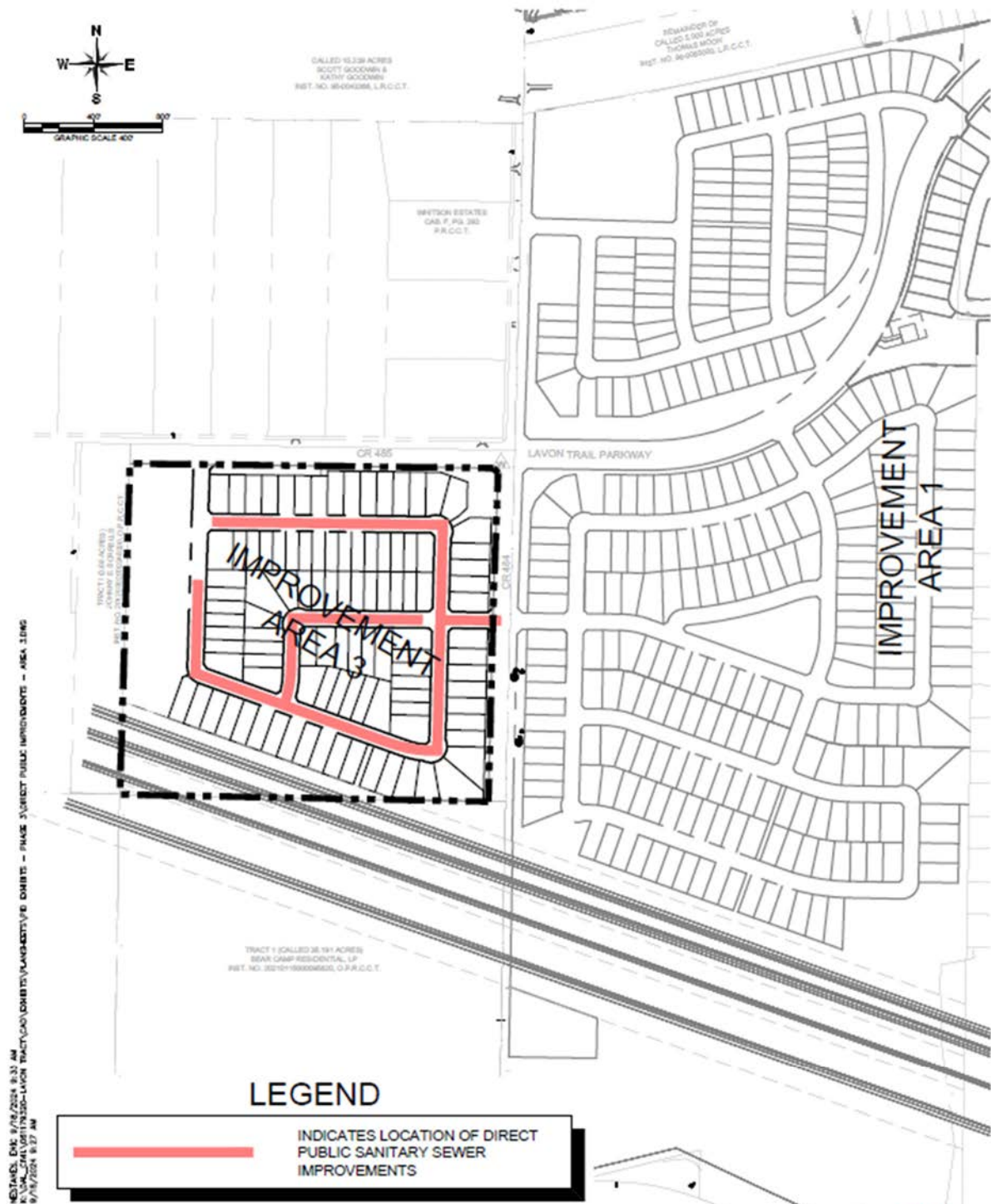


Exhibit E
Improvement Area 2 - Storm Drain
 Trails of Lavon
 Lavon, Collin County, Texas
 February 2024

Kimley»Horn
 13455 Noel Road
 Two Galleria Tower Suite 700
 Dallas, Texas 75240
 972-7710-1300
 State of Texas Registration No. F-428

EXHIBIT I-4 - MAPS OF IMPROVEMENT AREA #3 IMPROVEMENTS

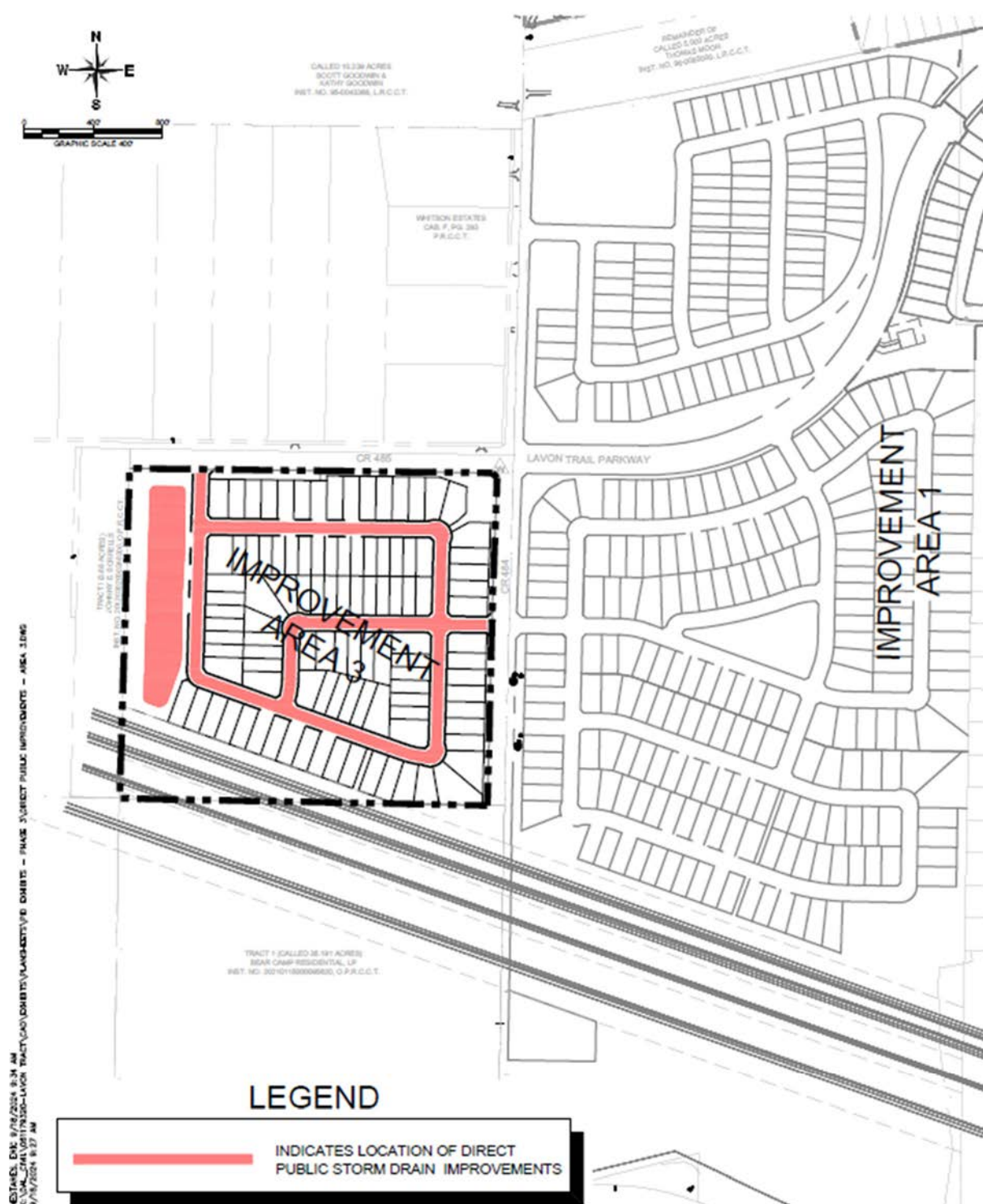




PLOTTED BY
DWC NAME
LAST SAVE

Exhibit D **Improvement Area 3 - Sanitary Sewer** Trails of Lavon Lavon, Collin County, Texas September 2024

Kimley»Horn
 13455 Nizkor Road
 Two Collette Tower Suite 700
 Dallas, Texas 75240
 972-770-1300
 State of Texas Registration No. F-4028
Kimley-Horn is an Equal Opportunity Employer. Minorities and women are encouraged to apply. The firm is an Equal Opportunity Employer. Minorities and women are encouraged to apply.



NOTED: DUE 8/7/2024 8:34 AM
 8/7/2024 8:37 AM

PLotted BY
 LAST SAVED

Exhibit E Improvement Area 3 - Storm Drain

Trails of Lavon
 Lavon, Collin County, Texas
 September 2024

Kimley»Horn
 13455 Now Road
 Two Galleria Tower Suite 700
 Dallas, Texas 75240
 972-770-1300
 State of Texas Registration No. F-4028

EXHIBIT J – FORM OF NOTICE OF ASSESSMENT TERMINATION



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Collin County Clerk's Office
Honorable [County Clerk]
Collin County Administration Building
2300 Bloomdale Rd
Suite 2106
McKinney, TX 75071

Re: City of Lavon Lien Release documents for filing

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Lavon is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Lavon
Attn: City Secretary
PO Box 340
120 School Road
Lavon TX 75166

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

[City Secretary Name]
[City Secretary Address]

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 COLLIN §

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Lavon, Texas, a Texas general law municipality (the "City").

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City, Texas is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits of the City; and

WHEREAS, on October 19, 2021, the City Council of the City approved Resolution No. 2021-10-03 creating the Trails of Lavon Public Improvement District (the “District”); and

WHEREAS, the District consists of approximately 190.774 contiguous acres within the corporate limits of the City; and

WHEREAS, on _____, the City Council, approved Ordinance No. _____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the real property located with the District, the Assessment Ordinance being recorded on _____, as Instrument No. _____ in the Official Public Records of Collin County, Texas; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") and further imposed a lien to secure the payment of the Lien Amount (the "Lien") against the following property located within the District, to wit:

EXHIBIT K – DISTRICT BONDS DEBT SERVICE SCHEDULE

Preliminary

Lavon

Special Assessment Revenue Bonds, Series 2025

(Trails of Lavon PID)

Combined Issue

Debt Service

Date	Principal	Coupon	Interest	Total P+I
09/30/2025	388,000.00	6.000%	160,044.50	548,044.50
09/30/2026	421,000.00	6.000%	1,722,660.00	2,143,660.00
09/30/2027	423,000.00	6.000%	1,697,400.00	2,120,400.00
09/30/2028	448,000.00	6.000%	1,672,020.00	2,120,020.00
09/30/2029	475,000.00	6.000%	1,645,140.00	2,120,140.00
09/30/2030	503,000.00	6.000%	1,616,640.00	2,119,640.00
09/30/2031	533,000.00	6.000%	1,586,460.00	2,119,460.00
09/30/2032	565,000.00	6.000%	1,554,480.00	2,119,480.00
09/30/2033	599,000.00	6.000%	1,520,580.00	2,119,580.00
09/30/2034	635,000.00	6.000%	1,484,640.00	2,119,640.00
09/30/2035	673,000.00	6.000%	1,446,540.00	2,119,540.00
09/30/2036	714,000.00	6.000%	1,406,160.00	2,120,160.00
09/30/2037	758,000.00	6.000%	1,363,320.00	2,121,320.00
09/30/2038	803,000.00	6.000%	1,317,840.00	2,120,840.00
09/30/2039	853,000.00	6.000%	1,269,660.00	2,122,660.00
09/30/2040	905,000.00	6.000%	1,218,480.00	2,123,480.00
09/30/2041	961,000.00	6.000%	1,164,180.00	2,125,180.00
09/30/2042	1,019,000.00	6.000%	1,106,520.00	2,125,520.00
09/30/2043	1,084,000.00	6.000%	1,045,380.00	2,129,380.00
09/30/2044	1,149,000.00	6.000%	980,340.00	2,129,340.00
09/30/2045	1,221,000.00	6.000%	911,400.00	2,132,400.00
09/30/2046	1,296,000.00	6.000%	838,140.00	2,134,140.00
09/30/2047	1,377,000.00	6.000%	760,380.00	2,137,380.00
09/30/2048	1,462,000.00	6.000%	677,760.00	2,139,760.00
09/30/2049	1,555,000.00	6.000%	590,040.00	2,145,040.00
09/30/2050	1,651,000.00	6.000%	496,740.00	2,147,740.00
09/30/2051	1,754,000.00	6.000%	397,680.00	2,151,680.00
09/30/2052	1,865,000.00	6.000%	292,440.00	2,157,440.00
09/30/2053	1,981,000.00	6.000%	180,540.00	2,161,540.00
09/30/2054	1,028,000.00	6.000%	61,680.00	1,089,680.00
Total	\$29,099,000.00	-	\$32,185,284.50	\$61,284,284.50

Yield Statistics

Bond Year Dollars	\$536,421.41
Average Life	18.434 Years
Average Coupon	6.0000000%
Net Interest Cost (NIC)	6.1627396%
True Interest Cost (TIC)	6.2974911%
Bond Yield for Arbitrage Purposes	6.0006357%
All Inclusive Cost (AIC)	6.9940606%

IRS Form 8038

Net Interest Cost	6.0000000%
Weighted Average Maturity	18.434 Years

Trails of Lavon | Issue Summary | 6/30/2025 | 6:58 PM

HilltopSecurities
Public Finance

EXHIBIT L-1 – DISTRICT LEGAL DESCRIPTION

EXHIBIT B

Boundaries

METES AND BOUNDS DESCRIPTION OF THE PROPERTY

BEING a tract of land situated in the S. Roberts Survey, Abstract No. 773 and the D. Anglin Survey, Abstract No. 2, Collin County, Texas and being all of a called 30.000 acre tract of land described as Parcel No. 1 – Tract 5 – Monkey Run West and portion of a called 112.5 acre tract of land described as Parcel No. 1 – Tract 6 – Monkey Run East in a Partition Deed to O'Reda Boyd McCartney, as recorded in Volume 816, Page 651 of the Deed Records of Collin County, Texas, and also being the remainder of a called 90 acre tract of land described as Tract 1 (Lavon Place) in a Special Warranty Deed to Roy Brian Webb and Andrea Kay Campbell, as recorded in Volume 4761, Page 200 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the northwest corner of said Tract 6, common to the southwest corner of a called 5.000 acre tract of land described in a deed to Thomas Moon, as recorded in Instrument No. 96-0085000 of the Official Public Records of Collin County, Texas, being on the easterly line of a called 10.239 acre tract of land described in a deed to Scott Goodwin and Kathy Goodwin, as recorded in Instrument No. 95-0043368 of the Land Records of Collin County, Texas, and in County Road No. 484, a variable width right-of-way, no record found;

THENCE North 79°37'10" East, departing said County Road No. 484 and the easterly line of said 10.239 acre tract, along the northerly line of said Tract 6 and the southerly line of said 5.000 acre tract, a distance of 614.28 feet to a 1/2 inch iron rod found for corner;

THENCE North 77°36'57" East, continuing along the northerly line of said Tract 6 and the southerly line of said 5.000 acre tract, a distance of 441.96 feet to a 1/2 inch iron rod found for the southeast corner of said 5.000 acre tract, common to the southwest corner of a called 75.249 acre tract of land described in a deed to Starlight Homes of Texas, LLC, as recorded in Instrument No. 20180518000609060 of the Official Public Records of Collin County, Texas;

THENCE North 78°41'41" East, continuing along the northerly line of said Tract 6 and the southerly line of said 75.249 acre tract, a distance of 313.41 feet to a 1/2 inch iron rod found for the northerly northeast corner of said Tract 6, same being on northerly line of said 90 acre tract;

THENCE North 76°51'00" East, along the northerly line of said 90 acre tract and the southerly line of said 75.249 acre tract, a distance of 1088.75 feet to a 1/2 inch iron rod found for the southeast corner of said 75.249 acre tract, common to the southwest corner of a called 92.267 acre tract of land described in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 20180713000870110 of the Official Public Records of Collin County, Texas;

THENCE North 76°50'07" East, continuing along the northerly line of said 90 acre tract and along the southerly line of said 92.267 acre tract, a distance of 1358.12 feet to a 1/2 inch iron rod found for the northeast corner of said 90 acre tract, common to an ell corner of said 92.267 acre tract;

THENCE South 2°49'59" East, along the easterly line of said 90 acre tract and the southerly line of said 92.267 acre tract, a distance of 7.53 feet to a 1/2 inch iron rod found for an exterior corner

of said 92.267 acre tract, common to the northwest corner of a called 57.075 acre tract of land described as Tract 1 in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 2018050000655680 of the Official Public Records of Collin County, Texas, same being on the westerly right-of-way line of County Road No. 483, a variable width right-of-way, no record found;

THENCE South 0°33'28" West, continuing along the easterly line of said 90 acre tract, along the westerly line of said 57.075 acre tract and the westerly right-of-way line of said County Road No. 483, a distance of 1473.51 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southeast corner of said 90 acre tract, common to the northerly southwest corner of said 57.075 acre tract, being on the northerly line of Meadow Creek Estates, according to the plat thereof recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas;

THENCE North 89°18'33" West, departing the westerly right-of-way line of said County Road No. 483, along the southerly line of said 90 acre tract and the northerly line of said Meadow Creek Estates, a distance of 2327.88 feet to a 1/2 inch iron rod found for the northwest corner of said Meadow Creek Estates, common to the southerly northeast corner of aforesaid 112.5 acre tract;

THENCE South 1°01'04" West, departing the southerly line of said 90 acres, along the easterly line of said Tract 6 and the westerly line of said Meadow Creek Estates, a distance of 2529.75 feet to a point for corner on the southerly line of a 170 foot wide Texas Municipal Power Agency Electric Easement, as recorded in Volume 1365, Page 407 of the Deed Records of Collin County, Texas;

THENCE North 70°13'50" West, departing the easterly line of said Tract 6 and the westerly line of said Meadow Creek Estates, and crossing said Tract 6 and along the southerly line of said easement, a distance of 1492.31 feet to a point for corner on the westerly line of said Tract 6, the easterly line of a called 35.191 acre tract of land described as Tract 1 in a deed to Bear Camp Residential, LP, as recorded in Instrument No. 20210115000095820 of the Official Public Records of Collin County, Texas, and in the approximate centerline of aforesaid County Road No. 484;

THENCE North 1°04'28" East, departing the southerly line of said easement, along the westerly line of said Tract 6, the easterly line of said 35.191 acre tract, and said County Road No. 484, a distance of 556.09 feet to a mag nail set for the northeast corner of said Tract 1, common to the southeast corner of aforesaid Tract 5;

THENCE North 88°54'08" West, departing the approximate centerline of said County Road No. 483 and the westerly line of said Tract 6, along the southerly line of said Tract 5 and the northerly line of said Tract 1, a distance of 1175.53 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southwest corner of said Tract 5;

THENCE North 1°44'46" East, departing the northerly line of said Tract 1, along the westerly line of said Tract 5, passing at a distance of 0.68 feet the southeast corner of a called 3.68 acre tract of land described as Tract I in a deed to Johnny E. Sorrells, as recorded in Instrument No. 20120302000248200 of the Official Public Records of Collin County, Texas, and continuing

along the same course and along the easterly line of said Tract I, passing at a distance of 1040.21 feet a 5/8 inch iron rod found for witness, and continuing along the same course, for a total distance of 1070.21 feet to a mag nail set for the northwest corner of said Tract 5, common to the northeast corner of said Tract I, being in the centerline of County Road No. 485, a variable width right-of-way, no record found;

THENCE South 89°00'14" East, along the northerly line of said Tract 5 and the centerline of said County Road No. 485, a distance of 1170.83 feet to a mag nail set for the northeast corner of said Tract 5, being on the westerly line of said Tract 6 and in the centerline of said County Road No. 484;

THENCE North 1°29'36" East, along the westerly line of said Tract 6 and the centerline of said County Road No. 484, a distance of 1026.04 feet to the **POINT OF BEGINNING** and containing 190.774 acres (8,310,121 square feet) of land, more or less.

EXHIBIT L-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

BEING a tract of land situated in the S. Roberts Survey, Abstract No. 773 and the D. Anglin Survey, Abstract No. 2, Collin County, Texas, and being a portion of a called 140.551 acre tract of land described in a Special Warranty Deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211101002229130 of the Official Public Records of Collin County, Texas, and a portion of a called 64.952 acre tract of land described in a Special Warranty Deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211030002223420 of the Official Public Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the northernmost northwest corner of said 140.551 acre tract, common to the southwest corner of a called 5.000 acre tract of land described in a deed to Thomas Moon, as recorded in Instrument No. 96-0085000 of the Official Public Records of Collin County, Texas, being on the easterly line of a called 10.239 acre tract of land described in a deed to Scott Goodwin and Kathy Goodwin, as recorded in Instrument No. 95-0043368 of the Land Records of Collin County, Texas, and in County Road No. 484, a variable width right-of-way, no record found;

THENCE North 79°37'10" East, departing said County Road No. 484 and the easterly line of said 10.239 acre tract, along the northerly line of said 140.551 acre tract and along the southerly line of said 5.000 acre tract, a distance of 614.28 feet to a 1/2 inch iron rod found for corner;

THENCE North 77°36'57" East, continuing along the northerly line of said 140.551 acre tract and the southerly line of said 5.000 acre tract, a distance of 441.96 feet to a 1/2 inch iron rod found for the southeast corner of said 5.000 acre tract, common to the southwest corner of Crestridge Meadows Phase 1, according to the plat thereof recorded in Volume 2020, Page 649 of the Plat Records of Collin County, Texas;

THENCE North 78°41'41" East, continuing along the northerly line of said 140.551 acre tract and along the southerly line of said Crestridge Meadows Phase 1, a distance of 313.41 feet to a 1/2 inch iron rod found for the northeast corner of said 140.551 acre tract, common to the northwest corner of said 64.952 acre tract;

THENCE departing the southerly line of said Crestridge Meadows Phase 1 and crossing said 140.551 acre tract, the following courses and distances:

South 06°01'53" West, a distance of 138.68 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 835.00 feet, a central angle of 08°06'04", and a chord bearing and distance of South 40°15'52" West, 117.96 feet;

In a southwesterly direction, with said non-tangent curve to the left, an arc distance of 118.06 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 77°54'12" East, a distance of 22.82 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 820.00 feet, a central angle of 01°17'26", and a chord bearing and distance of North 38°03'00" East, 18.47 feet;

In a northeasterly direction, with said non-tangent curve to the right, an arc distance of 18.47 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 51°18'17" East, passing en route the easterly line of said 140.551 acre tract and the westerly line of said 64.952 acre tract, and continuing along the same course and crossing said 64.952 acre tract, for a total distance of 90.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 730.00 feet, a central angle of 00°52'59", and a chord bearing and distance of South 38°15'13" West, 11.25 feet;

THENCE in a southwesterly direction, continuing across said 64.952 acre tract, with said non-tangent curve to the left, an arc distance of 11.25 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 09°03'10" East, continuing across said 64.952 acre tract, a distance of 20.74 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 55°19'40" East, continuing across said 64.952 acre tract, a distance of 8.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE South 34°40'20" West, continuing across said 64.952 acre tract, passing en route the westerly line of said 64.952 acre tract and the easterly line of said 140.551 acre tract, and continuing along the same course and crossing said 140.551 acre tract, for a total distance of 50.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE continuing across said 140.551 acre tract, the following courses and distances:

North 55°19'40" West, a distance of 8.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 78°23'50" West, a distance of 20.74 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 730.00 feet, a central angle of 19°16'37", and a chord bearing and distance of South 21°53'38" West, 244.45 feet;

In a southwesterly direction, with said non-tangent curve to the left, an arc distance of 245.60 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 12°15'20" West, a distance of 143.92 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of 820.00 feet, a central angle of 30°28'38", and a chord bearing and distance of South 27°29'39" West, 431.06 feet;

In a southwesterly direction, with said tangent curve to the right, an arc distance of 436.18 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 47°16'02" East, a distance of 15.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 62°28'34" East, a distance of 68.37 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 74°31'15" East, a distance of 138.19 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 88°58'56" East, a distance of 193.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner on the easterly line of said 140.551 acre tract, common to the westerly line of Meadow Creek Estates, according to the plat thereof recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas;

THENCE South 01°01'04" West, along the common line of said 140.551 acre tract and said Meadow Creek Estates, a distance of 2,391.16 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE North 70°13'50" West, departing the common line of said 140.551 acre tract and said Meadow Creek Estates, and crossing said 140.551 acre tract, a distance of 1,492.31 feet to point for corner on the westerly line of said 140.551 acre tract, common to the easterly line of a called 35.191 acre tract of land described as Tract 1 in a deed to Bear Camp Residential, LP., as recorded in Instrument No. 2021015000095820 of the Official Public Records of Collin County, Texas, same also being in the centerline of said County Road No. 484;

THENCE North 01°04'28" East, along the centerline of said County Road No. 484, the westerly line of said 140.551 acre tract and the easterly line of said Tract 1, a distance of 556.09 feet to a Mag Nail set for the northeast corner of said Tract 1, common to an ell corner of said 140.551 acre tract;

THENCE North 88°54'08" West, along the southerly line of said 140.551 acre tract and the northerly line of said Tract 1, a distance of 52.33 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE departing the southerly line of said 140.551 acre tract and the northerly line of said Tract 1, and crossing said 140.551 acre tract, the following courses and distances:

North 01°04'37" East, a distance of 5.40 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 01°28'41" East, a distance of 647.75 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 02°11'31" East, a distance of 348.78 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 43°32'04" West, a distance of 20.94 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 89°15'39" West, a distance of 1,108.04 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner on the westerly line of said 140.551 acre tract, common to the easterly line of a called 3.68 acre tract of land described as Tract 1 in a deed to Jonny E. Sorrells, as recorded in Instrument No. 20120302000248200 of the Official Public Records of Collin County, Texas;

THENCE North 01°44'46" East, along the westerly line of said 140.551 acre tract and along the easterly line of said 3.68 acre tract, a distance of 60.33 feet to a Mag Nail set for the westernmost northwest corner of said 140.551 acre tract, common to the northeast corner of said 3.68 acre tract, being in the centerline of County Road No. 485, a variable width right-of-way, no record found;

THENCE South 89°00'14" East, along the centerline of said County Road No. 485 and along the northerly line of said 140.551 acre tract, a distance of 1,170.83 feet to a Mag Nail set at an ell corner of said 140.551 acre tract, same being the intersection of the centerline of said County Road No. 485 with the centerline of said County Road No. 484;

THENCE North 01°29'36" East, departing the centerline of said County Road No. 485, along the centerline of said County Road No. 484 and along the westerly line of said 140.551 acre tract, a distance of 1,026.04 feet to the **POINT OF BEGINNING** and containing 96.956 acres (4,223,394 square feet) of land, more or less.

EXHIBIT L-3 – IMPROVEMENT AREA #2 LEGAL DESCRIPTION

BEING a tract of land situated in the D. Anglin Survey, Abstract No. 2, Collin County, Texas, and being a portion of a called 64.952 acre tract of land described in a deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211030002223420 of the Official Public Records of Collin County, Texas and a portion of a called 140.551 acre tract of land described in a Special Warranty Deed to Meritage Homes of Texas, LLC and GRBK Edgewood, LLC, as recorded in Instrument No. 20211101002229130 of the Official Public Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING a 1/2 inch iron rod found for the northwest corner of Meadow Creek Estates, according to the plat thereof recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas, same being on the southerly line of said 64.952 acre tract;

THENCE South 01°01'04" West, departing the southerly line of said 64.952 acre tract, along the westerly line of said Meadow Creek Estates and the easterly line of said 140.551 acre tract, a distance of 138.58 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

THENCE departing the westerly line of said Meadow Creek Estates and crossing said 140.551 acre tract and said 64.952 acre tract, the following:

North 88°58'56" West, a distance of 193.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 74°31'15" West, a distance of 138.19 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 62°28'34" West, a distance of 68.37 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 47°16'02" West, a distance of 15.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 820.00 feet, a central angle of 30°28'38", and a chord bearing and distance of North 27°29'39" East, 431.06 feet;

In a northeasterly direction, with said non-tangent curve to the left, an arc distance of 436.18 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 12°15'20" East, a distance of 143.92 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a tangent curve to the right with a radius of 730.00 feet, a central angle of 19°16'37", and a chord bearing and distance of North 21°53'38" East, 244.45 feet;

In a northeasterly direction, with said tangent curve to the right, an arc distance of 245.60 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 78°23'50" East, a distance of 20.74 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 55°19'40" East, a distance of 8.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 34°40'20" East, a distance of 50.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 55°19'40" West, a distance of 8.72 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 09°03'10" West, a distance of 20.74 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 730.00 feet, a central angle of 00°52'59", and a chord bearing and distance of North 38°15'13" East, 11.25 feet;

In a northerly direction, with said non-tangent curve to the right, an arc distance of 11.25 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 51°18'17" West, a distance of 90.00 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 820.00 feet, a central angle of 01°17'26", and a chord bearing and distance of South 38°03'00" West, 18.47 feet;

In a southwesterly direction, with said non-tangent curve to the left, an arc distance of 18.47 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

South 77°40'36" West, a distance of 22.71 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the left with a radius of 275.27 feet, a central angle of 00°01'47", and a chord bearing and distance of North 63°05'57" West, 0.14 feet;

In a westerly direction, with said non-tangent curve to the left, an arc distance of 0.14 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set at the beginning of a non-tangent curve to the right with a radius of 835.00 feet, a central angle of 08°06'04", and a chord bearing and distance of North 40°15'52" East, 117.96 feet;

In a northerly direction, with said non-tangent curve to the right, an arc distance of 118.06 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for corner;

North 06°01'53" East, a distance of 138.68 feet to a 1/2 inch iron rod found for corner the northeast corner of said 140.551 acre tract, common to the northwest corner of said 64.952 acre tract, same being on the southerly line of Crestridge Meadows, Phase 1, according to the plat thereof recorded in Volume 2020, Page 649 of the Plat Records of Collin County, Texas;

THENCE North 76°51'00" East, along the northerly line of said 64.952 acre tract, the southerly line of said Crestridge Meadows, Phase 1, and the southerly line of a called 75.249 acre tract of land described in a deed to Starlight Homes Texas, LLC, as recorded in Instrument No. 20180518000609060 of the Official Public Records of Collin County, Texas, a distance of 1,088.75 feet to a 1/2 inch iron rod found for the southeast corner of said 75.249 acre tract, common to the southwest corner of a called 92.267 acre tract of land described in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 20180713000870110 of the Official Public Records of Collin County, Texas;

THENCE North 76°50'07" East, continuing along the northerly line of said 64.952 acre tract and along the southerly line of said 92.267 acre tract a distance of 1,358.12 feet a 1/2 inch iron rod found for the northeast corner of said 64.952 acre tract, common to an ell corner of said 92.267 acre tract;

THENCE South 02°49'59" East, along the easterly line of said 64.952 acre tract, and the southerly line of said 92.267 acre tract, a distance of 7.53 feet to a 1/2 inch iron rod found for a southwest corner of said 92.267 acre tract, common to the northwest corner of a called 57.075 acre tract of land described as Tract 1 in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 2018050000655680 of the Official Public Records of Collin County, Texas;

THENCE South 00°33'28" West, along the easterly line of said 64.952 acre tract and the westerly line of said Tract 1, a distance of 1,473.51 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southeast corner of said 64.952 acre tract, common to the southwest corner of said Tract 1, same being on the northerly line of aforesaid Meadow Creek Estates;

THENCE North 89°18'33" West, along the southerly line of said 64.952 acre tract and the northerly line of said Meadow Creek Estates, a distance of 2,327.88 feet to the **POINT OF BEGINNING** and containing 67.729 acres (2,950,296 square feet) of land, more or less.

EXHIBIT L-4 – IMPROVEMENT AREA #3 FINAL PLAT

APPENDIX A – ENGINEER’S REPORT

[Remainder of page left intentionally blank.]

APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

Improvement Area #1

- Lot Type 1
- Lot Type 2

Improvement Area #2

- Lot Type 3
- Lot Type 4

Improvement Area #3

- Improvement Area #3 Initial Parcel
- Lot Type 5
- Lot Type 6

[Remainder of page left intentionally blank.]

**TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE -
IMPROVEMENT AREA #1 - LOT TYPE 1**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF LAVON, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 1 PRINCIPAL ASSESSMENT: \$39,941.34

As the purchaser of the real property described above, you are obligated to pay assessments to City of Lavon, 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 *Trails of Lavon 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 Lavon. The exact amount of each annual installment will be approved each year by the Lavon 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 Lavon.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§
§
§

COUNTY OF _____

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 1

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Annual Collection Costs	Annual Installment ^[b]
2026	\$ 574.57	\$ 2,369.48	\$ 197.46	\$ 135.91	\$ 3,277.42
2027	\$ 596.99	\$ 2,335.01	\$ 194.58	\$ 149.76	\$ 3,276.35
2028	\$ 633.43	\$ 2,299.19	\$ 191.60	\$ 152.76	\$ 3,276.97
2029	\$ 672.67	\$ 2,261.18	\$ 188.43	\$ 155.81	\$ 3,278.10
2030	\$ 711.91	\$ 2,220.82	\$ 185.07	\$ 158.93	\$ 3,276.73
2031	\$ 753.95	\$ 2,178.11	\$ 181.51	\$ 162.11	\$ 3,275.67
2032	\$ 801.60	\$ 2,132.87	\$ 177.74	\$ 165.35	\$ 3,277.56
2033	\$ 849.25	\$ 2,084.77	\$ 173.73	\$ 168.66	\$ 3,276.41
2034	\$ 902.50	\$ 2,033.82	\$ 169.48	\$ 172.03	\$ 3,277.83
2035	\$ 955.75	\$ 1,979.67	\$ 164.97	\$ 175.47	\$ 3,275.86
2036	\$ 1,014.61	\$ 1,922.32	\$ 160.19	\$ 178.98	\$ 3,276.11
2037	\$ 1,079.07	\$ 1,861.45	\$ 155.12	\$ 182.56	\$ 3,278.20
2038	\$ 1,143.54	\$ 1,796.70	\$ 149.73	\$ 186.21	\$ 3,276.18
2039	\$ 1,213.61	\$ 1,728.09	\$ 144.01	\$ 189.94	\$ 3,275.64
2040	\$ 1,289.28	\$ 1,655.27	\$ 137.94	\$ 193.73	\$ 3,276.23
2041	\$ 1,370.57	\$ 1,577.92	\$ 131.49	\$ 197.61	\$ 3,277.58
2042	\$ 1,454.65	\$ 1,495.68	\$ 124.64	\$ 201.56	\$ 3,276.53
2043	\$ 1,547.14	\$ 1,408.40	\$ 117.37	\$ 205.59	\$ 3,278.50
2044	\$ 1,642.44	\$ 1,315.57	\$ 109.63	\$ 209.70	\$ 3,277.35
2045	\$ 1,746.14	\$ 1,217.03	\$ 101.42	\$ 213.90	\$ 3,278.49
2046	\$ 1,852.65	\$ 1,112.26	\$ 92.69	\$ 218.18	\$ 3,275.77
2047	\$ 1,970.36	\$ 1,001.10	\$ 83.43	\$ 222.54	\$ 3,277.43
2048	\$ 2,093.69	\$ 882.88	\$ 73.57	\$ 226.99	\$ 3,277.13
2049	\$ 2,225.42	\$ 757.26	\$ 63.10	\$ 231.53	\$ 3,277.31
2050	\$ 2,365.56	\$ 623.73	\$ 51.98	\$ 236.16	\$ 3,277.43
2051	\$ 2,514.10	\$ 481.80	\$ 40.15	\$ 240.88	\$ 3,276.94
2052	\$ 2,673.86	\$ 330.95	\$ 27.58	\$ 245.70	\$ 3,278.10
2053	\$ 2,842.03	\$ 170.52	\$ 14.21	\$ 250.62	\$ 3,277.38
Total	\$ 39,491.34	\$ 43,233.85	\$ 3,602.82	\$ 5,429.20	\$ 91,757.21

Footnotes:

[a] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing.

[b] 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.

TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE - IMPROVEMENT AREA #1 - LOT TYPE 2

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF LAVON, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 2 PRINCIPAL ASSESSMENT: \$49,207.69

As the purchaser of the real property described above, you are obligated to pay assessments to City of Lavon, 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 *Trails of Lavon 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 Lavon. The exact amount of each annual installment will be approved each year by the Lavon 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 Lavon.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§
§
§

COUNTY OF _____

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF _____

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 2

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Annual Collection Costs	Annual Installment ^[b]
2026	\$ 715.94	\$ 2,952.46	\$ 246.04	\$ 169.35	\$ 4,083.79
2026	\$ 743.88	\$ 2,909.50	\$ 242.46	\$ 186.61	\$ 4,082.45
2027	\$ 789.28	\$ 2,864.87	\$ 238.74	\$ 190.34	\$ 4,083.23
2028	\$ 838.17	\$ 2,817.52	\$ 234.79	\$ 194.15	\$ 4,084.63
2029	\$ 887.07	\$ 2,767.23	\$ 230.60	\$ 198.03	\$ 4,082.93
2030	\$ 939.45	\$ 2,714.00	\$ 226.17	\$ 201.99	\$ 4,081.61
2031	\$ 998.82	\$ 2,657.63	\$ 221.47	\$ 206.03	\$ 4,083.96
2032	\$ 1,058.19	\$ 2,597.70	\$ 216.48	\$ 210.15	\$ 4,082.53
2033	\$ 1,124.55	\$ 2,534.21	\$ 211.18	\$ 214.36	\$ 4,084.30
2034	\$ 1,190.90	\$ 2,466.74	\$ 205.56	\$ 218.64	\$ 4,081.85
2035	\$ 1,264.24	\$ 2,395.29	\$ 199.61	\$ 223.02	\$ 4,082.15
2036	\$ 1,344.57	\$ 2,319.43	\$ 193.29	\$ 227.48	\$ 4,084.76
2037	\$ 1,424.89	\$ 2,238.76	\$ 186.56	\$ 232.03	\$ 4,082.24
2038	\$ 1,512.20	\$ 2,153.26	\$ 179.44	\$ 236.67	\$ 4,081.57
2039	\$ 1,606.50	\$ 2,062.53	\$ 171.88	\$ 241.40	\$ 4,082.31
2040	\$ 1,707.78	\$ 1,966.14	\$ 163.85	\$ 246.23	\$ 4,083.99
2041	\$ 1,812.55	\$ 1,863.68	\$ 155.31	\$ 251.15	\$ 4,082.68
2042	\$ 1,927.80	\$ 1,754.92	\$ 146.24	\$ 256.18	\$ 4,085.14
2043	\$ 2,046.54	\$ 1,639.26	\$ 136.60	\$ 261.30	\$ 4,083.70
2044	\$ 2,175.76	\$ 1,516.46	\$ 126.37	\$ 266.53	\$ 4,085.12
2045	\$ 2,308.47	\$ 1,385.92	\$ 115.49	\$ 271.86	\$ 4,081.73
2046	\$ 2,455.15	\$ 1,247.41	\$ 103.95	\$ 277.29	\$ 4,083.80
2047	\$ 2,608.81	\$ 1,100.10	\$ 91.68	\$ 282.84	\$ 4,083.43
2048	\$ 2,772.95	\$ 943.57	\$ 78.63	\$ 288.50	\$ 4,083.65
2049	\$ 2,947.57	\$ 777.20	\$ 64.77	\$ 294.27	\$ 4,083.80
2050	\$ 3,132.67	\$ 600.34	\$ 50.03	\$ 300.15	\$ 4,083.19
2051	\$ 3,331.73	\$ 412.38	\$ 34.37	\$ 306.15	\$ 4,084.63
2052	\$ 3,541.28	\$ 212.48	\$ 17.71	\$ 312.28	\$ 4,083.74
Total	\$ 49,207.69	\$ 53,871.00	\$ 4,489.25	\$ 6,764.98	\$ 114,332.91

Footnotes:

[a] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing.

[b] 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.

**TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE -
IMPROVEMENT AREA #2 - LOT TYPE 3**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF LAVON, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #2 LOT TYPE 3 PRINCIPAL ASSESSMENT: \$37,035.07

As the purchaser of the real property described above, you are obligated to pay assessments to City of Lavon, 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 *Trails of Lavon 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 Lavon. The exact amount of each annual installment will be approved each year by the Lavon 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 Lavon.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF _____

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF _____

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The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #2 LOT TYPE 3

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Annual Collection Costs	Annual Installment ^[b]
2026	\$ 525.65	\$ 2,222.10	\$ 185.18	\$ 120.96	\$ 3,053.88
2027	\$ 525.65	\$ 2,190.57	\$ 182.55	\$ 156.08	\$ 3,054.83
2028	\$ 557.40	\$ 2,159.03	\$ 179.92	\$ 159.20	\$ 3,055.54
2029	\$ 589.15	\$ 2,125.58	\$ 177.13	\$ 162.38	\$ 3,054.24
2030	\$ 624.42	\$ 2,090.23	\$ 174.19	\$ 165.63	\$ 3,054.47
2031	\$ 663.23	\$ 2,052.77	\$ 171.06	\$ 168.94	\$ 3,056.01
2032	\$ 702.04	\$ 2,012.97	\$ 167.75	\$ 172.32	\$ 3,055.08
2033	\$ 744.37	\$ 1,970.85	\$ 164.24	\$ 175.77	\$ 3,055.23
2034	\$ 790.23	\$ 1,926.19	\$ 160.52	\$ 179.28	\$ 3,056.22
2035	\$ 836.09	\$ 1,878.78	\$ 156.56	\$ 182.87	\$ 3,054.30
2036	\$ 889.01	\$ 1,828.61	\$ 152.38	\$ 186.53	\$ 3,056.53
2037	\$ 941.93	\$ 1,775.27	\$ 147.94	\$ 190.26	\$ 3,055.39
2038	\$ 998.37	\$ 1,718.75	\$ 143.23	\$ 194.06	\$ 3,054.42
2039	\$ 1,061.87	\$ 1,658.85	\$ 138.24	\$ 197.94	\$ 3,056.91
2040	\$ 1,125.37	\$ 1,595.14	\$ 132.93	\$ 201.90	\$ 3,055.35
2041	\$ 1,195.93	\$ 1,527.62	\$ 127.30	\$ 205.94	\$ 3,056.79
2042	\$ 1,266.49	\$ 1,455.86	\$ 121.32	\$ 210.06	\$ 3,053.73
2043	\$ 1,347.63	\$ 1,379.87	\$ 114.99	\$ 214.26	\$ 3,056.75
2044	\$ 1,428.77	\$ 1,299.01	\$ 108.25	\$ 218.55	\$ 3,054.58
2045	\$ 1,516.96	\$ 1,213.29	\$ 101.11	\$ 222.92	\$ 3,054.28
2046	\$ 1,612.21	\$ 1,122.27	\$ 93.52	\$ 227.37	\$ 3,055.38
2047	\$ 1,710.99	\$ 1,025.54	\$ 85.46	\$ 231.92	\$ 3,053.91
2048	\$ 1,816.83	\$ 922.88	\$ 76.91	\$ 236.56	\$ 3,053.17
2049	\$ 1,933.25	\$ 813.87	\$ 67.82	\$ 241.29	\$ 3,056.23
2050	\$ 2,053.19	\$ 697.87	\$ 58.16	\$ 246.12	\$ 3,055.34
2051	\$ 2,180.19	\$ 574.68	\$ 47.89	\$ 251.04	\$ 3,053.81
2052	\$ 2,317.78	\$ 443.87	\$ 36.99	\$ 256.06	\$ 3,054.70
2053	\$ 2,462.42	\$ 304.80	\$ 25.40	\$ 261.18	\$ 3,053.81
2054	\$ 2,617.64	\$ 157.06	\$ 13.09	\$ 266.41	\$ 3,054.20
Total	\$ 37,035.07	\$ 42,144.20	\$ 3,512.02	\$ 5,903.80	\$ 88,595.08

Footnotes:

[a] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing.

[b] 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.

TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE - IMPROVEMENT AREA #2 - LOT TYPE 4

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF LAVON, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #2 LOT TYPE 4 PRINCIPAL ASSESSMENT: \$46,147.08

As the purchaser of the real property described above, you are obligated to pay assessments to City of Lavon, 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 *Trails of Lavon 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 Lavon. The exact amount of each annual installment will be approved each year by the Lavon 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 Lavon.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF _____

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF _____

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The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #2 LOT TYPE 4

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Annual Collection Costs	Annual Installment ^[b]
2026	\$ 654.97	\$ 2,768.82	\$ 230.74	\$ 150.72	\$ 3,805.25
2027	\$ 654.97	\$ 2,729.53	\$ 227.46	\$ 194.48	\$ 3,806.44
2028	\$ 694.54	\$ 2,690.23	\$ 224.19	\$ 198.37	\$ 3,807.32
2029	\$ 734.10	\$ 2,648.56	\$ 220.71	\$ 202.33	\$ 3,805.70
2030	\$ 778.06	\$ 2,604.51	\$ 217.04	\$ 206.38	\$ 3,805.99
2031	\$ 826.41	\$ 2,557.83	\$ 213.15	\$ 210.51	\$ 3,807.90
2032	\$ 874.76	\$ 2,508.24	\$ 209.02	\$ 214.72	\$ 3,806.74
2033	\$ 927.51	\$ 2,455.76	\$ 204.65	\$ 219.01	\$ 3,806.93
2034	\$ 984.66	\$ 2,400.11	\$ 200.01	\$ 223.39	\$ 3,808.17
2035	\$ 1,041.80	\$ 2,341.03	\$ 195.09	\$ 227.86	\$ 3,805.78
2036	\$ 1,107.74	\$ 2,278.52	\$ 189.88	\$ 232.42	\$ 3,808.55
2037	\$ 1,173.68	\$ 2,212.05	\$ 184.34	\$ 237.07	\$ 3,807.14
2038	\$ 1,244.01	\$ 2,141.63	\$ 178.47	\$ 241.81	\$ 3,805.92
2039	\$ 1,323.13	\$ 2,066.99	\$ 172.25	\$ 246.64	\$ 3,809.02
2040	\$ 1,402.26	\$ 1,987.60	\$ 165.63	\$ 251.58	\$ 3,807.07
2041	\$ 1,490.18	\$ 1,903.47	\$ 158.62	\$ 256.61	\$ 3,808.87
2042	\$ 1,578.09	\$ 1,814.06	\$ 151.17	\$ 261.74	\$ 3,805.06
2043	\$ 1,679.19	\$ 1,719.37	\$ 143.28	\$ 266.98	\$ 3,808.82
2044	\$ 1,780.30	\$ 1,618.62	\$ 134.89	\$ 272.32	\$ 3,806.12
2045	\$ 1,890.19	\$ 1,511.80	\$ 125.98	\$ 277.76	\$ 3,805.74
2046	\$ 2,008.88	\$ 1,398.39	\$ 116.53	\$ 283.32	\$ 3,807.12
2047	\$ 2,131.96	\$ 1,277.86	\$ 106.49	\$ 288.98	\$ 3,805.29
2048	\$ 2,263.84	\$ 1,149.94	\$ 95.83	\$ 294.76	\$ 3,804.37
2049	\$ 2,408.90	\$ 1,014.11	\$ 84.51	\$ 300.66	\$ 3,808.17
2050	\$ 2,558.35	\$ 869.58	\$ 72.46	\$ 306.67	\$ 3,807.07
2051	\$ 2,716.60	\$ 716.08	\$ 59.67	\$ 312.81	\$ 3,805.16
2052	\$ 2,888.04	\$ 553.08	\$ 46.09	\$ 319.06	\$ 3,806.27
2053	\$ 3,068.27	\$ 379.80	\$ 31.65	\$ 325.44	\$ 3,805.16
2054	\$ 3,261.68	\$ 195.70	\$ 16.31	\$ 331.95	\$ 3,805.64
Total	\$ 46,147.08	\$ 52,513.25	\$ 4,376.10	\$ 7,356.35	\$ 110,392.78

Footnotes:

[a] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing.

[b] 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.

TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – IMPROVEMENT AREA #3 INITIAL PARCEL

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF LAVON, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

**IMPROVEMENT AREA #3 INITIAL PARCEL PRINCIPAL ASSESSMENT:
\$4,123,000.00**

As the purchaser of the real property described above, you are obligated to pay assessments to City of Lavon, 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 *Trails of Lavon 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 Lavon. The exact amount of each annual installment will be approved each year by the Lavon 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 Lavon.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF _____

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF _____

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The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #3 INITIAL PARCEL

Annual Installment Due 1/31 ^[a]	Principal	Interest ^[b]	Additional Interest	Annual Collection Costs	Annual Installment ^[d]
2026	\$ 67,000.00	\$ 247,380.00	\$ 20,615.00	\$ 17,764.25	\$ 352,759.25
2027	\$ 61,000.00	\$ 243,360.00	\$ 20,280.00	\$ 27,952.98	\$ 352,592.98
2028	\$ 64,000.00	\$ 239,700.00	\$ 19,975.00	\$ 28,512.04	\$ 352,187.04
2029	\$ 68,000.00	\$ 235,860.00	\$ 19,655.00	\$ 29,082.28	\$ 352,597.28
2030	\$ 72,000.00	\$ 231,780.00	\$ 19,315.00	\$ 29,663.92	\$ 352,758.92
2031	\$ 76,000.00	\$ 227,460.00	\$ 18,955.00	\$ 30,257.20	\$ 352,672.20
2032	\$ 80,000.00	\$ 222,900.00	\$ 18,575.00	\$ 30,862.35	\$ 352,337.35
2033	\$ 85,000.00	\$ 218,100.00	\$ 18,175.00	\$ 31,479.59	\$ 352,754.59
2034	\$ 89,000.00	\$ 213,000.00	\$ 17,750.00	\$ 32,109.18	\$ 351,859.18
2035	\$ 95,000.00	\$ 207,660.00	\$ 17,305.00	\$ 32,751.37	\$ 352,716.37
2036	\$ 100,000.00	\$ 201,960.00	\$ 16,830.00	\$ 33,406.40	\$ 352,196.40
2037	\$ 106,000.00	\$ 195,960.00	\$ 16,330.00	\$ 34,074.52	\$ 352,364.52
2038	\$ 112,000.00	\$ 189,600.00	\$ 15,800.00	\$ 34,756.01	\$ 352,156.01
2039	\$ 119,000.00	\$ 182,880.00	\$ 15,240.00	\$ 35,451.13	\$ 352,571.13
2040	\$ 126,000.00	\$ 175,740.00	\$ 14,645.00	\$ 36,160.16	\$ 352,545.16
2041	\$ 133,000.00	\$ 168,180.00	\$ 14,015.00	\$ 36,883.36	\$ 352,078.36
2042	\$ 141,000.00	\$ 160,200.00	\$ 13,350.00	\$ 37,621.03	\$ 352,171.03
2043	\$ 150,000.00	\$ 151,740.00	\$ 12,645.00	\$ 38,373.45	\$ 352,758.45
2044	\$ 158,000.00	\$ 142,740.00	\$ 11,895.00	\$ 39,140.92	\$ 351,775.92
2045	\$ 168,000.00	\$ 133,260.00	\$ 11,105.00	\$ 39,923.74	\$ 352,288.74
2046	\$ 178,000.00	\$ 123,180.00	\$ 10,265.00	\$ 40,722.21	\$ 352,167.21
2047	\$ 189,000.00	\$ 112,500.00	\$ 9,375.00	\$ 41,536.65	\$ 352,411.65
2048	\$ 200,000.00	\$ 101,160.00	\$ 8,430.00	\$ 42,367.39	\$ 351,957.39
2049	\$ 213,000.00	\$ 89,160.00	\$ 7,430.00	\$ 43,214.74	\$ 352,804.74
2050	\$ 225,000.00	\$ 76,380.00	\$ 6,365.00	\$ 44,079.03	\$ 351,824.03
2051	\$ 239,000.00	\$ 62,880.00	\$ 5,240.00	\$ 44,960.61	\$ 352,080.61
2052	\$ 254,000.00	\$ 48,540.00	\$ 4,045.00	\$ 45,859.82	\$ 352,444.82
2053	\$ 269,000.00	\$ 33,300.00	\$ 2,775.00	\$ 46,777.02	\$ 351,852.02
2054	\$ 286,000.00	\$ 17,160.00	\$ 1,430.00	\$ 47,712.56	\$ 352,302.56
Total	\$ 4,123,000.00	\$ 4,653,720.00	\$ 387,810.00	\$ 1,053,455.90	\$ 10,217,985.90

Footnotes:

[a] Annual Installments collected 1/31/2025 on the Improvement Area #3 Reimbursement Obligation shall be used for the 9/15/2025 debt service payment on the District Bonds.

[b] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing.

[c] Assumes Reserve Fund is fully funded and available to reduce the Improvement Area #1 Annual Installments at maturity of the District Bonds.

[d] 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.

TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – IMPROVEMENT AREA #3 - LOT TYPE 5

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF LAVON, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #3 LOT TYPE 5 PRINCIPAL ASSESSMENT: \$35,523.01

As the purchaser of the real property described above, you are obligated to pay assessments to City of Lavon, 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 *Trails of Lavon 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 Lavon. The exact amount of each annual installment will be approved each year by the Lavon 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 Lavon.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

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§
§

COUNTY OF _____

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF _____

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The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #3 LOT TYPE 5

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Annual Collection Costs	Annual Installment ^[b]
2026	\$ 572.87	\$ 2,115.18	\$ 176.27	\$ 151.89	\$ 3,016.21
2027	\$ 521.57	\$ 2,080.81	\$ 173.40	\$ 239.01	\$ 3,014.79
2028	\$ 547.22	\$ 2,049.51	\$ 170.79	\$ 243.79	\$ 3,011.32
2029	\$ 581.42	\$ 2,016.68	\$ 168.06	\$ 248.66	\$ 3,014.82
2030	\$ 615.62	\$ 1,981.80	\$ 165.15	\$ 253.64	\$ 3,016.21
2031	\$ 649.83	\$ 1,944.86	\$ 162.07	\$ 258.71	\$ 3,015.46
2032	\$ 684.03	\$ 1,905.87	\$ 158.82	\$ 263.88	\$ 3,012.60
2033	\$ 726.78	\$ 1,864.83	\$ 155.40	\$ 269.16	\$ 3,016.17
2034	\$ 760.98	\$ 1,821.22	\$ 151.77	\$ 274.54	\$ 3,008.51
2035	\$ 812.28	\$ 1,775.56	\$ 147.96	\$ 280.04	\$ 3,015.84
2036	\$ 855.03	\$ 1,726.82	\$ 143.90	\$ 285.64	\$ 3,011.40
2037	\$ 906.34	\$ 1,675.52	\$ 139.63	\$ 291.35	\$ 3,012.83
2038	\$ 957.64	\$ 1,621.14	\$ 135.10	\$ 297.18	\$ 3,011.05
2039	\$ 1,017.49	\$ 1,563.68	\$ 130.31	\$ 303.12	\$ 3,014.60
2040	\$ 1,077.34	\$ 1,502.64	\$ 125.22	\$ 309.18	\$ 3,014.38
2041	\$ 1,137.19	\$ 1,437.99	\$ 119.83	\$ 315.36	\$ 3,010.39
2042	\$ 1,205.60	\$ 1,369.76	\$ 114.15	\$ 321.67	\$ 3,011.18
2043	\$ 1,282.55	\$ 1,297.43	\$ 108.12	\$ 328.11	\$ 3,016.20
2044	\$ 1,350.95	\$ 1,220.47	\$ 101.71	\$ 334.67	\$ 3,007.80
2045	\$ 1,436.46	\$ 1,139.42	\$ 94.95	\$ 341.36	\$ 3,012.19
2046	\$ 1,521.96	\$ 1,053.23	\$ 87.77	\$ 348.19	\$ 3,011.15
2047	\$ 1,616.01	\$ 961.91	\$ 80.16	\$ 355.15	\$ 3,013.24
2048	\$ 1,710.07	\$ 864.95	\$ 72.08	\$ 362.26	\$ 3,009.35
2049	\$ 1,821.22	\$ 762.35	\$ 63.53	\$ 369.50	\$ 3,016.60
2050	\$ 1,923.82	\$ 653.07	\$ 54.42	\$ 376.89	\$ 3,008.21
2051	\$ 2,043.53	\$ 537.64	\$ 44.80	\$ 384.43	\$ 3,010.41
2052	\$ 2,171.78	\$ 415.03	\$ 34.59	\$ 392.12	\$ 3,013.52
2053	\$ 2,300.04	\$ 284.73	\$ 23.73	\$ 399.96	\$ 3,008.45
2054	\$ 2,445.39	\$ 146.72	\$ 12.23	\$ 407.96	\$ 3,012.30
Total	\$ 35,253.01	\$ 39,790.84	\$ 3,315.90	\$ 9,007.40	\$ 87,367.16

Footnotes:

[a] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing.

[b] 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.

TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE – IMPROVEMENT AREA #3 – LOT TYPE 6

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF LAVON, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #3 LOT TYPE 6 PRINCIPAL ASSESSMENT: \$45,401.61

As the purchaser of the real property described above, you are obligated to pay assessments to City of Lavon, 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 *Trails of Lavon 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 Lavon. The exact amount of each annual installment will be approved each year by the Lavon 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 Lavon.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF _____

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF _____

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The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #3 LOT TYPE 6

Annual Installment Due 1/31	Principal	Interest ^[a]	Additional Interest	Annual Collection Costs	Annual Installment ^[b]
2026	\$ 737.79	\$ 2,724.10	\$ 227.01	\$ 195.62	\$ 3,884.51
2027	\$ 671.72	\$ 2,679.83	\$ 223.32	\$ 307.81	\$ 3,882.68
2028	\$ 704.75	\$ 2,639.53	\$ 219.96	\$ 313.97	\$ 3,878.21
2029	\$ 748.80	\$ 2,597.24	\$ 216.44	\$ 320.25	\$ 3,882.73
2030	\$ 792.85	\$ 2,552.31	\$ 212.69	\$ 326.65	\$ 3,884.51
2031	\$ 836.90	\$ 2,504.74	\$ 208.73	\$ 333.19	\$ 3,883.55
2032	\$ 880.94	\$ 2,454.53	\$ 204.54	\$ 339.85	\$ 3,879.86
2033	\$ 936.00	\$ 2,401.67	\$ 200.14	\$ 346.65	\$ 3,884.46
2034	\$ 980.05	\$ 2,345.51	\$ 195.46	\$ 353.58	\$ 3,874.60
2035	\$ 1,046.12	\$ 2,286.71	\$ 190.56	\$ 360.65	\$ 3,884.04
2036	\$ 1,101.18	\$ 2,223.94	\$ 185.33	\$ 367.86	\$ 3,878.31
2037	\$ 1,167.25	\$ 2,157.87	\$ 179.82	\$ 375.22	\$ 3,880.16
2038	\$ 1,233.32	\$ 2,087.84	\$ 173.99	\$ 382.73	\$ 3,877.87
2039	\$ 1,310.40	\$ 2,013.84	\$ 167.82	\$ 390.38	\$ 3,882.44
2040	\$ 1,387.49	\$ 1,935.21	\$ 161.27	\$ 398.19	\$ 3,882.15
2041	\$ 1,464.57	\$ 1,851.96	\$ 154.33	\$ 406.15	\$ 3,877.01
2042	\$ 1,552.66	\$ 1,764.09	\$ 147.01	\$ 414.27	\$ 3,878.03
2043	\$ 1,651.77	\$ 1,670.93	\$ 139.24	\$ 422.56	\$ 3,884.50
2044	\$ 1,739.86	\$ 1,571.82	\$ 130.99	\$ 431.01	\$ 3,873.68
2045	\$ 1,849.98	\$ 1,467.43	\$ 122.29	\$ 439.63	\$ 3,879.33
2046	\$ 1,960.10	\$ 1,356.43	\$ 113.04	\$ 448.42	\$ 3,877.99
2047	\$ 2,081.23	\$ 1,238.83	\$ 103.24	\$ 457.39	\$ 3,880.68
2048	\$ 2,202.36	\$ 1,113.95	\$ 92.83	\$ 466.54	\$ 3,875.68
2049	\$ 2,345.51	\$ 981.81	\$ 81.82	\$ 475.87	\$ 3,885.01
2050	\$ 2,477.65	\$ 841.08	\$ 70.09	\$ 485.39	\$ 3,874.21
2051	\$ 2,631.82	\$ 692.42	\$ 57.70	\$ 495.10	\$ 3,877.04
2052	\$ 2,796.99	\$ 534.51	\$ 44.54	\$ 505.00	\$ 3,881.05
2053	\$ 2,962.17	\$ 366.69	\$ 30.56	\$ 515.10	\$ 3,874.52
2054	\$ 3,149.37	\$ 188.96	\$ 15.75	\$ 525.40	\$ 3,879.48
Total	\$ 45,401.61	\$ 51,245.78	\$ 4,270.48	\$ 11,600.43	\$ 112,518.31

Footnotes:

[a] Interest on District Bonds is calculated at 6.00% and is subject to change upon final pricing.

[b] Estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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PROPOSED FORM OF OPINION OF BOND COUNSEL

*AN OPINION IN SUBSTANTIALLY THE FOLLOWING FORM WILL BE DELIVERED BY MCCALL,
PARKHURST & HORTON L.L.P., BOND COUNSEL, UPON THE DELIVERY OF THE BONDS,
ASSUMING NO MATERIAL CHANGES IN FACTS OR LAW.*

[ISSUE DATE]

**CITY OF LAVON, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____

AS BOND COUNSEL for the City of Lavon, Texas (the "Issuer"), we have examined into the legality and validity of the issue of the bonds described above (the "Bonds"), which bear interest from the date specified in the text of the Bonds, until maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing and subject to redemption on the dates specified in the text of the Bonds, all in accordance with the Ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") and the Trust Indenture (as defined below).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and have examined and relied upon a transcript of certified proceedings of the Issuer and other pertinent instruments furnished by the Issuer relating to the authorization, issuance and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Issuer upon which certificates and documents we rely as to certain matters stated below. We have also examined one executed Bond which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, and have been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, (i) the Bonds constitute valid and legally binding obligations of the Issuer which are payable as to principal and interest from the sources provided in the Bond Ordinance and the Indenture of Trust for the Bonds between the Issuer and Wilmington Trust, National Association, dated as of August 1, 2025 (the "Trust Indenture"), (ii) the covenants and agreements in the Trust Indenture constitute valid and binding obligations of the Issuer, (iii) the Bonds constitute valid and legally binding special obligations of the Issuer secured as Bonds, on a parity with other

outstanding bonds, under the Trust Indenture, and (iv) the Bonds are payable in accordance with the priorities established in the Trust Indenture from the sources provided therein.

THE ISSUER has also reserved the right, subject to the restrictions stated in the Trust Indenture, to amend the Trust Indenture in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in principal amount of all outstanding bonds affected by such amendment and secured by the Trust Indenture.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Trust Indenture.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Issuer with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced therewith. In expressing the aforementioned opinions, we have relied on certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a

guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds. Our role in connection with the Issuer's Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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**CITY OF LAVON, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of August 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among the City of Lavon, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects)” (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 August 1, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“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 August 1, 2025, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the City Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean 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.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“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 (5th) 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 under the Indenture securing the Bonds and a description of the related investments; and

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type, 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 Fiscal Year to which the information being reported relates;

(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 (5th) day before the Annual Collections Report Filing Date the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall

contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection (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 (1st) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the 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 Listed 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 issuance of Refunding Bonds without the filing of a corresponding official statement with the MSRB will

constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three 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 Participating Underwriter, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the 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 any Participating Underwriter or the Owners of at least 50% 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, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in 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, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or

omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments, 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 LAVON, 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 Lavon, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon
Public Improvement District Projects)
Date of Delivery: _____, 20____
CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Lavon, 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 August 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 Lavon, Texas
(solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Lavon, Texas

EXHIBIT B

**CITY OF LAVON, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)**

ANNUAL ISSUER REPORT *

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 ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾

* Excluding Audited Financial Statements of the Issuer

⁽¹⁾ 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
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[] Trust Statements: ☐ Audited ☐ Unaudited

Accounting Type: ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>

Top Assessment Payers in the District ⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>

⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of the District

The [YEAR] certified total assessed value for the land in the District is approximately \$[AMOUNT] according to the Collin Central Appraisal District.

**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 <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Assessment Amount in Foreclosure <u>Proceedings</u>	<u>Foreclosure Sales</u>	Foreclosure Proceeds <u>Received</u>
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 <u>Billed</u>	Parcels <u>Levied</u> ⁽¹⁾	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of [9/1]	Delinquent % as of [9/1]	Total Assessments <u>Collected</u> ⁽²⁾
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent % as of 9/1</u>	<u>Parcel Numbers</u>
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u> \$
20__				
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)

[Insert a line item for each applicable listing]

EXHIBIT C

**CITY OF LAVON, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)**

ANNUAL COLLECTIONS REPORT

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: _____

**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⁽¹⁾

Succeeding	Delinquent Annual	Parcels in	Delinquent Annual		
Fiscal Year	Installment Amount	Foreclosure	Installment Amount	<u>Foreclosure</u>	Foreclosure Proceeds
20__	not in Foreclosure	<u>Proceedings</u>	in Foreclosure	<u>Sales</u>	<u>Received</u>
	<u>Proceedings</u>		<u>Proceedings</u>		
	\$		\$		\$

(i) Period covered includes October 1, 20__ through March 1, 20__.

Collection and Delinquency of Annual Installments ⁽¹⁾

Succeeding Fiscal Year 20__	Total Annual Installments <u>Levied</u> \$	Parcels <u>Levied</u> ⁽²⁾	Delinquent Amount as <u>of 3/1</u> \$	Delinquent % <u>as of 3/1</u> %	Total Annual Installments <u>Collected</u> ⁽³⁾ \$

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

⁽²⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments⁽¹⁾

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$

⁽¹⁾ 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 Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	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. Issuer and/or Administrator should be aware of actual and specific delinquencies Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. 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.
March 15	43/44	Trustee pays bond interest payments to Owners.
April 1	59/60	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. 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

* 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.

A committee of not less than 50% of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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**CITY OF LAVON, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer, dated as of August 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among Meritage Homes of Texas, LLC, an Arizona limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of August 1, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Affiliate” shall mean an entity that is controlled by, controls, or is under common control with another entity.

“Amenities” means (i) an amenity center to include a swimming pool, a children’s pool area, a playground, a restroom building, and a shade structure; (ii) a community park to include a playground, shaded picnic structure, event lawn, and site furniture; (iii) a pocket park to include an active play area with landscaped berms, slides, and manicured lawns, and (iv) a pocket park to include an open play area with a cedar shaded picnic structure and site furniture.

“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 Meritage Homes of Texas, LLC, an Arizona limited liability company, 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 Trophy Signature Homes and 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 Lavan, 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.

“Private Improvements” shall mean clearing and excavation, erosion control, retaining wall, landscape/hardscape, and franchise improvements, cluster mailboxes, and the Amenities.

“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 32 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 the District, including the Improvement Area #1 Projects, the Improvement Area #2 Projects, the Improvement Area #3 Projects, and the Private Improvements, including 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 improvements in 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 Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within 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 32 lots in 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 32 lots in 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 32 lots in 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 Acknowledgment 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 Reporting Parties. 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 50% 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 Improvement Area #1 and Improvement Area #2 of 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 Improvement Area #1 and Improvement Area #2 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:	Meritage Homes of Texas, LLC Attn: Frank Su 8840 Cypress Waters Blvd., Suite 100 Coppell, Texas 75019 E-mail: frank.su@meritagehomes.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 _____ _____ E-mail: jaime@p3-works.com
If to the Issuer:	City of Lavon, Texas 120 School Road Lavon, Texas 75166 E-mail: kdobbs@Lavon.us
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:

Meritage Homes of Texas, LLC, an Arizona limited liability company

By: _____

P3Works, LLC,
Administrator

By:_____

Name:_____

Title:_____

EXHIBIT A

**CITY OF LAVON, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(TRAILS OF LAVON PUBLIC IMPROVEMENT DISTRICT PROJECTS)**

**DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]**

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

<u>Product Type</u>	<u>Number of Units</u>
<u>Improvement Area #1</u>	
40'	54
50' – 60'	<u>243</u>
	297
<u>Improvement Area #2</u>	
40'	114
50' – 60'	<u>136</u>
	250
<u>Improvement Area #3</u>	
40'	59
50' – 60'	<u>45</u>
	104

II. Ownership of Lots/Units in Improvement Area

PLANNED LOTS IN IMPROVEMENT AREA #1: 297

Of the 297 lots in Improvement Area #1 of 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: _____

PLANNED LOTS IN IMPROVEMENT AREA #2: 250

Of the 250 lots in Improvement Area #2 of 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: _____

PLANNED LOTS IN IMPROVEMENT AREA #3: 104

Of the 104 lots in Improvement Area #3 of 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 Improvement Area

Of the 297 lots in Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 297
2. Planned lots as of the date of this Quarterly Report: 297
3. Lots developed: 297
4. Lots platted: 297
5. Expected/actual completion date of all lots in the District (if incomplete): March 2024

Of the 250 lots in Improvement Area #2, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 250
2. Planned lots as of the date of this Quarterly Report: 250
3. Lots developed: 250
4. Lots platted: 250
5. Expected/actual completion date of all lots in the District (if incomplete): October 2024

Of the 104 lots in Improvement Area #3, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 104
2. Planned lots as of the date of this Quarterly Report: 104
3. Lots developed: 104
4. Lots platted: 104
5. Expected/actual completion date of all lots in the District (if incomplete): June 2025

IV. Home Sales Information in Improvement Area

PLANNED HOMES IN IMPROVEMENT AREA #1: 297

Of the 297 homes planned for Improvement Area #1:

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?** _____

PLANNED HOMES IN IMPROVEMENT AREA #2: 250

Of the 250 homes planned for Improvement Area #2:

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?** _____

PLANNED HOMES IN IMPROVEMENT AREA #3: 104

Of the 104 homes planned for Improvement Area #3:

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 Improvement Area #1 Projects: \$14,421,850
2. Of the total budgeted costs, the total amount drawn from the Improvement Account¹:
 - a. Improvement Account: \$ _____
 - b. Improvement Area Major Improvements Account: N/A
 - c. Improvement Area Developer Improvement Account: N/A
3. Total Budgeted Costs for the Improvement Area #2 Projects: \$14,081,206
4. Of the total budgeted costs, the total amount drawn from the Improvement Account²:
 - d. Improvement Account: \$ _____
 - e. Improvement Area Major Improvements Account: N/A
 - f. Improvement Area Developer Improvement Account: N/A

¹ For purposes of this report, this refers to the "Improvement Area #1 Bond Improvement Account" of the Project Fund created in the Indenture.

² For purposes of this report, this refers to the "Improvement Area #2 Bond Improvement Account" of the Project Fund created in the Indenture.

5. Total Budgeted Costs for the Improvement Area #3 Projects: \$4,656,356
6. Of the total budgeted costs, the total amount drawn from the Improvement Account³:
 - g. Improvement Account: \$ _____
 - h. Improvement Area Major Improvements Account: N/A
 - i. Improvement Area Developer Improvement Account: N/A

VI. Status of Improvements in Improvement Area

1. Projected/actual completion date of the Improvement Area #1 Projects: March 2024
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: N/A
3. Projected/actual completion date of the Improvement Area #2 Projects: October 2024
4. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: N/A
5. Projected/actual completion date of the Improvement Area #3 Projects: June 2025
6. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: N/A

VII. Private Improvements

TOTAL EXPECTED/ACTUAL COSTS OF PRIVATE IMPROVEMENTS: \$14,426,700

Of the \$14,426,700 budgeted costs of the Private Improvements:

1. Amount spent as of Quarterly Ending Date: \$ _____
2. Actual/Expected completion date of Private Improvements: _____

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 For purposes of this report, this refers to the “Improvement Area #3 Bond Improvement Account” of the Project Fund created in the Indenture.

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 Lavon, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon
Public Improvement District Projects) (the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer⁴”] [“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 Meritage Homes of Texas, LLC, an Arizona limited liability
company (the “Developer”), P3Works, LLC, as Administrator, and HTS Continuing Disclosure
Services, a division of Hilltop Securities Inc., as Dissemination Agent. The
[Developer][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 Lavon, Texas

⁴ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Lavon, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects) (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 Lavon, Texas
120 School Road
Lavon, Texas 75166

Meritage Homes of Texas, LLC

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that _____, a _____ (the [“Developer”] [“Significant Homebuilder”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer related to such Bonds, by and among Meritage Homes of Texas, LLC, an Arizona limited liability company (the “Developer”), P3Works, LLC, as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as Dissemination Agent.

Dated: _____

P3Works, LLC
on behalf of the [Developer] [Significant
Homebuilder],
as Administrator)

By: _____

Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Lavon, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon
Public Improvement District Projects)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Trails of Lavon Public Improvement District

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among Meritage Homes of Texas, LLC, an Arizona limited liability company¹ (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.

Meritage Homes of Texas, LLC, an Arizona limited
liability company

By: _____

[OR

Significant Homebuilder
(as Significant Homebuilder)

By: _____
Title: _____]

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: Trails of Lavon Public Improvement District – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots in the Trails of Lavon 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 Meritage Homes of Texas, LLC, an Arizona limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc. (the “Dissemination Agent”), with respect to the “City of Lavon, Texas, Special Assessment Revenue Bonds, Series 2025 (Trails of Lavon Public Improvement District Projects),” any entity that owns 32 or more of the single family residential lots in 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,

Meritage Homes of Texas, LLC, an Arizona limited liability company

By: _____

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____

Title: _____

APPENDIX F
DEVELOPMENT AGREEMENT

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DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is entered into by and between MERITAGE HOMES OF TEXAS, LLC (the "Developer") and the CITY OF LAVON (the "City"), to be effective on the date upon which the last of all of the Parties has approved and duly executed this Agreement ("Effective Date").

RECITALS

WHEREAS, certain capitalized terms used herein are defined in Article I; and

WHEREAS, the City is a Type A general law municipality of the State of Texas located within Collin County; and

WHEREAS, the Developer and the City (which are sometimes individually referred to as a "Party" and collectively as the "Parties") desire to enter into this Agreement; and

WHEREAS, on the date the City Council voted to approve this Agreement, landowners Carolyn McCartney Culbert, Janet McCartney Johnson and Blake Boyd McCartney, Roy Brian Webb and Andrea Kay Campbell (collectively, the "Owner") own 205.503 acres of land, which lies within the extraterritorial jurisdiction of the City, entirely within Collin County, Texas and described by metes and bounds on Exhibit A, (the "Property"); and

WHEREAS, the Developer intends to purchase the Property from the Owner and the Developer intends to develop the Property pursuant to the terms of this Agreement; and

WHEREAS, the Parties intend that this Agreement will apply to the Property upon the Developer acquiring fee simple title to the Property; and

WHEREAS, the Developer intends to develop the Property as a master-planned residential development with commercial areas (the "Development"); and

WHEREAS, the Parties intend for this Agreement to establish certain restrictions and to impose certain commitments in connection with the development of the Property; and

WHEREAS, the Parties intend for the Property to be developed in a manner consistent with the City's zoning requirements, building material requirements and building code requirements, except as otherwise provided herein; and

WHEREAS, the Parties intend that the Property will be developed in accordance with the concept plan attached hereto as Exhibit B (the "Concept Plan"), the development standards attached hereto as Exhibit C (the "Development Standards"); and the zoning standards to be established over the Property in accordance with Section 6.2 of this Agreement; and

WHEREAS, the Developer intends to construct and/or make financial contributions to certain onsite and/or offsite public improvements to serve the Development; and

WHEREAS, the Parties have determined that the financing of the Public Infrastructure necessary for the residential portion of the Development can best be achieved by means of a Public Improvement District (a "PID"), described in Chapter 372, Texas Local Government Code, as amended, entitled the "Public Improvement District Assessment Act" (the "PID Act"), as amended; and

WHEREAS, the City has the legal ability to provide retail wastewater treatment service to the Property and the Parties intend for the City to provide retail wastewater treatment service to the Property; and

WHEREAS, Bear Creek Special Utility District ("Bear Creek") holds the certificate of convenience and necessity to provide retail treated water service to the Property, and the Parties intend for Bear Creek to provide retail water service to the Property; and

WHEREAS, subject to any cost participation undertaken by the City for oversizing wastewater mains or other infrastructure inside the Property to serve surrounding properties, the Development will require Developer to build certain onsite infrastructure, including streets and roads; water systems; drainage and storm sewer systems; sanitary sewer systems; parks, open space, landscaping, and trail systems; and dedicate land for all of the onsite public improvements (collectively, "Onsite Public Improvements"); and

WHEREAS, subject to any cost participation undertaken by the City for oversizing wastewater mains or other infrastructure inside the Property to serve surrounding properties, the Development will require Developer to build certain the offsite Roadway Improvements, offsite Water Improvements, and Offsite Wastewater Improvements (collectively with the Onsite Public Improvements, the "Public Infrastructure"); and

WHEREAS, due to the location and other natural features of the Property, the cost of the Public Infrastructure does not allow for the intended Development in a cost-effective and market-competitive manner without participation by the City; and

WHEREAS, the City and the Developer agree that the Development can best proceed pursuant to a development agreement such as this Agreement; and

WHEREAS, to the extent the Property is within the City's extraterritorial jurisdiction, the Parties have the authority to enter into this Agreement pursuant to Section 43.016 and Section 212.171 *et seq* of the Texas Local Government Code, and to the extent the Property is within the City, the Parties have the authority to enter into this Agreement pursuant to other applicable law; and

WHEREAS, the Parties contemplate that Developer will execute and return a petition satisfying all legal requisites for annexation of the Property under Subchapter C-4 of Texas Local Government Code chapter 43, as set forth in Article VI, below.

NOW, THEREFORE, for and in consideration of the mutual covenants of the Parties set forth in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

ARTICLE I
GENERAL TERMS AND DEFINITIONS

1.1 Recitals. The recitals to this Agreement are incorporated herein for all purposes.

1.2 Definitions. Unless the context requires otherwise, the following terms shall have the meanings hereinafter set forth:

Additional Escrowed Funds is defined in Section 2.1(c)(i)(A).

Agreement is defined in the introductory paragraph.

Agricultural Exemption is defined in Section 7.5.

Agricultural Exemption Waiver Agreement is defined in Section 7.5.

Bank Qualified Debt Fee is defined in Section 7.2.

Bear Creek is defined in the Recitals.

CCNs mean certificates of convenience and necessity.

City is defined in the introductory paragraph.

City Assignee is defined in Section 9.2.

City Council means the city council of the City.

City Regulation(s) means any ordinance, rule, regulation, standard, policy, order, guideline or other City-adopted or City-enforced requirement, as amended and adopted by the City for uniform application throughout the corporate limits, and as are applicable to the Development.

Claims is defined in Section 4.1(a).

Completion of Construction shall mean that (i) the construction of the applicable Public Infrastructure, or portion or segment thereof, as the case may be, benefitting the PID Property has been substantially completed in accordance with City Regulations; and (ii) the City has with respect to applicable Public Infrastructure accepted the respective Public Infrastructure or segment or portion thereof.

Concept Plan means the concept plan as shown in Exhibit B, as amended in accordance with this Agreement.

Developer is defined in the introductory paragraph.

Developer Assignee is defined in Section 9.1.

Development is defined in the Recitals.

Development Standards means the development standards for the Property, which are set forth on Exhibit C.

Escrowed Funds is defined in Section 2.1(c)(i)(A).

Effective Date is the date in the introductory paragraph.

Eminent Domain Fees is defined in Section 2.3.

End-Buyer is defined in Section 10.1.

Indemnified Party is defined in Section 4.1(a).

Offsite Wastewater Improvements are the wastewater improvements identified and described in Exhibit D.

Onsite Public Improvements is defined in the Recitals.

Owner is defined in the Recitals.

Parties means the Developer and the City.

Party means the Developer or the City.

PID means a public improvement district created by the City for the benefit of the Property pursuant to the PID Act.

PID Act is defined in the Recitals.

PID Bonds means the assessment revenue bonds secured solely by PID assessments.

PID Projects is defined in Section 7.1(c).

PID Project Costs is defined in Section 7.1(d).

PID Property is that portion of the Property lying within the PID to be created by the City, which PID is planned to exclude the portion of the Property designated for commercial use in the Concept Plan.

PID Reimbursement Agreement(s) means an agreement between the City and the Developer in which Developer agrees to fund certain PID Project Costs and the City agrees to reimburse the Developer for a portion of such costs of the Public Infrastructure, with interest, from the proceeds of assessments or Reimbursement Bonds pursuant to the Service and Assessment Plan.

Property is defined in the recitals and is as described in Exhibit A.

Public Infrastructure is defined in the Recitals.

Reimbursement Bonds means PID Bonds issued pursuant to a PID Reimbursement Agreement to reimburse the Developer for Public Infrastructure that have reached Completion of Construction and for prior expenditures of PID Project Costs that have been verified by the City.

Roadway Improvements means the improvements described in Section 2.1(d) and/or identified and described in Exhibit E.

Tax Certificate is defined in Section 7.4.

Water Improvements are the water improvements necessary to serve the Property with treated water service, which will be constructed in accordance with Bear Creek regulations and owned and operated by Bear Creek.

WWTP is defined in Section 2.1(c)(i)(A).

WWTP Expansion Cost is defined in Section 2.1(c)(i)(A).

ARTICLE II PUBLIC INFRASTRUCTURE

2.1 Public Infrastructure.

(a) Standards. Except as otherwise expressly provided for in this Agreement, all Public Infrastructure shall be designed, constructed and installed by the Developer in compliance with the City Regulations. All Water Improvements shall be designed, constructed and installed by Developer in compliance with City's and Bear Creek's regulations. Construction and/or installation of Public Infrastructure shall not begin until (i) complete and accurate plans and specifications have been approved by the City; and (ii) complete and accurate plans and specifications for the Water Improvements have been approved by Bear Creek. Each contract for construction of Public Infrastructure and Water Improvements shall require a two-year maintenance bond following completion of such Public Infrastructure, which bond shall be for 100% of the construction costs and shall run in favor of the Party responsible for maintenance of the completed Public Infrastructure. To the extent easements or rights-of-way are needed within the Property for the Public Infrastructure, they shall be dedicated by the Developer to the City at no cost to the City. The Public Infrastructure shall be installed within easements granted to the City or Bear Creek or in the public right-of-way. The size of the Public Infrastructure, other than the Water Infrastructure, shall be as finally determined by the City's engineer;; however, should the City's engineer determine oversizing is needed to serve property other than the Development and other than the construction of the WWTP expansion set forth in Section 2.1(c) below, then the City shall pay the difference between the actual cost of the Public Infrastructure and the actual cost to oversize the Public Infrastructure as such costs become due and payable under the applicable construction contract.

(b) ROW Dedication. The Developer shall, either by plat, or by deed as requested by the City when needed by the City prior to the filing of a final plat by Developer, dedicate the right-

of-way for thoroughfares, roads, streets, and alleys and easements for wastewater, or other, public utilities necessary to serve the platted property.

(c) Wastewater Infrastructure.

(i) Wastewater Treatment Plant.

(A) Within thirty (30) days of closing on the Property, Developer shall escrow with the City \$1,930,000 ("Escrowed Funds") for its pro rata share of the costs associated with the City's expansion of its existing wastewater treatment plant ("WWTP"), currently estimated at a total of \$3,065,000 ("WWTP Expansion Cost"). The Escrowed Funds shall be used by City only to fund the Developer's proportionate share of the WWTP Expansion Cost, which is 63%. The City shall, at the same time, either commit funds for the balance of the WWTP Expansion Cost, or if the City is financing such amount, begin the administrative process to secure financing, whether through the TWDB or otherwise. Developer acknowledges and agrees that the City's lender may require construction documents to be complete before it will fund construction. The City shall begin design and construction of the WWTP expansion immediately upon receipt of the Escrowed Funds and shall diligently pursue such design and construction, so long as the Escrowed Funds are provided by the Developer in a timely manner, and shall diligently pursue until complete the construction of the WWTP expansion, which is subject to approval from TCEQ and/or TWDB. Upon completion of the WWTP, should any funds remain from the Escrowed Funds, such funds shall be automatically returned to the Developer within thirty (30) days. Should the WWTP Expansion Cost exceed \$3,065,000, the Developer shall remit an amount equal to 63% of the total amounts over \$3,065,000 within thirty (30) days of receipt of an invoice reflecting the same ("Additional Escrowed Funds"). However, should the Expansion Cost exceed \$3,065,000, which is the estimated Expansion Cost excluding contingency, the City shall meet with the Developer in order to discuss value engineering options, which the City agrees to consider in good faith.

(B) The City agrees that regardless of the status of the WWTP expansion, it shall release 208 building permits for residential development within the Property. The City shall not withhold preliminary plat approval, building permits, final plat approval, or any other approvals on such 208 lots of the Property based upon the status of the WWTP expansion, so long as Developer has deposited the Escrowed Funds as required under this Agreement. Developer agrees and acknowledges that, if the City is not in default of this Section 2.1(c), the City may withhold building permits in excess of 208 until the WWTP expansion is complete.

(C) To the extent that wastewater treatment service is required within the Property prior to the completion of the wastewater improvements contemplated herein, including the WWTP expansion, the City agrees to allow the Developer to provide at the Developer's expense, alternative wastewater transportation services within the Property, if and in the manner allowed under applicable law, including

applicable regulations of the Texas Commission on Environmental Quality, or to make such other arrangements as are compatible with applicable law and regulations in order to adequately provide and address necessary wastewater treatment services until the completion of the wastewater service improvements. The City shall not withhold plat or plan approvals or refuse to issue building permits due to the timeliness of the WWTP expansion, so long as the Developer demonstrates it has made arrangements for alternative wastewater transportation solutions.

(D) Upon completion of the WWTP expansion and subject to Developer's fulfillment of its obligations in this Agreement, the City guarantees that wastewater service will be available to serve full build out of the Property as reflected in the Concept Plan.

(ii) Generally. The City agrees that, other than wastewater Onsite Public Improvements, the Offsite Wastewater Improvements, the Escrowed Funds, any Additional Escrowed Funds, and the WWTP expansion, no wastewater improvements are required to be escrowed, constructed or improved as part of the Development of the Property. The Developer shall construct the wastewater Onsite Public Improvements and the Offsite Wastewater Improvements at the time required by the City Regulations.

(d) Roadway Improvements. As required by the City Regulations and as depicted in Exhibit E, Developer shall, at its sole cost and expense, design, and construct at no cost to the City, and in accordance with (1) the Traffic Impact Analysis dated May 17, 2021 prepared by Kimley Horn for the Property, attached hereto as Exhibit G (which Traffic Impact Analysis is subject to City approval) and (2) the standards contained in the City Regulations and this Agreement, the following roadway improvements:

(i) All roadway Onsite Public Improvements required by the City Regulations and needed to serve the Development, including those set forth in (ii), (iii), and (iv) below.

(ii) CR 485. The Developer shall construct CR 485 from the west property line to the east property line of the Development and transitioning to the existing west and east street sections, including integral curbs and gutters, sidewalk, and drainage, along the Property border as shown on Sections A and B on Exhibit E to the extent such roadway section lies within existing right-of-way, prescriptive right-of-way, or right-of-way dedicated by Developer pursuant to the terms of this Agreement. In the event right of way is not available, the Developer shall be required to construct only such portion of the referenced portion of CR 485 for which right-of-way is available. In the event drainage makes curb and gutter installation impractical, the city engineer may approve an alternative design at its discretion.

(A) Section A – The Developer shall construct one-half of the divided four (4) lane build out of CR 485 along the western portion of the Property, as shown on Section A as set forth in Exhibit E. The Developer will construct the concrete driveway approaches for existing driveways of the properties north of CR

485 to connect to the new constructed road in accordance with City regulations and requirements.

(B) Section B – The Developer shall construct the full four (4) lane build out of CR 485 lying between CR 484 and CR 483, all as shown on Section B as set forth in Exhibit E.

(C) Right of Way Dedication. Developer shall dedicate the portion of the right-of-way that lies within the Property to the City for construction of future CR 485 as shown on Section A on Exhibit E concurrently with final plat for the adjacent land.

(D) All design, engineering, and construction costs for improvements to CR 485 made by the Developer and the costs associated with offsite land acquisition shall be considered reimbursable PID Projects, however onsite rights-of-way shall not be a reimbursable PID Project Cost.

(iii) CR 484. The Developer shall construct the eastern twenty-four foot (24') wide roadway section of CR 484 from the south boundary of the powerline crossing easement to the northern property line of the Development and transitioning to the existing north and south street sections, including integral curbs and gutters, sidewalk and drainage, along the Property border as shown on Sections C, D, E and F on Exhibit E to the extent such roadway section lies within existing right-of-way, prescriptive right-of-way, or right-of-way dedicated by Developer pursuant to the terms of this Agreement. In the event right of way is not available, the Developer shall be required to construct only such portion of the referenced portion of CR 484 for which right-of-way is available. In the event drainage makes curb and gutter installation impractical, the city engineer pay approve an alternative design in its discretion. Developer is not required to construct the median or western section identified in Exhibit E.

(A) Section C – For the portion of CR 484 lying between CR 485 and the north property line of the east residential property, the Developer shall construct a 24' wide roadway as shown on Section C of Exhibit E. This includes the transition to the existing pavement section north of the property.

(B) Section D – For that portion of CR 484 lying between CR 485 and the south property line of the west residential property, the Developer shall construct a 24' wide pavement section as shown on Section D of Exhibit E. In addition, Developer shall also dedicate the portion of the ultimate right-of-way sufficient to allow the City to widen CR 484 in the future to the extent that ultimate right-of-way lies within the Property, all as shown on Section D set forth on Exhibit E.

(C) Section E – The portion of CR 484 south of the south property line of the west residential property to the north boundary of the existing power line easement, the Developer shall construct a 24' wide pavement section as shown on Section E of Exhibit E, before the final plat of the final phase of the residential

development. This includes the transition to the existing pavement section south of the power line easement.

(D) Section F – The portion of CR 484 south of the north boundary of the existing power line easement to the south boundary of the existing power line easement, the Developer shall construct a 24' wide pavement section as shown on Section E of Exhibit E before the final plat of the final phase of the residential development. This includes the transition to the existing pavement section south of the power line easement.

The portion of CR 484 from the south boundary of the power line crossing through the commercial portion of the Property to CR 483, as shown on Section F as set forth on Exhibit E, shall be constructed by the Developer before the final plat for any commercial property.

(E) Right of Way Dedication. Developer shall dedicate the portion of the right-of-way that lies within the Property to the City for construction of future CR 484 as shown on Section D on Exhibit E concurrently with final plat for the adjacent land.

(F) All design, engineering, and construction costs for improvements to CR 484 made by the Developer and the costs associated with offsite land acquisition shall be considered reimbursable PID Projects, however onsite rights-of-way shall not be a reimbursable PID Project Cost.

(iv) CR 483. To the extent the right of way for CR 483 as set forth on Exhibit E lies within the Property, the Developer shall dedicate such right of way to the City upon final plat of Developer's adjacent property for Section G and Section H, as set forth on Exhibit E. The Developer will construct a five-foot (5') sidewalk along CR 483 for Section H, as set forth on Exhibit E. The Developer will construct the intersection of CR 485, CR 483, and President's Boulevard, for which the City will reimburse reasonable actual costs for the oversizing. The Developer shall donate, in lieu of construction, funds for the construction of CR 483 (4-lane undivided) proportionate to the development for Section H, as set forth on Exhibit E. The proportionate share has been determined to be 5.5 % of total construction cost. In the event that the sidewalk installation is impractical, the cost for the sidewalk shall be donated, in lieu of construction, to the City. The use of funds donated in lieu of construction for CR 483 and sidewalks will be limited to such construction.

2.2 Inspections, Acceptance of Public Infrastructure.

(a) Roadway and Storm Infrastructure. The City shall have the right to inspect, at any time, the construction of all roadway and storm water Public Infrastructure, and any related Public Infrastructure necessary to support the Development within the Property, which shall be inspected, designed and constructed in compliance with all statutory and regulatory requirements, including design and construction criteria, and the City Regulations. Developer shall pay the inspection fees set forth in the City Regulations.

(b) Wastewater Infrastructure. The City shall have the right to inspect the construction of all wastewater Public Infrastructure at any time, which wastewater shall be inspected, designed and constructed in compliance with all statutory and regulatory requirements, including design and construction criteria, and the City Regulations. Developer shall pay the inspection fees set forth in the City Regulations.

(c) No Release. The City's inspections shall not release the Developer from its responsibility to construct, or ensure the construction of, adequate Public Infrastructure in accordance with approved engineering plans, construction plans, and other approved plans related to the Development provided the City satisfies its obligations under this Agreement.

(d) Ownership. From and after the inspection and acceptance by the City of the Public Infrastructure and any other dedications required under this Agreement, such improvements and dedications shall be owned by the City. The Water Improvements shall be owned by Bear Creek in accordance with the Developer's agreement with Bear Creek.

(e) Approval of Plats/Plans. Approval of plats, permits, plans, designs or specifications by the City shall be in accordance with the City Regulations. Approval by the City, the City's engineer or other City employee or representative of any plats, permits, plans, designs or specifications submitted pursuant to this Agreement or pursuant to the City Regulations shall not constitute or be deemed to be a release of the responsibility and liability of the Developer, his engineer, employees, officers or agents for the accuracy and competency of their design and specifications. Further, any such approvals shall not be deemed to be an assumption of such responsibility and liability by the City for any defect in the design and specifications prepared by the Developer or the Developer's engineer, or engineer's officers, agents, servants, or employees, it being the intent of the Parties that approval by the City's engineer signifies the City's approval on only the general design concept of the improvements to be constructed. All plats and plans of the Developer related to the Property shall meet the requirements of the applicable City Regulations.

(f) Permitting. The City agrees that upon completion of the paving improvements and franchise utilities for a given phase of the development, and submission of a complete application for a building permit meeting the requirements for approval, it shall release a portion of the building permits for such phase, regardless of the status of other improvements or plats within the Property. No more than fifteen percent (15%) early building permits applications shall be approved or released within each phase of the Property.

2.3 Eminent Domain. The Developer agrees to use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, required for the Public Infrastructure. If, however, the Developer is unable to obtain such third-party rights-of-way, consents, or easements within ninety (90) days of the date Developer makes its first written offer to the third-party owner, the City agrees to take reasonable steps to secure same, other than for Water Improvements for a SUD, (subject to City Council authorization after a finding of public necessity) through the use of the City's power of eminent domain. The Developer shall be responsible for funding all reasonable and necessary legal proceeding/litigation costs, attorney's fees and related expenses, and appraiser and expert witness fees (collectively, "Eminent Domain

Fees") paid or incurred by the City in the exercise of its eminent domain powers and shall, if requested in writing by the City, escrow with a mutually agreed upon escrow agent the City's reasonably estimated Eminent Domain Fees both in advance of the initiations of each eminent domain proceeding and as funds are needed by the City. Provided that the escrow fund remains appropriately funded in accordance with this Agreement, the City will use all reasonable efforts to expedite such condemnation procedures so that the Public Infrastructure can be constructed as soon as reasonably practicable. If the City's Eminent Domain Fees exceed the amount of funds escrowed in accordance with this paragraph, the Developer shall deposit additional funds as requested by the City into the escrow account within ten (10) days after written notice from the City. City is not required to continue pursuing the eminent domain unless and until the Developer deposits addition Eminent Domain Fees with the City. Any unused escrow funds will be refunded to the Developer with thirty (30) days after any condemnation award or settlement becomes final and non-appealable. Nothing in this subsection is intended to constitute a delegation of the police powers or governmental authority of the City, and the City reserves the right, at all times, to control its proceedings in eminent domain.

2.4 Operation and Maintenance.

(a) Upon inspection, approval, and acceptance of the wastewater Public Infrastructure or any portion thereof, the City shall maintain and operate the accepted wastewater infrastructure or any accepted portion thereof and provide wastewater service to the Property.

(b) Upon inspection, approval, and acceptance of the Roadway Improvements and storm water Public Infrastructure or any portion thereof, the City shall maintain and operate the roadways and storm water infrastructure or any accepted portion thereof.

(c) Maintenance and operation of open spaces, trails, common areas, right-of-way irrigation systems, right-of-way landscaping, screening walls, and any other common improvements or appurtenances is addressed in the Development Standards, and to the extent not addressed shall be maintained and operated in accordance with the City Regulations by a homeowner's association.

2.5 Onsite Rights-of-Way and Easements. The Developer will transfer to the City by final plat or separate instrument any onsite rights-of-way and onsite easements necessary for the Onsite Public Improvements, excluding the Water Improvements.

ARTICLE III DEVELOPMENT REGULATIONS

3.1 Full Compliance with City Standards.

(a) Development of the Property shall be subject to the applicable City Regulations.

(b) The Parties agree the Concept Plan was created by the Developer for illustrating the boundary, lot mix and general layout of the Development. Any amendment to the Concept Plan shall be considered an amendment to this Agreement and shall replace the attached Concept Plan and become a part of this Agreement. The City Administrator of the City may

administratively approve any amendments to the Concept Plan that the City Administrator deems in his reasonable discretion to be minor in nature. If the City Administrator deems an amendment to not be minor in nature, the Concept Plan may be amended as set forth in the City Regulations.

3.2 Plat. The Developer may submit a plat for all or any portion of the Property. Any plat shall be in general conformance with the Concept Plan, including any amendments. The processing and content of all plats must adhere to the City Regulations, as they may be expressly altered by this Agreement.

3.3 Vested Rights. This Agreement shall constitute a "permit" under Chapter 245 of the Texas Local Government Code that is deemed filed with the City on the date upon which this Agreement is filed in the land records of Collin County. The Developer does not, by entering into this Agreement, waive any rights or obligations arising under Chapter 245 of the Texas Local Government Code. Upon an administratively complete application for a final plat for any portion of the Property, Developer may claim vested rights as to the portion of the Property contained in the final plat based upon ordinances in effect at the time of final plat application, except to the extent such claim would cause the City's building material regulations in the zoning ordinance or in other City ordinances to be inapplicable.

3.4 Building Codes, Fire Codes and Building Materials. As consideration for the City's assistance and cooperation in connection with the issuance by the City of PID Bonds for any part of the Development, Developer has consented to and requested, and the Parties agree, that Exhibit C, the City-adopted building codes and local amendments as subsequently amended, the City-adopted fire codes and local amendments as subsequently amended, and the City's building material regulations contained in the zoning ordinance and in other City ordinances, all as subsequently amended, to apply to the Property, and voluntarily agrees to burden the Property with their applicability, *despite Texas Government Code Chapter 3000, effective September 1, 2019, as it presently exists or may be subsequently amended*. The Parties further acknowledge and agree that the terms, provisions, covenants, and agreements contained in, or referenced in, this paragraph are covenants that touch and concern the Property and that it is the intent of the Parties that such terms, provisions, covenants, and agreements shall run with the Property and shall be binding upon the Parties hereto, their successors and assigns, and all subsequent owners of the Property. *Should any amendment to the building material regulations contained in the zoning ordinance and in other city ordinances be held to be invalid by a court of competent jurisdiction, the Parties agree that the building material regulations in effect on August 1, 2019 shall then touch and concern the Property and be binding upon the Property.*

3.5 Amenity Center with Pool. Developer shall construct the amenities set forth in Exhibit F to be owned and operated by a property owners' association. In exchange for the construction of the amenities set forth in Exhibit F, the Developer shall be deemed to have fulfilled any and all park dedication requirements and shall owe no park dedication fees or park development fees to the City for the Development, whether assessed by the City currently or in the future.

3.6 Public Parks and Open Space. The Property shall provide open space at a minimum of 20% of the development acreage net of perimeter and arterial right-of-way dedications including

all required landscape buffers, block end caps, amenity centers, community parks, easement corridors, and detention/retention areas as generally reflected on the Concept Plan Exhibit B and as shown in Exhibit H. The provided open space shall satisfy all required parkland dedication requirements of the development. The open space percentage shall be measured as a cumulative of the entire development and not on a phase by phase basis.

3.7 Commercial Capital Recovery Fees. The City does not currently impose any water, wastewater, or roadway impact fees. The Parties agree that for ten (10) years after the Effective Date of this Agreement, no water, wastewater, or roadway impact fees adopted under Chapter 395 of the Local Government Code shall be assessed against the non-residential Property by the City; however, the portions of the Property developed as non-residential shall be subject to all fees and charges due and payable to the City in connection with the Development that are charged pursuant to City Regulations to other developments located in the corporate limits of the City.

3.8 Residential Capital Recovery Fees. Except as specifically described above, the Property shall be subject to those fees and charges due and payable to the City in connection with the Development that are charged pursuant to City Regulations to other developments located in the corporate limits of the City. Notwithstanding the foregoing, no capital recovery fees, including, but not limited to, pro rata fees, impact fees for water, sewer and roadways and other capital recovery fees shall be charged against residential development on the Property other than: (i) public safety fees in the amount of \$500 per attached or detached residential dwelling unit; (ii) tap fees in the amount established by City Regulations; and (iii) other fees normally collected at the time of building permit pursuant to the City Regulations, all of which fees will not be required until the time of building permit. The public safety fee shall escalate by an additional \$100 per attached or detached residential dwelling unit upon reaching the five-year anniversary of the Effective Date and then every fifth anniversary of the first escalation thereafter. For purposes of this Section 3.8, residential units contained in a mixed-use development shall be considered residential dwelling units. All capital recovery fees under this Section 3.8 will be due and payable at the time building permits are issued. All such public safety fees received by the City shall be accounted for on the City's books and records separate and apart from all other funds of the City and used only for real property or tangible personal property for public improvements or facilities for the provision of public safety services within or benefitting the Development.

3.9 PID Notice Signs. The developer shall place a sign on the PID Property where is it visible to vehicular traffic entering the Property that shall include the phrase "This development is located within a public improvement district" or similar language pre-approved by the City in writing.

3.10 Development Annexation Fee. Within thirty (30) days of the City's annexation of the Property into the City limits, the Developer shall pay to the City, an amount equal to \$100 for each single-family residential lot estimated to be constructed within the Property (the "Development Annexation Fee"). Notwithstanding anything to the contrary, as phases are developed within the Property, the Parties agree that the Development Annexation Fee shall be a one-time fee for the property and shall not be increased or decreased as a result in a change to the number of single-family residential lots as set forth in a final plat or replat for property within the Property. All Development Annexation Fees received by the City shall be accounted for on the

City's books and records separate and apart from all other funds of the City and used only for real property or tangible personal property for public improvements or facilities within or benefitting the Development.

ARTICLE IV INDEMNIFICATION

4.1 INDEMNIFICATION AND HOLD HARMLESS.

(a) THE DEVELOPER AND ITS SUCCESSORS AND ASSIGNS SHALL INDEMNIFY AND HOLD HARMLESS THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE PUBLIC INFRASTRUCTURE ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION AND/OR CONSTRUCTION OF THE PUBLIC INFRASTRUCTURE; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE PUBLIC INFRASTRUCTURE; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER'S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEEES, AND/OR TRUSTEES, REGARDING OR RELATED TO THE PUBLIC INFRASTRUCTURE OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE PUBLIC INFRASTRUCTURE, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY, EXCEPT TO THE EXTENT ANY SUCH CLAIMS ARISE FROM THE CITY'S OPERATION AND/OR MAINTENANCE OF THE WASTEWATER PUBLIC INFRASTRUCTURE (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OR SOLE NEGLIGENCE OF ANY INDEMNIFIED PARTY. DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

(b) IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY

INDEMNIFIED PARTIES PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON THEIR OWN BEHALF, AND DEVELOPER SHALL BE LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES. THE CITY AGREES, UNLESS ADVISED BY DEFENSE COUNCIL TO THE CONTRARY, TO ASSERT ITS IMMUNITY FROM LIABILITY AND IMMUNITY FROM SUIT AND/OR OTHER AVAILABLE AFFIRMATIVE DEFENSES.

(c) THIS SECTION 4.1 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

(d) THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION AND THE EXPRESS NEGLIGENCE TEXT COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

4.2 DEVELOPER'S ACKNOWLEDGEMENT OF THE CITY'S COMPLIANCE WITH FEDERAL AND STATE CONSTITUTIONS, STATUTES AND CASE LAW AND FEDERAL, STATE AND LOCAL ORDINANCES, RULES AND REGULATIONS/DEVELOPERS' WAIVER AND RELEASE OF CLAIMS FOR OBLIGATIONS EXPRESSLY SET FORTH IN THIS AGREEMENT.

(a) THE DEVELOPER ACKNOWLEDGES AND AGREES THAT, PROVIDED THERE ARE NO CITY DEFAULTS UNDER THIS AGREEMENT:

(i) THE PUBLIC INFRASTRUCTURE EXPRESSLY SET FORTH IN THIS AGREEMENT TO BE CONSTRUCTED UNDER THIS AGREEMENT, AND THE FEES TO BE IMPOSED BY THE CITY PURSUANT TO THIS AGREEMENT, REGARDING THE PROPERTY, IN WHOLE OR IN PART, DO NOT CONSTITUTE A:

(A) TAKING UNDER THE TEXAS OR UNITED STATES CONSTITUTION;

(B) VIOLATION OF THE TEXAS LOCAL GOVERNMENT CODE, AS IT EXISTS OR MAY BE AMENDED; AND/OR

(C) NUISANCE.

(ii) THE AMOUNT OF THE DEVELOPER'S FINANCIAL AND INFRASTRUCTURE CONTRIBUTION FOR THE PUBLIC INFRASTRUCTURE EXPRESSLY SET FORTH IN THIS AGREEMENT IS ROUGHLY PROPORTIONAL TO THE DEMAND THAT THE DEVELOPER'S ANTICIPATED IMPROVEMENTS AND DEVELOPER'S DEVELOPMENT OF THE PROPERTY PLACES ON THE CITY'S INFRASTRUCTURE.

(iii) THE DEVELOPER HEREBY AGREES, STIPULATES AND ACKNOWLEDGES THAT: (A) ANY PROPERTY WHICH IT CONVEYS TO THE CITY OR ACQUIRES FOR THE CITY PURSUANT TO THIS AGREEMENT IS ROUGHLY PROPORTIONAL TO THE BENEFIT RECEIVED BY THE DEVELOPER FOR SUCH LAND, AND THE DEVELOPER HEREBY WAIVES ANY CLAIM THEREFOR THAT IT MAY HAVE; AND (B) ALL PREREQUISITES TO SUCH DETERMINATION

OF ROUGH PROPORTIONALITY HAVE BEEN MET, AND ANY VALUE RECEIVED BY THE CITY RELATIVE TO SAID CONVEYANCE IS RELATED BOTH IN NATURE AND EXTENT TO THE IMPACT OF THE DEVELOPMENT OF THE PROPERTY ON THE CITY'S INFRASTRUCTURE. THE DEVELOPER FURTHER AGREES TO WAIVE AND RELEASE ALL CLAIMS IT MAY HAVE AGAINST THE CITY UNDER THIS AGREEMENT RELATED TO ANY AND ALL: (A) CLAIMS OR CAUSES OF ACTION BASED ON ILLEGAL OR EXCESSIVE EXACTIONS; AND (B) ROUGH PROPORTIONALITY AND INDIVIDUAL DETERMINATION REQUIREMENTS MANDATED BY THE UNITED STATES SUPREME COURT IN *DOLAN V. CITY OF TIGARD*, 512 U.S. 374 (1994), AND ITS PROGENY, AS WELL AS ANY OTHER REQUIREMENTS OF A NEXUS BETWEEN DEVELOPMENT CONDITIONS AND THE PROJECTED IMPACT OF THE PUBLIC INFRASTRUCTURE.

(b) NOTHING IN THIS AGREEMENT, INCLUDING THIS SECTION 4.2, WAIVES (AND DEVELOPER EXPRESSLY RESERVES) ANY RIGHT THE DEVELOPER MAY NOW OR HEREAFTER HAVE WITH RESPECT TO ANY CLAIM THAT THE APPLICATION OF AMENDMENTS TO THE CITY REGULATIONS, ENACTED AFTER THE EFFECTIVE DATE, TO THE PROPERTY VIOLATES ANY STATE OR FEDERAL LAW, SO LONG AS SUCH CLAIM DOES NOT RELATE TO ANY EXPRESS OBLIGATION OF DEVELOPER SET FORTH IN THIS AGREEMENT.

(c) THIS SECTION 4.2 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

ARTICLE V TERM

Term. The term of this Agreement shall be for a period of fifteen (15) years after the Effective Date, except that Section 3.4, plus all provisions referenced in Section 3.4, of this Agreement are covenants that touch and concern the Property and shall run with the Property following the termination this Agreement. The Parties may extend the term of this Agreement if they execute an agreement in writing. Notwithstanding anything to the contrary in this Agreement, this Agreement shall automatically terminate, be *void ab initio* and shall be of no further force or effect if the Developer does not purchase the Property by December 31, 2021 or if Developer notifies the City in writing prior to December 31, 2021 that it will not purchase the Property. Developer shall notify City it has become the owner of the Property within ten (10) days of closing on the Property.

ARTICLE VI ANNEXATION AND POST-ANNEXATION MATTERS

6.1 Annexation. Within thirty (30) days of being requested to do so by the City, which shall be after Developer's acquisition/closing of/on the Property, Developer agrees to submit a voluntary annexation petition covering all of the Property. The Developer agrees to execute and supply any and all instruments and/or other documentation necessary for the City to annex the Property into the City's corporate limits. This Agreement fulfills the requirements of Section 43.016 of the Texas Local Government Code, as it may be amended. This Agreement constitutes the service plan agreement for providing City services to the Property. If the City is unable to complete the annexation of the Property for any reason, including but not limited to procedural error or legal challenge, Developer shall execute another voluntary annexation petition for the

Property within ten (10) days of being requested to do so by the City. Developer acknowledges and agrees that this Section 6.1 was a material inducement for the City to enter into this Agreement with Developer and to create a PID.

6.2 Zoning of Property. While the Parties expressly acknowledge that the Property will be voluntarily annexed in accordance with Section 6.1 of this Agreement, the Parties agree that the Concept Plan, Development Standards and the applicable provisions of this Agreement memorialize the plan for development of the Property as provided for in Section 212.172 of the Texas Local Government Code and other applicable law. The City shall consider zoning the Property consistent with the Concept Plan, Development Standards and applicable provisions of this Agreement contemporaneously with the annexation of the Property. Through this Agreement, the Developer expressly consents and agrees to the zoning of the Property consistent with and as contemplated by this section. In the event of a conflict between this Agreement and the zoning of the Property, the Parties agree that this Agreement shall control. The Developer agrees that nothing in this Agreement shall prevent Exhibit D, Section 3.4 of this Agreement, and the City Regulations, including but not limited to zoning, from being enforced against an End-Buyer.

6.3 Failure to Zone. Notwithstanding anything to the contrary in Section 6.1 above, if the City fails to zone the Property as contemplated by Section 6.2 of this Agreement, then the City shall—if the Developer petitions for disannexation—promptly commence disannexation of the Property and diligently pursue disannexation until completion, and such disannexed property shall thereafter be immune to involuntary annexation by the City during the term of this Agreement.

ARTICLE VII INFRASTRUCTURE FINANCING

7.1 PID Financing. The City proposes to create the PID over the residential property within the Development, to fund, in part, the Public Infrastructure that will confer a special benefit upon the PID Property. As soon as reasonably practicable following a request by the Developer, and provided the City's financial advisor confirms the bonds and the issuance of bonds meet the below requirements and are credit worthy and are marketable to third party institutional, accredited investors or qualified institutional buyers, the City agrees to issue PID Bonds, subject to City Council approval.

(a) A PID creation petition shall be submitted by the Developer to the City that contains a list of the Public Infrastructure for the PID to be funded or acquired with assessment revenues and/or PID Bond proceeds and the estimated or actual PID Project Costs and that otherwise complies with the requirements of the PID Act. Simultaneously with the submission of a PID creation Petition, the Developer shall submit a PID dissolution petition to be held in escrow by the City and only used if Developer fails to purchase all of the Property by December 31, 2021.

(b) PID funding of certain Public Infrastructure as authorized by the PID Act, including but not limited to local streets, water, sewer and storm drainage improvements and appurtenances providing special benefit to a development phases and/or planning area, will include, to the maximum extent authorized by State law, and only as requested by the Developer, one or more of the following: (i) annual payments by the City to the Developer of PID assessments not pledged to the repayment of PID Bonds; (ii) the issuance by the City of PID Bonds secured by PID

assessments; or (iii) any other method approved by the City. The total principal amount of PID Bonds secured by assessments from the Property shall not exceed the amount stated in the PID creation petition which amount shall not exceed \$40,000,000.

(c) The Public Infrastructure to be funded by the PID will confer a special benefit on the Property and be described in the PID Service and Assessment Plan (the "PID Projects").

(d) The total estimated cost of the PID Projects (the "PID Project Costs") will be as stated in the PID Service and Assessment Plan, as amended. The PID Project Costs will include the cost of two-year maintenance bonds for the PID Projects.

(e) The City and the Developer will jointly determine the PID Project Costs, which PID Project Costs shall exclude the costs of lands acquired or dedicated as easements for utilities and rights-of-way for roadway purposes except for such costs of lands acquired or dedicated for easements or rights-of-way from third-parties outside of the Property, and prepare a Service and Assessment Plan for the PID. After the City approves the final PID Project Costs, prepares a proposed assessment roll based thereon, and files the Service and Assessment Plan and proposed assessment roll with the Secretary for the City for public inspection, the City will levy special assessments against the Property.

(f) The City shall review and update the Service and Assessment Plan consistent with the requirements of Section 372.013(b) of the PID Act. As needed for consistency with the updated Service and Assessment Plan and consistent with the requirements of Sections 372.019 and 372.020 of the PID Act, the City shall make supplemental assessments, or new assessments such that assessments reflect the updated PID Project Costs. Concurrent with the levy of PID assessments and as needed to implement the Service and Assessment Plan, the City and the Developer will enter into a PID Reimbursement Agreement that provides for the Developer's construction of certain PID Projects and the City's reimbursement to the Developer of certain PID Project Costs.

(g) The City will use its reasonable efforts to issue one or more series of PID Bonds secured, in whole or in part, by assessments levied against benefited property within the PID. PID Bonds may also be secured by any other revenue authorized by the PID Act or other State law and approved by the City Council of the City. The net proceeds from the sale of PID Bonds (i.e., net of costs and expenses of issuance and amounts for debt service reserves and capitalized interest) will be used to pay PID Project Costs. The City will only issue PID Bonds as Reimbursement Bonds. Notwithstanding the foregoing, the obligation of the City to issue PID Bonds is conditioned upon there being a total overall minimum value to lien ratio of 3 to 1 (unless the City, in its sole discretion approves a lower value to lien ratio) assuming that the Public Infrastructure financed by the PID are in place as of the date of the fair market valuation as determined by an appraisal. The net proceeds from the sale of the PID Bonds will be deposited in and disbursed from a fund created and administered pursuant to the indenture under which the PID Bonds are issued.

(h) Notwithstanding anything to the contrary in Section 6.1 above, if the City fails to issue any series of PID Bonds in accordance with the terms of this Agreement within 180 days after the date the Developer delivers a written notice to the City requesting the issuance of such PID Bonds, then, provided that such failure to issue PID Bonds is not due to any action or inaction

by the Developer, (i) the City shall—if the Developer petitions for disannexation—disannex the portion of the Property that is the subject of Developer’s written notice requesting the issuance of PID Bonds and any remaining portion of the Property for which no PID Bonds have been issued by promptly commencing disannexation of the Property and diligently pursuing disannexation until completion, and such disannexed property shall thereafter be immune to involuntary annexation by the City during the term of this Agreement; and (ii) the City’s consent shall be deemed given to the creation of a conservation and reclamation district operating pursuant to Article XVI, Chapter 59 and Article III, Section 52, Texas Constitution, which consent shall be further evidenced by ordinance or resolution, at the request of the Developer; and (iii) this Agreement shall be terminated for the portion of the Property being disannexed.

(i) Issuance of each series of PID Bonds is additionally subject to the following conditions:

(i) the adoption or amendment of the Service and Assessment Plan, an assessment roll, and an ordinance levying assessments on all or any portion of the PID Property benefitted by such Public Infrastructure included in such amounts sufficient to pay all costs related to such Public Infrastructure and PID Bonds;

(ii) delivery by Developer to the City of a certification or other evidence from an independent appraiser or other professional reasonably acceptable to the City confirming that future or prospective final lot values of the properties being assessed for the Public Infrastructure;

(iii) approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas;

(iv) Developer is current on all taxes, assessments, fees and obligations to the City, including without limitation payment of Assessments;

(v) Developer is not in default under this Agreement, a PID Reimbursement Agreement, any Developer continuing disclosure agreement related to PID Bonds, or any other agreement with the City related to the PID;

(vi) no outstanding PID Bonds are in default and no reserve funds have been drawn upon that have not been replenished;

(vii) the PID administrator has certified that the specified portions of the costs to be paid from PID Bond Proceeds are eligible to be paid therewith;

(viii) the City has determined that there will be no negative impact on the City’s creditworthiness, bond ratings, access to or cost of capital, or potential for liability, and that the PID Bonds are structured and marketed appropriately, meet all regulatory and legal requirements and are marketable under financially reasonable terms and conditions;

(ix) the City has determined that the amount of proposed assessments and the structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for

the Public Infrastructure to be financed and the degree of development activity within the PID, and that there is sufficient security for the PID Bonds to be creditworthy;

(x) the maximum maturity for any sales of PID Bonds shall not exceed 30 years from the date of delivery thereof and Assessments shall not be levied for any period exceeding 40 years from the Effective Date of this Agreement;

(xi) the final maturity for any PID Bonds shall be not later than [40] years from the date of this Agreement;

(xii) The aggregate projected annual assessment installment payments when aggregated with all other taxing entities will not exceed an equivalent tax rate of \$3.10 per \$100 of projected taxable assessed valuation in any year after full build out of a parcel or the Property, as applicable, as described below. This restriction shall apply on an aggregate basis for the Property and on an individual assessed parcel basis. The "aggregate projected annual assessment installment payments" are the aggregate amount of payments necessary to meet (A) the annual debt service requirements of the series of PID Bonds to be issued and of all of the PID Bonds and other obligations payable out of assessments previously issued or executed and outstanding by the City for the PID Property, and (B) the projected annual debt service requirements of all PID Bonds or other obligations payable out of assessments that are projected to be issued or executed by the City for the PID Property, in order to fund all remaining Public Infrastructure necessary for the full planned build out of the PID Property. The "projected taxable assessed valuation" is the estimated taxable assessed valuation of the PID Property assessed or to be assessed within the City assuming (A) the full planned build out of the PID Property, and (B) no growth in the taxable assessed value for any parcel (after build out of the parcel) in any year. The projected taxable assessed valuation shall be determined for the Property by the City prior to the date of the issuance of the first series of PID Bonds for the Property by the City;

(xiii) The maximum tax equivalent assessment rate for the assessment levy shall not exceed \$0.90 per \$100.00 taxable assessed valuation without prior, written consent of the City, in its sole discretion;

(xiv) the PID Bonds shall be offered and sold and may be transferred or assigned only (A) upon compliance with applicable securities laws; and (B) unless otherwise agreed to by the City, (i) to qualified institutional buyers, investors or accredited investors as such buyers/investors are defined in compliance with applicable securities laws, and (ii) in minimum denominations of \$100,000 or integral multiples of \$5,000 in excess thereof;

(xv) no information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City; and

(xvi) Developer agrees to provide periodic information and notices of certain events regarding Developer and Developer's development of the Property within the PID in accordance with Securities and Exchange Commission Rule 15c2-12 and any Developer continuing disclosure agreement related to PID Bonds.

7.2 Costs for Non-Bank Qualified Bonds.

(a) If in any calendar year the City issues bonds, notes or other obligations as approved by the City Council for any given year in question that would constitute a qualified tax-exempt obligation but for the issuance of the PID Bonds or other bonds, notes or other obligations supporting public improvements for non-City owned development projects or City owned projects financed for a direct benefit to the non-City owned development projects, including either bonds authorized by Texas Tax Code Chapter 311 or bonds authorized by the PID Act, then the Developer shall pay to the City a fee (the "Bank Qualified Debt Fee") to compensate the City for the debt service savings the City would have achieved had the debt issued by the City been able to be classified as a qualified tax-exempt obligation provided that all other developers or owners benefitting from the City issuing debt are similarly burdened with an obligation to compensate the City. The Bank Qualified Debt Fee of the Developer and all other developers or owners on whose behalf the City issues debt, will be calculated as follows:

The net present value (calculated based on the Internal Revenue Service bond arbitrage yield) of the debt service savings that would have accrued to the City had it been able to issue qualified tax-exempt obligation debt multiplied by a fraction, the numerator of which is the amount of debt issued by the City for any particular owner or developer (including the Developer, as applicable) and the denominator of which is the total debt issued by the City for the benefit of all owners or developers (including the Developer, as applicable).

(b) To the extent any developer(s) or owner(s) (including the Developer, as applicable) has (have) paid the Bank Qualified Debt Fee for any particular calendar year, any such Bank Qualified Debt Fee paid subsequently by a developer or owner (including the Developer, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer(s) or owner(s) (including the Developer, as applicable) as necessary so as to put all developers and owners so paying for the same calendar year in the required payment proportion as set forth above, said reimbursement to be made by the City within ten (10) business days after its receipt of such subsequent payments of the Bank Qualified Debt Fee.

(c) If in any calendar year the City issues PID Bonds on its own account that exceed the amount that would otherwise qualify the City for the issuance of bank qualified debt, or if the City fails to charge the Bank Qualified Debt Fee to any other developer or owner on whose behalf the City has issued debt and fails to cure such oversight, then no Bank Qualified Debt Fee shall be due under this provision and if any Bank Qualified Debt Fee had already been paid to the City under this provision, then such Bank Qualified Debt Fee shall be reimbursed promptly to the Developer from lawfully available and otherwise unencumbered funds.

7.3 Disclosure Information. Prior to the issuance of a series of PID Bonds by the City, Developer agrees to provide all relevant information, including financial information that is reasonably necessary in order to provide potential bond investors with a true and accurate offering document for any PID Bonds. Developer agrees, represents, and warrants that any information provided by Developer for inclusion in a disclosure document for an issue of PID Bonds will not contain any untrue statement of a material fact or omit any statement of material fact required to

be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and Developer further agrees that it will provide a certification to such effect as of the date of the closing of any PID Bonds.

7.4 Tax Certificate. If, in connection with the issuance of a series of PID Bonds, the City is required to deliver a certificate as to tax exemption (a "Tax Certificate") to satisfy requirements of the Internal Revenue Code of 1986, Developer agrees to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. Developer represents that such facts and estimates will be based on its reasonable expectations as of the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of Developer providing such facts and estimates, true, correct and complete as of such date. To the extent that it exercises control or direction over the use or investment of the proceeds of PID Bonds, including, but not limited to, the use of the Public Infrastructure, Developer further agrees that it will not knowingly make, or permit to be made, any use or investment of such funds that would cause any of the covenants or agreements of the City contained in a Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

7.5 Agricultural Exemption. The City acknowledges that some or all of the PID Property may now have and/or may in the future have an agricultural, open-space, timber, or wildlife management use tax classification ("Agricultural Exemption"). The Parties will execute an Agreement Regarding Conveyance of Right of Redemption and Waiver of Agricultural Valuation ("Agricultural Exemption Waiver Agreement") substantially in the form attached hereto as Exhibit I. The Agricultural Exemption Waiver Agreement will determine the timing for the removal of the Agricultural Exemption; provided, however, the Parties agree that prior to the issuance of a series of PID Bonds, the City may request removal of the Agricultural Exemption from the portion of the PID Property benefited by the PID Bonds, and the Developer shall upon such request remove such Agricultural Exemption for such portion of the PID Property..

7.6 PID Notices. When selling any of the Property after the PID is created, the Developer shall provide notices in a form required by and in compliance with Title 2, Chapter 5 of the Texas Property Code, as amended, to anyone who purchases property within the PID and shall notify the purchaser: (a) that the property is located in the PID; (b) that the City has issued or may issue PID bonds; (c) that the City has levied or may levy PID assessments; (d) of the unpaid reimbursement amount of the PID assessment against the Property; (e) of the estimated annual installments if PID assessments are not paid in full; and (f) of the estimated duration of the PID assessment and annual installments. Further, the Developer shall contractually require builders selling homes to continuously post a notice of the PID assessments in a conspicuous location in each model home and provide an explanation of the PID assessments in written brochures and promotional materials given to each prospective purchaser. This section applies to all owners of all or any portion of the Property.

7.7 Agreements with Bear Creek SUD. Developer agrees to use its best efforts to acquire, or facilitate the execution of, any agreement between Bear Creek SUD and the City necessary for the approval of the Attorney General of Texas of any PID Bond.

7.8 Legislative Discretion. The City shall use its best efforts to initiate and approve all necessary documents and ordinances required to effectuate this Agreement including, but not limited to, the creation of the PID, the levying of assessments and the issuance of PID Bonds. Nothing contained in this Agreement, however, shall be construed as creating a contractual obligation that controls, waives, or supplants the City Council's legislative discretion.

ARTICLE VIII EVENTS OF DEFAULT; REMEDIES

8.1 Events of Default. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given in writing (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has been given a reasonable time to cure the alleged failure (such reasonable time to be determined based on the nature of the alleged failure, but in no event more than 30 days after written notice of the alleged failure has been given). Notwithstanding the foregoing, no Party shall be in default under this Agreement if, within the applicable cure period, the Party to whom the notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured and within such 30-day period gives written notice to the non-defaulting Party of the details of why the cure will take longer than 30 days with a statement of how many days are needed to cure.

8.2 Remedies. If a Party is in default, the aggrieved Party may, at its option and without prejudice to any other right or remedy under this Agreement, seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act, or actions for specific performance, mandamus, or injunctive relief. NOTWITHSTANDING THE FOREGOING, HOWEVER, NO DEFAULT UNDER THIS AGREEMENT SHALL ENTITLE THE AGGRIEVED PARTY TO TERMINATE THIS AGREEMENT OR LIMIT THE TERM OF THIS AGREEMENT.

ARTICLE IX ASSIGNMENT AND ENCUMBRANCE

9.1 Assignment by Developer to Successors.

(a) The Developer has the right (from time to time without the consent of the City, but upon prior written notice to the City) to assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of the Developer under this Agreement, to (i) any person or entity that is or will become an owner of any portion of the Property, or (ii) any person or entity that is controlled by or under common control by the Developer and becomes an owner of any portion of the Property, or (iii) GRBK Edgewood LLC, or another affiliate or subsidiary of Green Brick Partners, provided that the Developer is not in breach of this Agreement at the time of such assignment (an "Developer Assignee"). A Developer Assignee is considered the "Developer" and a "Party," under this Agreement for purposes of the obligations, rights, title, and interest assigned to the Developer Assignee. Notice of each proposed assignment to a Developer Assignee shall be provided to the City at least fifteen (15) days prior to the effective date of the assignment, which notice shall include a copy of the proposed assignment document together with the name, address,

telephone number, and e-mail address (if available) of a contact person representing the Developer Assignee.

(b) Each assignment shall be in writing executed by the Developer and the Developer Assignee and shall obligate the Developer Assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. A copy of each fully executed assignment to a Developer Assignee shall be provided to all Parties within fifteen (15) days after execution. From and after such assignment, the City agrees to look solely to the Developer Assignee for the performance of all obligations assigned to the Developer Assignee and agrees that the Developer shall be released from subsequently performing the assigned obligations and from any liability that results from the Developer Assignee's failure to perform the assigned obligations; provided, however, if a copy of the assignment is not received by the City within 15 days after execution, Developer shall not be released until the City receives such copy of the assignment.

(c) No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the City approves the release in writing.

(d) The Developer shall maintain written records of all assignments made to Developer Assignees, including a copy of each executed assignment and the Developer Assignee's Notice information as required by this Agreement, and, upon written request from another Party, shall provide a copy of such records to the requesting person or entity.

9.2 Assignment by the City. The City has the right (from time to time without the consent of another Party, but upon prior written Notice to each other Party) to assign this Agreement, in whole or in part, and including any obligation, right, title, or interest of the City under this Agreement, to any agency, authority, or political subdivision of the state (a "City Assignee"). Notice of each proposed assignment to a City Assignee shall be provided to each other Party at least 15 days prior to the effective date of the assignment, which Notice shall include a copy of the proposed assignment document together with the name, address, telephone number, and e-mail address of a contact person representing the City Assignee who the other Party may contact for additional information. Each assignment shall be in writing executed by the City and the City Assignee and shall obligate the City Assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. A copy of each fully executed assignment to a City Assignee shall be provided to all Parties within 15 days after execution. From and after such assignment, all Parties agrees to look solely to the City Assignee for the performance of all obligations assigned to the City Assignee and agrees that the City shall be released from subsequently performing the assigned obligations and from any liability that results from the City Assignee's failure to perform the assigned obligations; provided, however, if a copy of the assignment is not received by the other Parties within 15 days after execution, the City shall not be released until the other Parties receive such copy of the assignment. No assignment by the City shall release the City from any liability that resulted from an act or omission by the City that occurred prior to the effective date of the assignment unless the other Parties approve the release in writing. The City shall maintain written records of all assignments made by the City to City Assignees, including a copy of each executed assignment and the City

Assignee's Notice information as required by this Agreement, and, upon written request from another Party, shall provide a copy of such records to the requesting person or entity.

9.3 Collateral Assignments. The Developer and Developer Assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of their respective lenders without the consent of, but with prompt written Notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including Notice (hereinafter defined) information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement and shall be given a reasonable time to do so in addition to the cure periods otherwise provided to the defaulting Party by this Agreement; and the City agrees to accept a cure offered by the lender as if offered by the defaulting Party. A lender is not a Party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured.

9.4 Transfer of Warranties. Any Public Infrastructure that are transferred to the City shall be accompanied by all applicable third-party bonds and warranties related to construction and maintenance of such Public Infrastructure.

9.5 Assignees as Parties. An assignee authorized in accordance with this Agreement and for which notice of assignment has been provided in accordance with this Agreement shall be considered a "Party" for the purposes of this Agreement. With the exception of the End-Buyer of a lot within the Property, any person or entity upon becoming an owner of land or upon obtaining an ownership interest in any part of the Property shall be deemed to be a "Developer" and have all of the obligations of the Developer as set forth in this Agreement and all related documents to the extent of said ownership or ownership interest.

9.6 No Third-Party Beneficiaries. This Agreement only inures to the benefit of, and may only be enforced by, the Parties. No other person or entity shall have any right, title, or interest under this Agreement or otherwise be deemed to be a third-party beneficiary of this Agreement.

9.7 Obligated Person. No conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made by the Developer or any successor or assignee of the Developer of this Agreement or any PID Reimbursement Agreement that results in the City being an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. No conveyance, transfer, assignment,

mortgage, pledge or other encumbrance shall be made by the Developer or any successor or assignee of the Developer of or related to payments received pursuant to this Agreement or any PID Reimbursement Agreement as security for or the payment of bonds or other securities issued by any entity other than the City.

ARTICLE X RECORDATION AND ESTOPPEL CERTIFICATES

10.1 Binding Obligations. This Agreement and all amendments hereto (including amendments to the Concept Plan as allowed in this Agreement) and assignments hereof shall be recorded in the deed records of Collin County on or after the date Developer becomes the owner of all of the Property. After recording, this Agreement touches the Property and binds and constitutes a covenant running with the Property. After recording, this Agreement shall be binding upon the Parties and their successors and assigns permitted by this Agreement and forms a part of any other requirements for Development within the Property; however, this Agreement shall not be binding upon, and shall not constitute any encumbrance to title as to, any end-buyer/homebuyer of a fully developed and improved lot (an "End-Buyer") and shall not negate the End-Buyer's obligation to comply with the City's Regulations, including but not limited to zoning ordinances, as they currently exist or may be amended.

10.2 Estoppel Certificates. From time to time upon written request of the Developer, if needed to facilitate a sale of all or a portion of the Property or a loan secured by all or a portion of the Property, the City will execute a written estoppel certificate in a form and substance satisfactory to the City, to its reasonable knowledge and belief, identifying any obligations of the Developer under this Agreement that are in default. The Developer shall pay the City \$1,000 at the time of the Developer's request for an estoppel certificate for each request in excess of one per calendar year.

ARTICLE XI ADDITIONAL PROVISIONS

11.1 Recitals. The recitals contained in this Agreement: (a) are true and correct as of the Effective Date; (b) form the basis upon which the Parties negotiated and entered into this Agreement; (c) are legislative findings of the City Council of the City; and (d) reflect the final intent of the Parties with regard to the subject matter of this Agreement. In the event it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as evidenced by the recitals, shall be taken into consideration and, to the maximum extent possible, given full effect. The Parties have relied upon the recitals as part of the consideration for entering into this Agreement and, but for the intent of the Parties reflected by the recitals, would not have entered into this Agreement.

11.2 Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City: Attn: Kim Dobbs, City Administrator
City of Lavon
P.O. Box 340
Lavon, TX 75166

With a copy to: Attn: Julie Fort
Messer, Fort, & McDonald, PLLC
6371 Preston Road, Suite 200
Frisco, Texas 75034

To the Developer: Meritage Homes of Texas, LLC
8840 Cypress Waters Blvd, Suite 100
Dallas, Texas 75019
Attention: David Aughinbaugh

With a copy to: Attn: Ross S. Martin
Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, Texas 75201

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

11.3 Interpretation. The Parties acknowledge that each has been actively involved in negotiating this Agreement. Accordingly, the rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Agreement. In the event of any dispute over the meaning or application of any provision of this Agreement, the provision will be interpreted fairly and reasonably and neither more strongly for nor against any Party, regardless of which Party originally drafted the provision.

11.4 Time. In this Agreement, time is of the essence and compliance with the times for performance herein is required.

11.5 Authority and Enforceability. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Agreement on behalf of the City has been duly authorized to do so. The Developer represents and warrants that this Agreement has been approved by appropriate action of the Developer, and that the individual executing this Agreement on behalf of the Developer has been duly authorized to do so. Each Party respectively acknowledges and agrees that this Agreement is binding upon such Party and is enforceable against such Party, in accordance with its terms and conditions and to the extent provided by law.

11.6 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements, whether oral or written, covering the subject matter of

this Agreement. This Agreement shall not be modified or amended except in writing signed by the Parties.

11.7 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

11.8 Applicable Law; Venue. This Agreement is entered into pursuant to, and is to be construed and enforced in accordance with, the laws of the State of Texas, and all obligations of the Parties are performable in Collin County. Exclusive venue for any action to enforce or construe this Agreement shall be in the Collin County District Court.

11.9 Non-Waiver. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

11.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

11.11 Further Documents. The Parties agree that at any time after execution of this Agreement, they will, upon request of another Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request in order to effectuate the terms of this Agreement. This provision shall not be construed as limiting or otherwise hindering the legislative discretion of the City Council seated at the time that this Agreement is executed or any future City Council.

11.12 Exhibits. The following exhibits are attached to this Agreement and are incorporated herein for all purposes:

Exhibit A	Description of the Property
Exhibit B	Concept Plan
Exhibit C	Development Standards
Exhibit D	Offsite Wastewater Improvements
Exhibit E	Roadway Improvements
Exhibit F	Amenities
Exhibit G	Traffic Impact Analysis
Exhibit H	Parks, Trails and Open Space
Exhibit I	Agricultural Exemption Waiver Agreement

11.13 Governmental Powers: Waivers of Immunity. By its execution of this Agreement, the City does not waive or surrender any of its respective governmental powers, immunities, or rights except as provided in this section. The Parties acknowledge that the City waives its sovereign immunity as to suit solely for the purpose of adjudicating a claim under this Agreement. This is an agreement for the provision of goods or services to the City under Section 271.151 et seq. of the Texas Local Government Code.

11.14 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance, shall give notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" shall include events or circumstances that are not within the reasonable control of Party whose performance is suspended and that could not have been avoided by such Party with the good faith exercise of good faith, due diligence and reasonable care.

11.15 Amendments. This Agreement cannot be modified, amended, or otherwise varied, except in writing signed by the City and the Developer expressly amending the terms of this Agreement.

11.16 Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is hereby acknowledged.

11.17 Form 1295 Certificate. The Developer represents that it has complied with Texas Government Code, Section 2252.908 and in connection therewith, the Developer has completed a Texas Ethics Commission Form 1295 Certificate generated by the Texas Ethics Commission's electronic filing system in accordance with the rules promulgated by the Texas Ethics Commission. The Developer further agrees to print the completed certificate and execute the completed certificate in such form as is required by Texas Government Code, Section 2252.908 and the rules of the Texas Ethics Commission and provide to the City at the time of delivery of an executed counterpart of this Agreement, a duly executed completed Form 1295 Certificate. The Parties agree that, except for the information identifying the City and the contract identification number, the City is not responsible for the information contained in the Form 1295 completed by the Developer. The information contained in the Form 1295 completed by the Developer has been provided solely by the Developer and the City has not verified such information

[signatures on following pages]

EXECUTED by the City and the Developer on the respective dates stated below after approval of the City Council of the City.

Date: 10-19-21

CITY OF LAVON

By: Vicki Sandoz

Mayor

ATTEST:

Rae Dutton
City Secretary

APPROVED AS TO FORM

J. Fort R.C.S.
Julie Fort, Attorney for City by permission

STATE OF TEXAS

§

§

COUNTY OF COLLIN

§

This instrument was acknowledged before me on the 19 day of October, 2021, by Vicki Sandoz, the Mayor of the City of Lavon, Texas, on behalf of said City.

(SEAL)



LeAnn McCleendon
Notary Public, State of Texas

LeAnn McCleendon
Name printed or typed

Commission Expires: May 15, 2022

DEVELOPER

MERITAGE HOMES OF TEXAS, LLC,

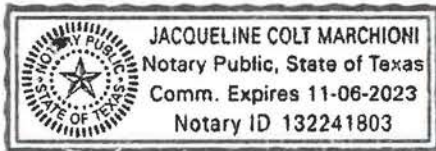
an Arizona limited liability company

By: [Signature]
Name: David Aughinbaugh
Title: Division Vice President
Date: October 15, 2021

STATE OF TEXAS §
COUNTY OF Dallas §

BEFORE ME, the undersigned authority, on this day personally appeared David Aughinbaugh, known to me to be one of the persons whose names are subscribed to the foregoing instrument; he/she acknowledged to me that he/she is the Division VP and duly authorized representative of MERITAGE HOMES OF TEXAS, LLC, an Arizona limited liability company, and that he/she executed said instrument for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 15th day of October, 2021.



Jacqueline Colt Marchioni
Notary Public, State of Texas
My Commission Expires: 11-06-2023

Exhibit A-1a
Legal Descriptions and Depictions

BEING a tract of land situated in the S. Roberts Survey, Abstract No. 773 and the D. Anglin Survey, Abstract No. 2, Collin County, Texas and being all of a called 30.000 acre tract of land described as Parcel No. 1 – Tract 5 – Monkey Run West and all of a called 112.5 acre tract of land described as Parcel No. 1 – Tract 6 – Monkey Run East in a Partition Deed to O'Reda Boyd McCartney, as recorded in Volume 816, Page 651 of the Deed Records of Collin County, Texas, and also being all of a called 0.55 acre tract of land described in a Warranty Deed to O'Reda Boyd McCartney, as recorded in Volume 2262, Page 152 of the Deed Records of Collin County, Texas and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the northwest corner of said Tract 6, common to the southwest corner of a called 5.000 acre tract of land described in a deed to Thomas Moon, as recorded in Instrument No. 96-0085000 of the Official Public Records of Collin County, Texas, being on the easterly line of a called 10.239 acre tract of land described in a deed to Scott Goodwin and Kathy Goodwin, as recorded in Instrument No. 95-0043368 of the Land Records of Collin County, Texas, and in County Road No. 484, a variable width right-of-way, no record found;

THENCE North 79°37'10" East, departing said County Road No. 484 and the easterly line of said 10.239 acre tract, along the northerly line of said Tract 6 and the southerly line of said 5.000 acre tract, a distance of 614.28 feet to a 1/2 inch iron rod found for corner;

THENCE North 77°36'57" East, continuing along the northerly line of said Tract 6 and the southerly line of said 5.000 acre tract, a distance of 441.96 feet to a 1/2 inch iron rod found for the southeast corner of said 5.000 acre tract, common to the southwest corner of Crestridge Meadows Phase 1, according to the plat thereof recorded in Volume 2020, Page 649 of the Plat Records of Collin County, Texas;

THENCE North 78°41'41" East, continuing along the northerly line of said Tract 6 and the southerly line of said Crestridge Meadows Phase 1, a distance of 313.41 feet to a 1/2 inch iron rod found for the northerly northeast corner of said Tract 6;

THENCE South 1°11'56" West, departing the southerly line of said Crestridge Meadows Phase 1 and along the easterly line of said Tract 6, a distance of 892.93 feet to a 1/2 inch iron rod found for an ell corner of said Tract 6, being on the southerly line of a called 90 acre tract of land described in a deed to Roy Brian Webb, as recorded in Volume 4761, Page 200 of the Official Public Records of Collin County, Texas;

THENCE South 86°58'25" East, continuing along the easterly line of said Tract 6 and along the southerly line of said 90 acre tract, a distance of 59.71 feet to a 1/2 inch iron rod found for the southerly northeast corner of said Tract 6, common to the northwest corner of Meadow Creek Estates, as recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas;

THENCE South 1°01'04" West, departing the southerly line of said 90 acres, along the easterly line of said Tract 6 and the westerly line of said Meadow Creek Estates, passing at a distance of

2765.15 feet a 1/2 inch iron rod found for the southwest corner of said Meadow Creek Estates, being on the northerly right-of-way line of County Road No. 483, a variable width right-of-way, no record found, and continuing along the same course and crossing said County Road No. 483, for a total distance of 2825.15 feet to a mag nail set in the approximate centerline of said County Road No. 483, and on the northerly line of a 60 foot wide right-of-way dedicated in the plat of Caddo Creek Estates, as recorded in Cabinet Q, Page 137 of the Plat Records of Collin County, Texas;

THENCE North 88°52'26" West, along the approximate centerline of said County Road No. 483 and the northerly line of said 60 foot wide right-of-way dedication, a distance of 263.30 feet to a mag nail set for the northwest corner of said 60 foot wide right-of-way dedication;

THENCE South 0°24'43" East, continuing the approximate centerline of said County Road No. 483 and along the west line of said 60 foot wide right-of-way dedication, a distance of 9.91 feet to a mag nail set for the northeast corner of a called 38.87 acre tract of land described as Sixth Tract in a deed to Lumpkin Family Partnership, Ltd., as recorded in Instrument No. 98-0114379 of the Land Records of Collin County, Texas;

THENCE North 89°37'23" West, departing the westerly line of said 60 foot wide right-of-way dedication, continuing along the approximate centerline of said County Road No. 483, and along the northerly line of said 38.87 acre tract and the northerly line of a called 292.141 acre tract of land described as Tract 2 in a deed to Bear Camp Residential, LP, as recorded in Instrument No. 20210115000095820 of the Official Public Records of Collin County, Texas, a distance of 93.64 feet to a PK nail with washer stamped "Jones Carter" found at the beginning of a tangent curve to the right having a central angle of 30°21'31", a radius of 600.00 feet, a chord bearing and distance of North 74°26'37" West, 314.21 feet;

THENCE in a northwesterly direction, with said curve to the right, continuing along the southerly line of said Tract 2 and the approximate centerline of said County Road No. 483, an arc distance of 317.92 feet to a PK nail with washer stamped "Jones Carter" found at the beginning of a reverse curve to the left having a central angle of 10°50'27", a radius of 800.00 feet, a chord bearing and distance of North 64°41'04" West, 151.14 feet;

THENCE continuing in a northwesterly direction, with said curve to the left, continuing along the northerly line of said Tract 2 and the approximate centerline of said County Road No. 483, an arc distance of 151.37 feet to a PK nail with washer stamped "Jones Carter" found for the southeast corner of aforesaid 0.55 acre tract, and at the beginning of a non-tangent curve to the left having a central angle of 32°28'27", a radius of 800.00 feet, a chord bearing and distance of North 85°15'11" West, 447.38 feet;

THENCE continuing in a northwesterly direction, with said curve to the left, continuing along the northerly line of said Tract 2 and the approximate centerline of said County Road No. 483, and along the southerly line of said 0.55 acre tract, an arc distance of 453.42 feet to a PK nail with washer stamped "Jones Carter" found for a northwest corner of said Tract 2, common to the southwest corner of said 0.55 acre tract, same being on the southerly line of said Tract 6;

THENCE South 76°01'59" West, continuing along the approximate centerline of said County Road No. 483 and along the southerly line of said Tract 6, a distance of 174.67 feet to a mag nail set for the southwest corner of said Tract 6, being in aforesaid County Road No. 484;

THENCE North 1°04'28" East, departing the approximate centerline of said County Road No. 483, along the westerly line of said Tract 6, the easterly line of a called 35.191 acre tract of land described as Tract 1 in said deed to Bear Camp Residential, LP, and along said County Road No. 484, a distance of 1216.68 feet to a mag nail set for the northeast corner of said Tract 1, common to the southeast corner of aforesaid Tract 5;

THENCE North 88°54'08" West, departing the approximate centerline of said County Road No. 483 and the westerly line of said Tract 6, along the southerly line of said Tract 5 and the northerly line of said Tract 1, a distance of 1175.53 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southwest corner of said Tract 5;

THENCE North 1°44'46" East, departing the northerly line of said Tract 1, along the westerly line of said Tract 5, passing at a distance of 0.68 feet the southeast corner of a called 3.68 acre tract of land described as Tract I in a deed to Johnny E. Sorrells, as recorded in Instrument No. 20120302000248200 of the Official Public Records of Collin County, Texas, and continuing along the same course and along the easterly line of said Tract I, passing at a distance of 1040.21 feet a 5/8 inch iron rod found for witness, and continuing along the same course, for a total distance of 1070.21 feet to a mag nail set for the northwest corner of said Tract 5, common to the northeast corner of said Tract I, being in the centerline of County Road No. 485, a variable width right-of-way, no record found;

THENCE South 89°00'14" East, along the northerly line of said Tract 5 and the centerline of said County Road No. 485, a distance of 1170.83 feet to a mag nail set for the northeast corner of said Tract 5, being on the westerly line of said Tract 6 and in the centerline of said County Road No. 484;

THENCE North 1°29'36" East, along the westerly line of said Tract 6 and the centerline of said County Road No. 484, a distance of 1026.04 feet to the **POINT OF BEGINNING** and containing 140.551 acres (6,122,385 square feet) of land, more or less.

Exhibit A-1b
Legal Descriptions and Depictions

BEING a tract of land situated in the D. Anglin Survey, Abstract No. 2, Collin County, Texas, and being the remainder of a called 90 acre tract of land described as Tract 1 (Lavon Place) in a Special Warranty Deed to Roy Brian Webb and Andrea Kay Campbell, as recorded in Volume 4761, Page 200 of the Land Records of Collin County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the northeast corner of said 90 acre tract, common to an ell corner of a called 92.267 acre tract of land described in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 20180713000870110 of the Official Public Records of Collin County, Texas;

THENCE South 2°49'59" East, along the easterly line of said 90 acre tract and the southerly line of said 92.267 acre tract, a distance of 7.53 feet to a 1/2 inch iron rod found for an exterior corner of said 92.267 acre tract, common to the northwest corner of a called 57.075 acre tract of land described as Tract 1 in a deed to Bloomfield Homes, LP, as recorded in Instrument No. 2018050000655680 of the Official Public Records of Collin County, Texas, same being on the westerly right-of-way line of County Road No. 483, a variable width right-of-way, no record found;

THENCE South 0°33'28" West, continuing along the easterly line of said 90 acre tract, along the westerly line of said 57.075 acre tract and the westerly right-of-way line of said County Road No. 483, a distance of 1473.51 feet to a 5/8 inch iron rod with plastic cap stamped "KHA" set for the southeast corner of said 90 acre tract, common to the northerly southwest corner of said 57.075 acre tract being on the Meadow Creek Estates, according to the plat thereof recorded in Cabinet G, Page 485 of the Plat Records of Collin County, Texas;

THENCE North 89°18'33" West, departing the westerly right-of-way line of said County Road No. 483, along the southerly line of said 90 acre tract and the northerly line of said Meadow Creek Estates, a distance of 2327.88 feet to a 1/2 inch iron rod found for the northwest corner of said Meadow Creek Estates, common to the southerly northeast corner of a called 112.5 acre tract of land described as Parcel No. 1 – Tract 6 – Monkey Run East in a Partition Deed to O'Reda Boyd McCartney, as recorded in Volume 816, Page 651 of the Deed Records of Collin County, Texas;

THENCE North 86°58'25" West, continuing along the southerly line of said 90 acre tract and along a northerly line of said Tract 6, a distance of 59.71 feet to a 1/2 inch iron rod found for an ell corner of said Tract 6;

THENCE North 1°11'56" East, departing the southerly line of said 90 acre tract and along an easterly line of said Tract 6, a distance of 892.93 feet to a 1/2 inch iron rod found for the northerly northeast corner of said Tract 6, being on the northerly line of said 90 acre tract and the southerly line of a called 75.249 acre tract of land described in a deed to Starlight Homes of Texas, LLC, as recorded in Instrument No. 20180518000609060 of the Official Public Records of Collin County, Texas;

THENCE North 76°51'00" East, along the northerly line of said 90 acre tract and the southerly line of said 75.249 acre tract, a distance of 1088.75 feet to a 1/2 inch iron rod found for the southeast corner of said 75.249 acre tract, common to the southwest corner of said 92.267 acre tract;

THENCE North 76°50'07" East, continuing along the northerly line of said 90 acre tract and along the southerly line of said 92.267 acre tract, a distance of 1358.12 feet to the **POINT OF BEGINNING** and containing 64.952 acres (2,829,296 square feet) of land, more or less.

Exhibit A-2a
Legal Descriptions and Depictions

Exhibit A-2b
Legal Descriptions and Depictions