

NEW ISSUE

NOT RATED

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

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

**\$8,997,000*****CITY OF MANSFIELD, TEXAS****(a municipal corporation of the State of Texas located in Tarrant, Johnson, and Ellis Counties)****SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025****(STAYBOLT PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)****Sale Date: August 25, 2025****Interest to Accrue from Delivery Date (defined below)****Due: September 15, as shown on the inside cover**

The City of Mansfield, Texas, Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project) (the “Bonds”) are being issued by the City of Mansfield, 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 hereof, calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 15 and September 15, commencing March 15, 2026, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry-only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, Dallas, Texas, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on August 25, 2025 and an Indenture of Trust (the “Indenture”), 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.*

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized interest on the Bonds, (iv) paying for a portion of the costs incidental to the organization and administration of the Staybolt Public Improvement District (the “District”), and (v) paying costs of issuance of the Bonds. See “THE IMPROVEMENT AREA #1 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 and secured by a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Improvement Area #1 Assessments levied against assessable properties in Improvement Area #1 of the District in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.” The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described herein under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

The Bonds involve a significant degree of risk and are not suitable for all investors. See “BONDHOLDERS’ RISKS” and “SUITABILITY FOR INVESTMENT.” 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 TRUST ESTATE AS IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, “Bond Counsel,” as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its counsel, Wyatt Hamilton Findlay PLLC, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer (defined herein) by its counsel, Coats Rose, P.C. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about September 23, 2025 (the “Delivery Date”).



* Preliminary; subject to change.

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

CUSIP Prefix: ^(a)

\$8,997,000*

CITY OF MANSFIELD, TEXAS

(a municipal corporation of the State of Texas located in Tarrant, Johnson, and Ellis Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(STAYBOLT PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield _____%; CUSIP No. _____ ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield _____%; CUSIP No. _____ ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield _____%; CUSIP No. _____ ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 15, 20__, Priced to Yield _____%; CUSIP No. _____ ^{(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"), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City's Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.

(b) The Bonds maturing on or after September 15, 20__, are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20__, at the redemption price set forth herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

(c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as set forth herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

* Preliminary; subject to change.

CITY OF MANSFIELD, TEXAS

Elected Officials

<u>Name</u>	<u>Position</u>	<u>Term Expires</u> <u>(May)</u>
Michael Evans	Mayor, Place 1	2028
Todd Tonore	Mayor Pro Tem, Place 6	2026
Tamera Bounds	Councilmember, Place 2	2028
Brent Newsom	Councilmember, Place 3	2027
Juan Fresquez	Councilmember, Place 4	2027
Todd Simmons	Councilmember, Place 5	2027
Larry Broseh	Councilmember, Place 7	2026

Selected Administrative Staff

**CITY
MANAGER**
Joe Smolinski

**DEPUTY
CITY MANAGER**
Troy Lestina

**ASSISTANT
CITY MANAGER**
Matt Jones

**ASSISTANT
CITY MANAGER**
Vanessa Ramirez

**CITY
SECRETARY**
Susana Marin

BOND COUNSEL
Bracewell LLP
Dallas, Texas

FINANCIAL ADVISOR
Hilltop Securities Inc.
Fort Worth, Texas

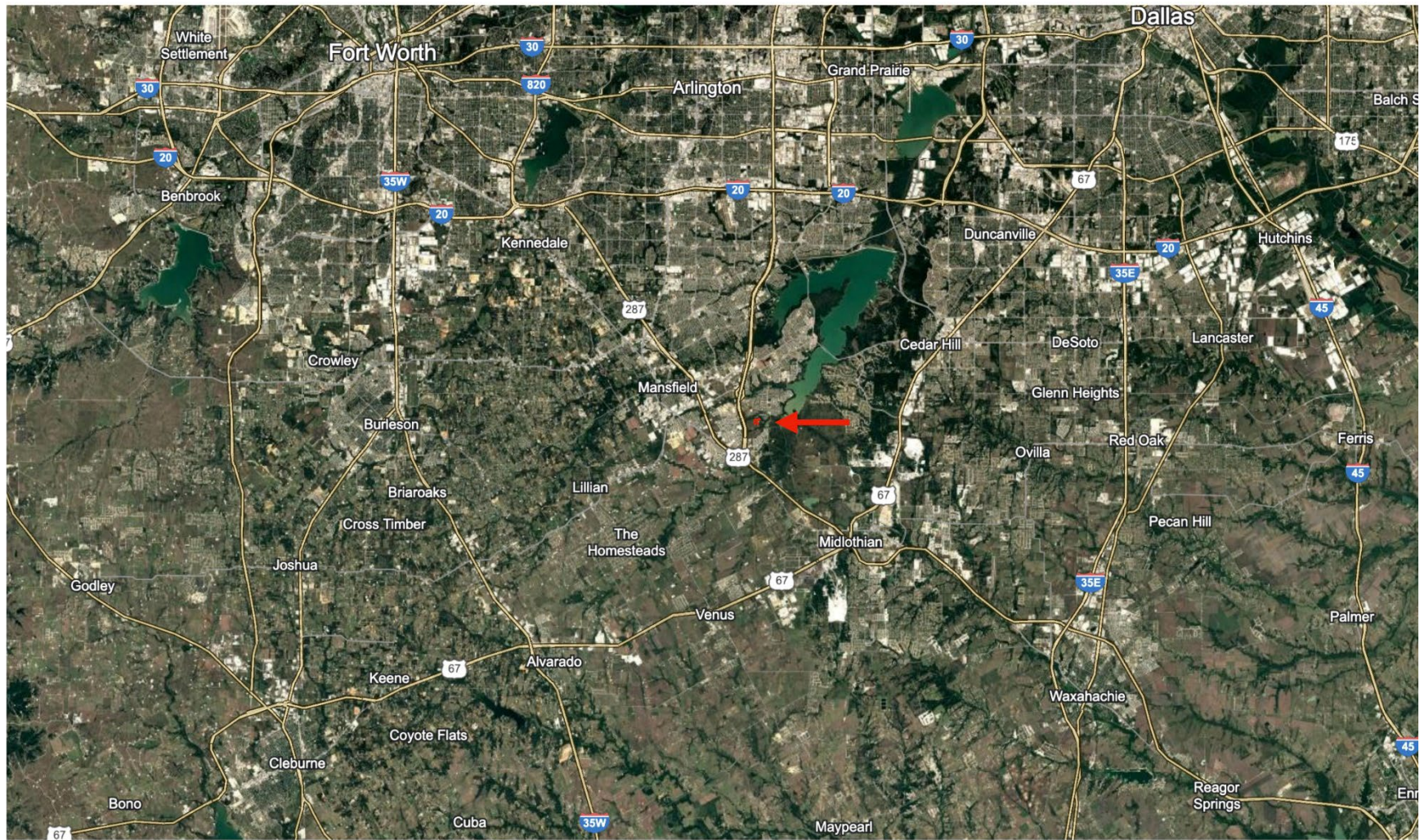
ADMINISTRATOR
P3Works, LLC
Austin, Houston and North Richland Hills, Texas

For additional information regarding the City, please contact:

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City of Mansfield
1200 E. Broad Street
Mansfield, Texas 76063
(817) 276-4200

Nick Bulaich
Hilltop Securities Inc.
777 Main Street, Suite 1525
Fort Worth, Texas 76102
(817) 332-9710

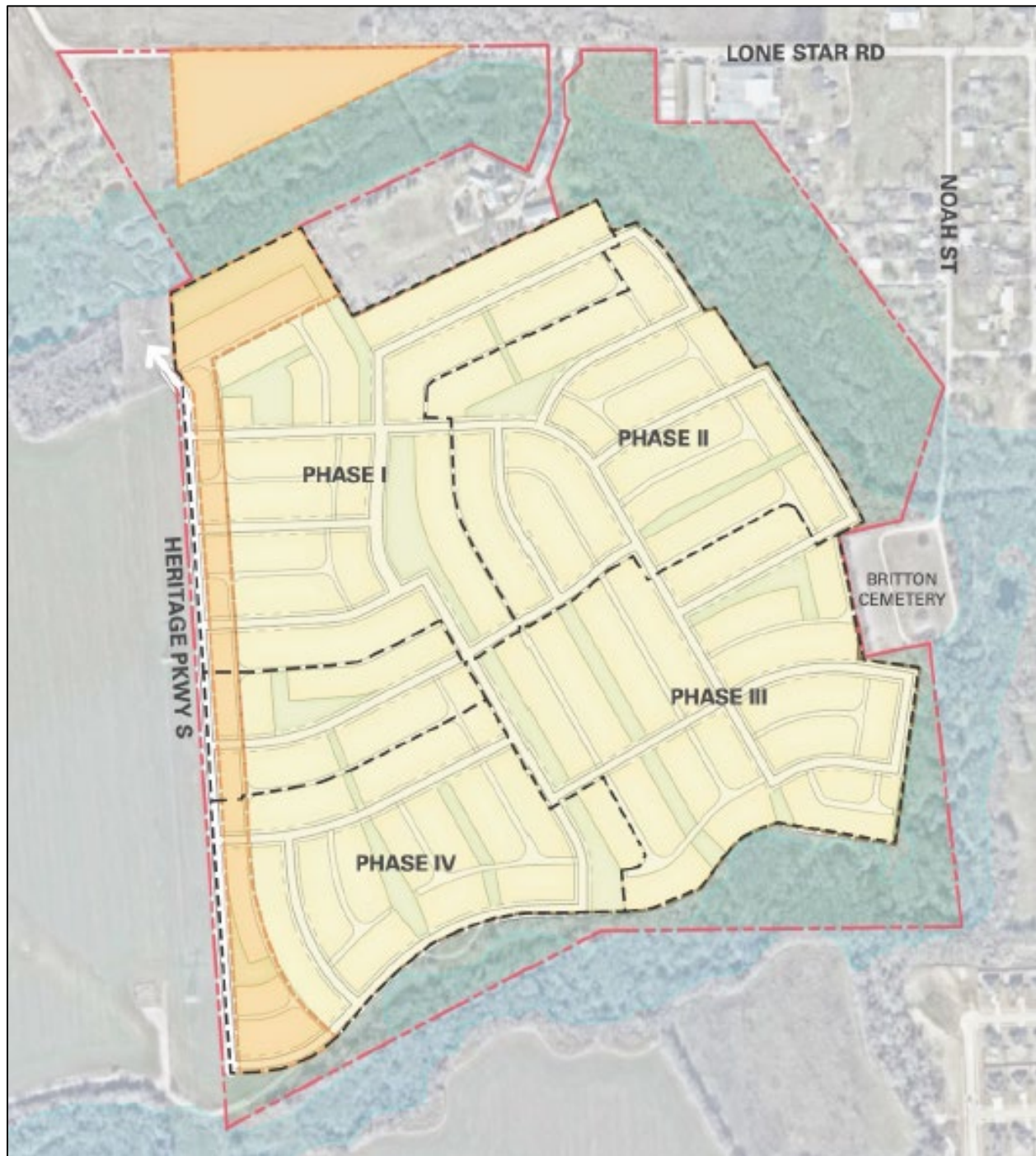
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT

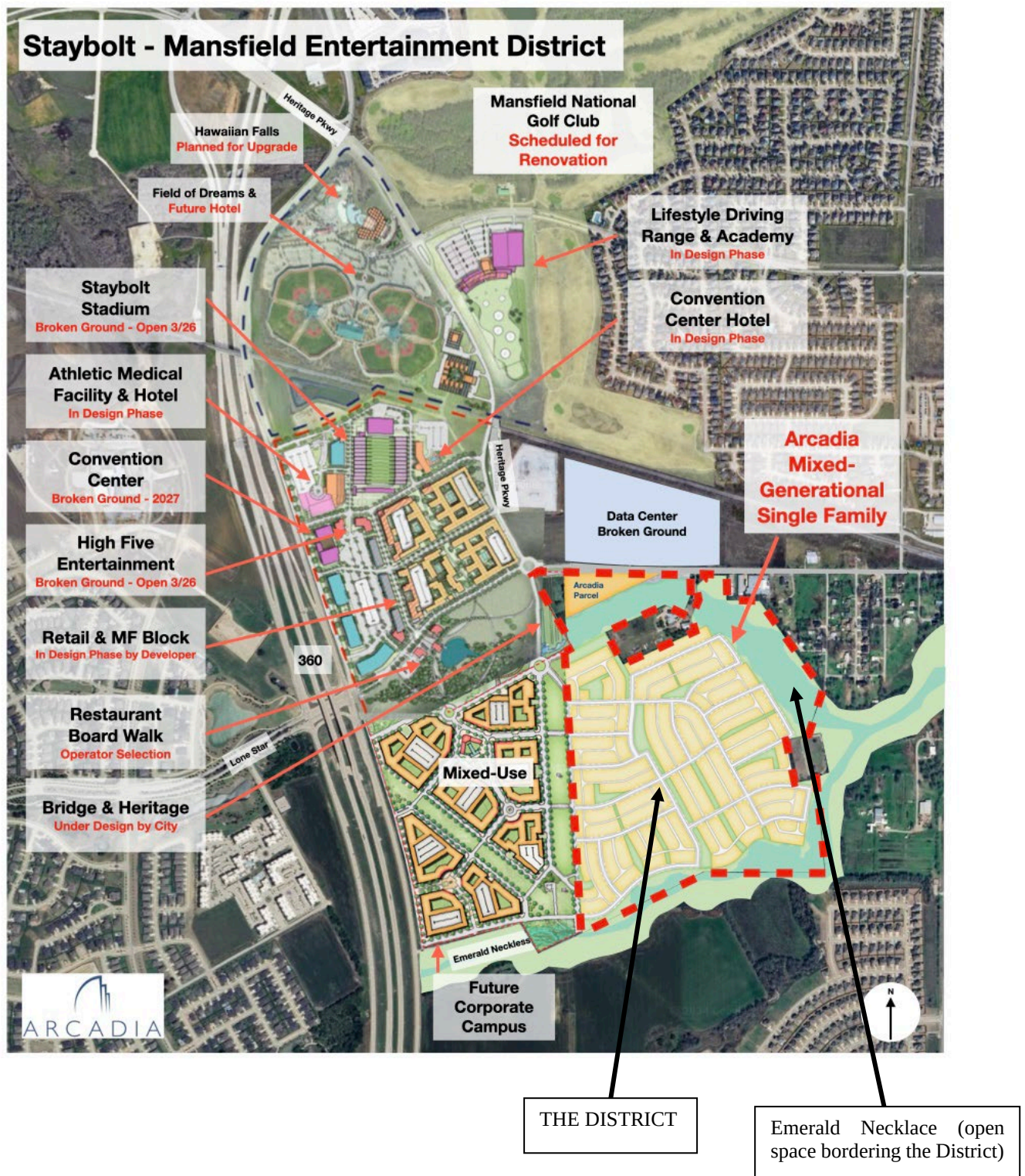


MAP SHOWING BOUNDARIES OF THE IMPROVEMENT AREAS*



* Phase I constitutes "Improvement Area #1."

MAP SHOWING CONCEPT PLAN FOR THE DEVELOPMENT*



* The District is adjacent to, and being marketed as a part of, the Staybolt – Mansfield Entertainment District, otherwise referred to herein as the “Development.”

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 (“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 “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. EACH PROSPECTIVE INITIAL PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS, MUST BE ABLE TO BEAR THE ECONOMIC AND FINANCIAL RISK OF SUCH INVESTMENT IN THE BONDS, AND MUST BE ABLE TO AFFORD A COMPLETE LOSS OF SUCH INVESTMENT. CERTAIN RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS ARE SET FORTH UNDER “BONDHOLDERS’ RISKS” HEREIN. EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

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

NONE OF THE CITY, THE UNDERWRITER OR THE DEVELOPER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

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

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

SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

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

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

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$8,997,000*

CITY OF MANSFIELD, TEXAS

(a municipal corporation of the State of Texas located in Tarrant, Johnson, and Ellis Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(STAYBOLT PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Mansfield, Texas (the “City”), of its \$8,997,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the “City Council”) on August 25, 2025 (the “Bond Ordinance”), and an Indenture of Trust, dated as of August 15, 2025 (the “Indenture”), expected to be entered into by and between the City and Wilmington Trust, National Association, Dallas, Texas, as trustee (the “Trustee”). *All capitalized terms used in this Limited Offering Memorandum, except as otherwise noted in “ASSESSMENT PROCEDURES,” that are not otherwise defined herein shall have the meanings set forth in the Indenture. See “APPENDIX B – Form of Indenture.”*

The Bonds are payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments to be levied pursuant to the Improvement Area #1 Assessment Ordinance, expected to be adopted by the City Council on August 25, 2025, against the Assessed Property located within Improvement Area #1 of the District, all to the extent and upon the conditions described in the Indenture. Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES,” and “APPENDIX B – Form of Indenture.”

Set forth herein are brief descriptions of the City, the District, the Improvement Area #1 Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Administrator, the Developer, the Development Agreement, 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, Phone: (214) 302-2246. The form of Indenture appears in “APPENDIX B – Form of Indenture” and the form of Service and Assessment Plan appears as “APPENDIX C – Form of Service and Assessment Plan.” The information provided under this caption “INTRODUCTION” is intended to

* Preliminary; subject to change.

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

PLAN OF FINANCE

Development Plan

Arcadia Staybolt Phase 1, LLC, a Texas limited liability company (the “Developer”), and its affiliates are developing the land within the approximately 134.3-acre District, which is being marketed as part of a larger master planned, mixed-use development known as the Staybolt – Mansfield Entertainment District (the “Development”). While the District is only expected to include single-family residential lots, the portion of the Development outside the District is zoned for and includes multifamily and commercial uses. See “MAP SHOWING CONCEPT PLAN FOR THE DEVELOPMENT” on page v and “THE DEVELOPMENT.”

The Developer currently owns all of the property within Improvement Area #1, and the remaining land within the District is owned by Arcadia Staybolt Land Investments, LLC, a Texas limited liability company and affiliate of the Developer (the “Land Bank”). Arcadia Holdings, Inc., a Texas corporation (the “Developer Manager”), is the manager of both the Developer and the Land Bank. The Developer Manager expects that each phase within the District will be owned and developed by a separate single-asset special purpose entity (each a “PID SPE” and together with the Developer, the Land Bank and the Developer Manager, the “PID Developers”) created by the Developer Manager prior to groundbreaking on each phase. See “THE DEVELOPER – Description of the Developer.”

The Developer Manager intends to develop the District as four improvement areas, expected to start with the construction of the Improvement Area #1 Improvements in August 2025. Development will continue with the construction of certain roadway, water, sewer, and storm drainage improvements (the “Future Improvement Area Improvements”) that benefit the second, third and fourth phases of development within the District (the “Future Improvement Areas”). The Developer and/or an affiliate of the Developer will also construct retaining walls, mailboxes, and certain water and sewer lines in Improvement Area #1 (the “Private Improvements”) and the Amenities (defined herein). See “THE DISTRICT – Development Agreement,” “THE IMPROVEMENT AREA #1 IMPROVEMENTS,” and “THE DEVELOPMENT.”

The Developer expects to begin construction of the Improvement Area #1 Improvements in August 2025 and expects to complete such construction by the fourth quarter of 2026. The Developer Manager expects that construction of the Future Improvement Area Improvements benefitting the second phase of development (“Improvement Area #2”) will begin upon completion of the Improvement Area #1 Improvements. See “THE DEVELOPMENT.”

Pursuant to the Development Agreement, the City is required to construct the Off-Site Public Improvements (defined herein), which are necessary to deliver finished lots within the District. The City commenced construction of the Off-Site Public Improvements in October of 2024 and expects to complete such construction by December of 2026. The City is financing such construction with cash and the proceeds of debt obligations issued by the City. See “THE DISTRICT – Development Agreement.”

The District is expected to include approximately 705 lots, consisting of 308 22’ townhome lots, 250 35’ lots and 147 45’ lots. Improvement Area #1 is expected to include 189 lots, consisting of 77 22’ townhome lots, 60 35’ lots and 52 45’ lots. Improvement Area #2 is expected to include 184 lots, consisting of 69 22’ townhome lots, 67 35’ lots and 48 45’ lots. The third phase of development (“Improvement Area #3”) is expected to include 172 lots, consisting of 67 22’ townhome lots, 75 35’ lots and 30 45’ lots. The fourth phase of development (“Improvement Area #4”) is expected to include 160 lots, consisting of 95 22’ townhome lots, 48 35’ lots and 17 45’ lots.

The Developer has entered into lot purchase agreements (the “Lot Purchase Agreements”) with David Weekley Homes, LLC (“David Weekley Homes”), Horton Capital Properties, LLC d/b/a Kindred Homes (“Kindred Homes”) and K Hovnanian Homes-DFW, LLC (“K Hovnanian Homes, and, together with David Weekley Homes and Kindred Homes, the “Homebuilders”) for all of the lots within Improvement Area #1. The Homebuilders have collectively deposited \$2,711,550 in earnest money. See “THE DEVELOPMENT – Single-Family Residential Development.”

Financing Plan

The Developer expects that the actual costs to construct the Improvement Area #1 Improvements will be approximately \$8,775,036. The City expects to finance and/or reimburse the Developer for a portion of the actual costs paid or incurred by or on behalf of the Developer of the Improvement Area #1 Improvements in the approximate amount of \$6,898,916* from proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Improvements in the approximate amount of \$1,876,120* will be financed by the Developer without reimbursement by the City. The Developer will deposit \$1,200,000 of such amount to the Developer Improvement Account of the Project Fund prior to issuance of the Bonds. The Developer will be required to spend the remaining portion of \$676,120* in costs of the Improvement Area #1 Improvements before being eligible for reimbursement from proceeds of the Bonds. As of July 31, 2025, the Developer had begun the clearing and grubbing of Improvement Area #1. See “SECURITY FOR THE BONDS – Project Fund,” “THE IMPROVEMENT AREA #1 IMPROVEMENTS” and “THE DEVELOPER – History and Financing of the District.”

The PID Developers expect the Private Improvements and the Amenities to cost approximately \$409,497 and \$7,512,371, respectively, all of which will be financed with proceeds of the Loan (defined herein) without reimbursement by the City. See “THE DEVELOPMENT” and “THE DEVELOPER – History and Financing of the District.”

The Development Agreement provides for economic grant payments to Arcadia Realty or its affiliates and assigns, including the other PID Developers, for the construction of improvements within the District for which such entity uses “Separated Contracts” (defined in the Development Agreement) in an amount equal to 100% of the City’s 1% general fund sales tax collected on the building materials related to such contract. See “THE DISTRICT – Development Agreement.”

The City expects to issue one or more series of future bonds (each such series of bonds a “Future Improvement Area Bond”) to finance the cost of the Future Improvement Area Improvements allocable to each phase within the Future Improvement Area, as development proceeds. The estimated costs of the Future Improvement Area Improvements will be determined as the Future Improvement Area is developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act to be financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Future Improvement Area that benefits from the Future Improvement Area Improvements being financed. See “APPENDIX C – Form of Service and Assessment Plan.”

The Bonds

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized interest on the Bonds, (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds. See “IMPROVEMENT AREA #1 IMPROVEMENTS” and “APPENDIX B – Form of Indenture.”

The Bonds are payable from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Improvement Area #1 Assessments, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “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 full faith and credit nor the taxing power of the City, the State, or any other political subdivision of the State is pledged to the payment of the Bonds.

* Preliminary; subject to change.

The Bonds and any the Future Improvement Area Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. Any Future Improvement Area Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

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

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

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

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

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Improvement Area #1 Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.

6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

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

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

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery (the “Delivery Date”) to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing March 15, 2026 (each an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, National Association, Dallas, Texas is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal and any integral multiple of \$1,000 in excess thereof, or a smaller denomination, if any, resulting from a partial redemption of Bonds as determined in accordance with the Indenture as a result of any partial defeasance of the Bonds (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

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

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, but subject to the notice of redemption provisions contained in the Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. In the event of such redemption the City shall recalculate the Bond Reserve Account Requirement and provide written direction with regard to a corresponding reduction in the Bond Reserve Account Requirement. See “ASSESSMENT PROCEDURES – Prepayment of Assessments” for the definition and description of Prepayments.

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

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Mandatory Sinking Fund Redemption. The Bonds maturing on September 15 in the years _____ and _____ (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 moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ _____ Term Bonds Maturing September 15, 20 _____

<u>Year</u>	<u>Sinking Fund Installment Amount</u>

† † Stated Maturity	

\$ _____ Term Bonds Maturing September 15, 20 _____

<u>Year</u>	<u>Sinking Fund Installment Amount</u>

† † Stated Maturity	

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct

Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings’ rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

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

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

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

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

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

Principal, interest and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities

held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

SECURITY FOR THE BONDS

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

General

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE AS 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 are payable from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of Improvement Area #1 Assessments expected to be levied against the Assessed Property, all to the extent and upon the conditions described in the Indenture. In accordance with the PID Act, the City Council expects to approve and adopt the Service and Assessment Plan on August 25, 2025, which will, among other things, describe the special benefit received by the Assessed Property, provide the basis and justification for the determination of special benefit on the Assessed Property, establish the methodology for the levy of the Improvement Area #1 Assessments, and provide for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated at least annually (each an “Annual Service Plan Update”) for the purpose of determining the annual budget for improvements and the Annual Installments of Improvement Area #1 Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

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

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

“Additional Interest” means the 0.50% additional interest charged on the Improvement Area #1 Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Improvement Area #1 Assessments and Annual Installments; (5) preparing and maintaining records with respect to the Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (6) paying and redeeming the Bonds; (7) investing or depositing Improvement Area #1 Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and any Indenture with respect to the Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means, with respect to each parcel of Assessed Property, each annual payment of the Improvement Area #1 Assessments as shown on the Improvement Area #1 Assessment Roll and related to the Bonds and the Improvement Area #1 Improvements, including (i) principal, (ii) interest, (iii) Annual Collection Costs, and (iv) Additional Interest collected pursuant to the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account.

“Delinquency and Prepayment Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds which may be funded from Bond proceeds and revenues received from the payment of Improvement Area #1 Assessments, deposited to the Delinquency and Prepayment Reserve Account.

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Property and the costs of collection of a delinquent Improvement Area #1 Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Improvement Area #1 Assessment.

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

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

“Trust Estate” means the Pledged Revenues and all moneys and investments held in the Pledged Funds and Accounts including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and, any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security under the Indenture by the City or by anyone on its behalf or with its written consent.

The City covenants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof to be enforced continuously. See “– Pledged Revenue Fund” and “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Deposit of Assessments

The Improvement Area #1 Assessments on each parcel, tract, or lot which are to be collected in each year during the term of the Bonds are shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of and interest on the Bonds, as and to the extent provided in the Service and Assessment Plan and the Indenture. See “SECURITY FOR THE BONDS – Pledged Revenue Fund.”

The Improvement Area #1 Assessments assessed to pay debt service on the Bonds together with interest thereon, are payable in Annual Installments established by the Improvement Area #1 Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds. An Annual Installment of an Improvement Area #1 Assessment will be made payable in the Improvement Area #1 Assessment Ordinance in each City fiscal year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to pay debt service requirements attributable to the Bonds in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Improvement Area #1 Assessment Ordinance.

The portions of the Annual Installments of Improvement Area #1 Assessments collected to pay Annual Collection Costs and Delinquent Collection Costs will be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

Unconditional Levy of Assessments

The City covenants in the Indenture to impose the Improvement Area #1 Assessments on the Assessed Property sufficient to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Improvement Area #1 Assessments will be effective on the date of, and strictly in accordance with the terms of, the Improvement Area #1 Assessment Ordinance. Each Improvement Area #1 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 and Additional Interest on the Improvement Area #1 Assessments. Pursuant to the Improvement Area #1 Assessment Ordinance, interest on the Improvement Area #1 Assessments will be calculated at the rate of interest on the Bonds plus the Additional Interest calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Improvement Area #1 Assessment, will be calculated annually during the Annual Service Plan Update and will be due when billed, expected to be in October of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, as part of the Annual Installment, the Annual Collection Costs. The portion of each Annual Installment of an Improvement Area #1 Assessment used to pay Annual Collection Costs will remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The amount collected to pay Annual Collection Costs will be due in the manner set forth in the Improvement Area #1 Assessment Ordinance expected to be in October of each year and will be delinquent if not paid prior to February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

There will be no discount for the early payment of Improvement Area #1 Assessments.

The PID Act provides that the Improvement Area #1 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 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 Improvement Area #1 Assessment Ordinance until the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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.

Perfect 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 Delivery Date, without physical delivery or transfer of control of 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 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.

Pledged Revenue Fund

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

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

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

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

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

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

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

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

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

Notwithstanding the above:

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

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

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

Improvement Area #1 Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

Any Improvement Area #1 Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Improvement Area #1 Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Bond Fund

No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

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

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

<u>Date</u>	<u>Amount</u>
March 15, 2026	
September 15, 2026	

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

Project Fund

Amounts held in the Improvement Account and Costs of Issuance Account of the Project Fund shall be used for the purposes specified in the Indenture and below.

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

Except as otherwise provided below, money on deposit in the Improvement Account and the Developer Improvement Account of the Project Fund, shall be used solely to pay the costs of the Improvement Area #1 Improvements, as set forth in the applicable Certificate for Payment. Upon receipt of a reviewed and approved Certificate for Payment for any cost of an Improvement Area #1 Improvement, the Trustee shall make payment for the costs set forth therein, from the following account in the following priority, until monies are no longer available therein: (1) first, from the Improvement Account of the Project Fund, and (2) second, from the Developer Improvement Account of the Project Fund to the extent funds are on deposit therein. Except as provided in the Indenture, money on deposit in the Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in the Indenture, money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment.

Funds on deposit in the Improvement Account and Developer Improvement Account of the Project Fund shall be retained in such accounts and shall not be released or used to pay or reimburse the costs of the Improvement Area #1 Improvements until the Developer has expended \$676,120* in construction costs of the Improvement Area #1 Improvements from private funds, and such costs have been submitted to the City's PID Administrator and the PID Administrator and the City have approved such expenditures. If the amounts retained pursuant to this section above

* Preliminary; subject to change.

have not been released from the respective accounts of the Project Fund on or before September 15, 2028, any amounts remaining in the Project Fund may be transferred to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture.

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

If the City Representative determines in his or her sole discretion that any amounts then on deposit in the Developer Improvement Account of the Project Fund, if any, are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account, if any, will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released pursuant to the following paragraph. Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all costs of the Improvement Area #1 Improvements have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account, if any, pursuant to the following paragraph, and (ii) shall close the Developer Improvement Account.

Any amounts in the Developer Improvement Account, if any, to be transferred and released pursuant to the preceding paragraph shall be irrevocably and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City. The City and the Trustee shall solely and conclusively rely as to payment of amounts released from the Developer Improvement Account, on any such written notice from the Developer as to its successors and assigns or designees. The City shall provide written notice of the release to the Trustee and Developer, or to the Developer's successors and assigns, and the amount payable to the Developer, or its successors and assigns.

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

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

Bond Reserve Account of the Reserve Fund

The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. "Bond Reserve Account Requirement" means the least of: (i) Maximum Annual Debt Service on the Bonds as of the most recent calculation date, (ii) 125% of average Annual Debt Service on the Bonds as of the most recent calculation date, or (iii) 10% of the stated principal amount of the Bonds (or, if the issue has more than a de minimis amount of original issue discount or premium, the issue price of the issued Bonds) Outstanding as of the latest calculation date. The initial calculation date is the Delivery Date and subsequent

to thereto, upon (a) any transfers made pursuant to Prepayments, (b) a mandatory sinking fund redemption pursuant to the terms of the Indenture, (c) an optional redemption pursuant to the terms of the Indenture or (d) an extraordinary optional redemption pursuant to the terms of the Indenture. As of the Delivery Date, the Bond Reserve Account Requirement is \$_____.*

Subject to the below provisions, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

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

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

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

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

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

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

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

* To be completed upon pricing.

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

The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the above provisions and subsequently used for the payment of operating costs directly relating to the Improvement Area #1 Improvements will not exceed 5% of sale proceeds of the Bonds.

Delinquency and Prepayment Reserve Account of the Reserve Fund

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

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

Administrative Fund

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

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

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

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

Bonds Deemed Paid

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

"Defeasance Securities" means (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer 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; (iii) 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 issuer 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 (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

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

Events of Default

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;

(ii) the failure of the City to enforce the collection of the Improvement Area #1 Assessments including the prosecution of foreclosure proceedings;

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

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

Remedies in Event of Default

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

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

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

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

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers 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 the Indenture, (iv) the Trustee has for ninety (90) days after

such notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right thereunder except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

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

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

Application of Revenues and Other Moneys After Event of Default

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

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

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

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

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

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

Investment of Funds

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

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

Against Encumbrances

Other than 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, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

So long as Bonds are Outstanding, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds 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.

Additional Obligations; Other Obligations or Other Liens

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

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

pledged under the Indenture other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Bonds, and (ii) a lien for Refunding Bonds.

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

Notwithstanding anything to the contrary in the Indenture, no Refunding Bonds or subordinate obligations may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, or subordinate obligations are scheduled to mature on September 15 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds or subordinate obligations must be scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid. Provided, however, that Refunding Bonds issued to refund all outstanding Bonds shall not be subject to this requirement.

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SOURCES AND USES OF FUNDS *

The table that follows summarizes the expected sources and uses of proceeds of the Bonds and additional funds contributed by the Developer:

Sources of Funds:

Principal Amount	\$
Developer Contribution	
TOTAL SOURCES	\$

Use of Funds:

Deposit to Improvement Account of the Project Fund	\$
Deposit to Developer Improvement Account of the Project Fund	
Deposit to Costs of Issuance Account of Project Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to the Administrative Fund	
Underwriter's Discount ⁽¹⁾	
TOTAL USES	\$

⁽¹⁾ Includes fee of counsel to the Underwriter.

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* To be completed upon pricing.

DEBT SERVICE REQUIREMENTS *

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

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026 ⁽¹⁾			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
Total	\$	\$	\$

⁽¹⁾ Interest due March 15, 2026, and September 15, 2026, will be paid from amounts on deposit in the Capitalized Interest Account.

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^{*} To be completed upon pricing.

OVERLAPPING TAXES AND DEBT

Overlapping Taxes

The land within Improvement Area #1 of the District lies within the corporate limits of the City and 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 Improvement Area #1 Assessments.

The City, Ellis County (the “County”), and Midlothian Independent School District (“Midlothian ISD”) may each levy ad valorem taxes upon land in Improvement Area #1 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 levied by such other taxing authorities. The following table reflects the overlapping ad valorem taxes currently levied on property located in Improvement Area #1.

Overlapping Taxes in Improvement Area #1

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate ⁽¹⁾</u>
The City	\$ 0.645000
Ellis County (including Lateral Roads)	0.292627
Midlothian ISD	<u>1.106900</u>
Total Current Tax Rate	<u>\$2.044527</u>
Estimated Average Annual Installment of Improvement Area #1 Assessment as a Tax Rate Equivalent ⁽²⁾	<u>\$0.903305</u>
Estimated Total Tax Rate and Average Annual Installment of Improvement Area #1 Assessment as a Tax Rate Equivalent ⁽³⁾	<u>\$2.947832</u>

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

⁽²⁾ *Preliminary; subject to change.* Derived from information in the Service and Assessment Plan, and from lot counts and estimated buildout values provided by the Developer. Includes the Improvement Area #1 Assessments levied for the payment of the Bonds. See “ASSESSMENT PROCEDURES – Assessment Amounts – Method of Apportionment of Assessments” and “APPENDIX C – Form of Service and Assessment Plan.”

⁽³⁾ Pursuant to the Development Agreement, the total tax rate and assessment as a tax rate equivalent may not exceed \$2.95 per \$100 in valuation.

Source: Ellis County Appraisal District and the Service and Assessment Plan.

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Overlapping Debt

As noted above, Improvement Area #1 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 Improvement Area #1, and City debt to be secured by the Improvement Area #1 Assessments:

Overlapping Debt in Improvement Area #1

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of July 15, 2025</u>	<u>Estimated % Applicable ⁽¹⁾</u>	<u>Estimated Overlapping Debt ⁽¹⁾</u>
The City (Improvement Area #1 Assessments – the Bonds)	\$ 8,997,000 ⁽²⁾	100.00%	\$8,997,000 ⁽²⁾
The City (Ad Valorem Taxes)	359,690,000	0.15%	534,790
Ellis County	21,260,000	0.05%	11,216
Midlothian ISD	<u>333,690,000</u>	0.17%	<u>574,400</u>
Total	\$723,637,000		\$10,117,407

⁽¹⁾ Based on the estimated finished lot value of \$18,706,000 for Improvement Area #1, as set forth in the Appraisal, and on the Tax Year 2024 Net Taxable Assessed Valuation for the taxing entities. See “APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1.”

⁽²⁾ Preliminary; subject to change.

Sources: Ellis County Appraisal District and Municipal Advisory Council of Texas.

Agricultural Valuation

If land is devoted principally to agricultural use, the landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land’s productive capacity. Agricultural use includes production of crop or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation.

If land is qualified for an agricultural valuation but the land use changes to a non-agricultural use, “rollback taxes” are assessed for each of the previous three years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land’s agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value for each year from the date on which taxes would have been due. If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract.

All of the land within the District, including Improvement Area #1, is currently subject to an agricultural valuation with respect to its ad valorem taxes. The Developer expects the land within Improvement Area #1 to no longer qualify for an agricultural exemption beginning with tax year 2026. The Developer will pay rollback taxes with respect to such property. Additionally, the land within the District is subject to an agricultural lease with Mathis Farm LLC (“Mathis Farm”), pursuant to which Mathis Farm has the right to raise and harvest corn and hay on such property. The Land Bank has terminated the lease with respect to the land within Improvement Area #1. See “BONDHOLDERS’ RISKS – Agricultural Use Valuation and Redemption Rights.”

Homeowners’ Association

In addition to the taxes and Improvement Area #1 Assessments described above, the Developer anticipates that each property owner in Improvement Area #1 will pay an annual homeowners’ association fee (the “HOA Fee”) to a homeowners’ association (the “HOA”) to be formed by the Developer. The Developer is unable to predict the future HOA Fees.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum or the Indenture shall have the meaning given to such terms in the Service and Assessment Plan.

As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Improvements through the levy of Improvement Area #1 Assessments, it must adopt a resolution generally describing the Improvement Area #1 Improvements and the land within Improvement Area #1 to be subject to Improvement Area #1 Assessments to pay the costs therefor. The City has caused the preparation of the Improvement Area #1 Assessment Roll, which Improvement Area #1 Assessment Roll shows the Assessed Property within Improvement Area #1, the amount of the benefit to and the Improvement Area #1 Assessment against each parcel of Assessed Property and the number of Annual Installments in which the Improvement Area #1 Assessment is divided. The Improvement Area #1 Assessment Roll will be filed with the City Secretary and made available for public inspection. Statutory notice will be given to the owners of the Assessed Property and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Improvements and funding the same with Improvement Area #1 Assessments. The City expects to levy the Improvement Area #1 Assessments and adopt the Improvement Area #1 Assessment Ordinance on August 25, 2025, after which the Improvement Area #1 Assessments will become legal, valid, and binding liens upon the Assessed Property.

Under the PID Act, the costs of Improvement Area #1 Improvements to be defrayed through Improvement Area #1 Assessments may be assessed by the City against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Improvement Area #1 Improvements equals or exceeds the Improvement Area #1 Assessments. The costs of the Improvement Area #1 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within the District is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C – Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Assessed Property as a result of the Improvement Area #1 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Improvement Area #1 Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Trust Estate, including the Improvement Area #1 Assessments.

As set forth in the Service and Assessment Plan, the Actual Costs associated with the Improvement Area #1 Improvements shall be allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Lot Type designated as Assessed Property in Improvement Area #1 to the Estimated Buildout Value of all Assessed Property in Improvement Area #1. Currently, Improvement Area #1 only consists of one Parcel (the “Improvement Area #1 Initial Parcel”), as such, the Improvement Area #1 Initial Parcel is allocated 100% of the Improvement Area #1 Improvements. See “APPENDIX C – Form of Service and Assessment Plan.” As the Assessed Property is subsequently divided, the benefits received by the Improvement Area #1 Improvements and the related Improvement Area #1 Assessments will be apportioned according to the Estimated Buildout Value of the newly created Parcels as described in the Service and Assessment Plan. See “– Assessment Amounts – Method of Apportionment of Assessments” below.

The table below provides the value to lien analysis based on Lot Type in Improvement Area #1.

Estimated Value to Lien Ratios ⁽¹⁾

<u>Lot Type</u>	Number of <u>Lots</u> ⁽²⁾	Estimated Finished Lot	Estimated Buildout Value	Total Estimated Buildout Value by	Maximum Assessment Per Lot	Ratio of Estimated Values of Finished Lot to Maximum Assessment by Lot Type ⁽³⁾	Ratio of Estimated Buildout Value to Maximum Assessment by Lot Type
		Values by <u>Lot Type</u> ⁽³⁾	by <u>Lot Type</u> ⁽⁴⁾	<u>Lot Type</u> ⁽⁴⁾	<u>Per Lot</u> ⁽⁵⁾		
22'	77	\$ 86,174	\$385,000	\$29,645,000	\$40,720	2.12 : 1	9.45 : 1
35'	60	103,008	460,000	27,600,000	48,652	2.12 : 1	9.45 : 1
45'	52	113,272	535,000	27,820,000	56,585	2.00 : 1	9.45 : 1
Total	189						

(1) *Preliminary; subject to change* Derived from information in the Service and Assessment Plan, except as indicated below.

(2) Based on the current concept plan for the District.

(3) Based on information derived from the Appraisal. Lot prices in the Lot Purchase Agreements may differ.

(4) Provided by the Developer.

(5) Pursuant to the Service and Assessment Plan, the Improvement Area #1 Assessment per Lot Type may not exceed the Maximum Assessment. See “– Assessment Amounts – Method of Apportionment of Assessments” and “APPENDIX C – Form of Service and Assessment Plan.”

For further explanation of the Improvement Area #1 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 Improvement Area #1 Assessments on Parcels similarly benefitted within Improvement Area #1. The Improvement Area #1 Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers within Improvement Area #1. 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 Improvement Area #1 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 Improvement Area #1 Assessments incur interest, penalties and attorney’s fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See “BONDHOLDERS’ RISKS – Assessment Limitations.”

The City covenants in the Indenture to collect, or cause to be collected, Improvement Area #1 Assessments as provided in the Improvement Area #1 Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Improvement Area #1 Assessment Roll and a calculation of the Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for each such Parcel.

The City covenants, agrees, and warrants in the Indenture that, for so long as any Bonds are Outstanding it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

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

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

The City intends to implement the basic timeline and procedures for Improvement Area #1 Assessment collections and pursuit of delinquencies set forth in Exhibit D of the Continuing Disclosure Agreement of the Issuer set forth in APPENDIX E-1 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 Improvement Area #1 Assessments.

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

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

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

After July, the penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Improvement Area #1 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 Improvement Area #1 Assessments will be established by the methodology described in the Service and Assessment Plan. The Improvement Area #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel within Improvement Area #1. The Improvement Area #1 Assessments may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessments will be levied against the Parcels comprising the Assessed Property, as indicated on the Improvement Area #1 Assessment Roll. See "APPENDIX C – Form of Service and Assessment Plan."

The Annual Installments shown on the Improvement Area #1 Assessment Roll will be reduced to equal the actual costs of repaying the Bonds, the Additional Interest and actual Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances that are applied to the Annual Installments. If the debt service on issued and Outstanding Bonds is reduced as a result of an economic refunding of the Bonds, Prepayment of Improvement Area #1 Assessments, or redemption of Bonds, then there would be a corresponding reduction in the Improvement Area #1 Assessments and Annual Installments. See “APPENDIX C – Form of Service and Assessment Plan.” In such case, the reduced Improvement Area #1 Assessment and Annual Installment, as shown on the Improvement Area #1 Assessment Roll, shall be reflected in the next Annual Service Plan Update and approved by the City Council.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Improvement Area #1 Assessments initially be allocated to each Parcel within Improvement Area #1 based upon the ratio of the Estimated Buildout Value of each Parcel designated as Assessed Property in Improvement Area #1 to the Estimated Buildout Value of all Assessed Property in Improvement Area #1. As set forth in the Service and Assessment Plan, the Assessed Property consists of the Improvement Area #1 Initial Parcel, thus, the Improvement Area #1 Initial Parcel is allocated 100% of the Improvement Area #1 Improvements and the Improvement Area #1 Assessments.

Upon the division of any Assessed Property prior to the recording of a subdivision plat, the Administrator shall reallocate the Improvement Area #1 Assessment for the Assessed Property prior to the subdivision among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Improvement Area #1 Assessment for the newly divided Assessed Property

B = the Improvement Area #1 Assessment for the Assessed Property prior to division

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

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

Upon the subdivision of any Assessed Property based on a recorded subdivision plat and a Property ID has been assigned by the Appraisal District, the Administrator shall reallocate the Improvement Area #1 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 Improvement Area #1 Assessment for the newly subdivided Lot

B = the Improvement Area #1 Assessment for the Parcel prior to subdivision

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

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

E = the number of newly subdivided Lots with the same Lot Type

The sum of the Improvement Area #1 Assessment for all newly subdivided Lots shall not exceed the Improvement Area #1 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 Improvement Area #1 Assessment for an Assessed Property that is a homestead under State law may not exceed the Improvement Area #1 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. See “APPENDIX C – Form of Service and Assessment Plan.”

The Improvement Area #1 Assessment for any resulting Lot may not exceed the Maximum Assessment for such Lot Type. The term “Maximum Assessment” means, for each Lot within Improvement Area #1, the lesser of (1)

the amount calculated pursuant to Section VI.A of the Service and Assessment Plan, or (2) the amount shown on Exhibit E to the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

The following table reflects the estimated allocation of Improvement Area #1 Assessments to be levied and collected per lot type.

<u>Estimated Allocation of Improvement Area #1 Assessments</u> ⁽¹⁾						
<u>Lot Type</u>	<u>Number of Lots</u> ⁽²⁾	<u>Estimated Buildout Value per Lot</u> ⁽³⁾	<u>Estimated Maximum Assessment Per Lot</u> ⁽⁴⁾	<u>Total Improvement Area #1 Assessment by Lot Type</u>	<u>Estimated Average Annual Installment per Lot</u>	<u>Equivalent Tax Rate per \$100 Assessed Value</u>
22'	77	\$385,000	\$40,720	\$3,135,438	\$3,478	\$0.903305
35'	60	460,000	48,652	2,919,147	4,155	\$0.903305
45'	52	535,000	56,585	2,942,415	4,833	\$0.903305
Total	189			\$8,997,000		

⁽¹⁾ Preliminary; subject to change. Derived from information in the Service and Assessment Plan.

⁽²⁾ Based on the current concept plan for the District.

⁽³⁾ Provided by the Developer.

⁽⁴⁾ Pursuant to the Service and Assessment Plan, the Improvement Area #1 Assessment by Lot Type may not exceed the Maximum Assessment. See “APPENDIX C – Form of Service and Assessment Plan.”

The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Improvement Area #1 Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX C – Form of Service and Assessment Plan.”

Prepayment of Assessments

Voluntary Prepayments. Pursuant to the PID Act and the Indenture, the owner of any Assessed Property may voluntarily prepay (a “Prepayment”) all or part of any Improvement Area #1 Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Improvement Area #1 Assessment are not to be considered a Prepayment but rather are to be treated as payment of regularly scheduled Improvement Area #1 Assessments.

Mandatory Prepayments. If Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Improvement Area #1 Assessments under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefited 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 Improvement Area #1 Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment.

True-Up of Assessments if Maximum Assessment Exceeded. Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Improvement Area #1 Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Improvement Area #1 Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessments for any Lot exceed the Maximum Assessment.

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 Improvement Area #1 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 Improvement Area #1 Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Improvement Area #1 Assessment that remains due on the Remaining Property, subject to an adjustment in the Improvement Area #1 Assessments applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Improvement Area #1 Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Improvement Area #1 Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the Improvement Area #1 Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. In all instances the Improvement Area #1 Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment. 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.

Notwithstanding the previous paragraphs under this subsection, if the owner of the Taken Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Improvement Area #1 Assessment required to buy down the outstanding Improvement Area #1 Assessment to the Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Improvement Area #1 Assessment has been prepaid in full.

Notwithstanding the previous paragraphs under this subsection, the Improvement Area #1 Assessments shall not, however, be reduced to an amount less than the amount required to pay all outstanding debt service requirement on all outstanding Bonds.

Reduction of Assessments. If, as a result of cost savings or the failure to construct all or a portion of an Improvement Area #1 Improvement, the Actual Costs of completed Improvement Area #1 Improvements are less than the Improvement Area #1 Assessments, the Trustee shall apply amounts on deposit in the applicable account of the Project Fund that are not expected to be used for purposes of the Project Fund as directed by the City pursuant to the terms of the Indenture and such excess Bond proceeds may be used for any purpose authorized by the Indenture.

Priority of Lien

The Improvement Area #1 Assessments or any reassessment, the expense of collection, and reasonable attorney’s fees, if incurred, constitute a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for the State, county, school district or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the Improvement Area #1 Assessment Ordinance until the Improvement Area #1 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 Improvement Area #1 Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time. See “ASSESSMENT PROCEDURES – Prepayment of Assessments.”

Foreclosure Proceedings

In the event of delinquency in the payment of any Annual Installment, except for unpaid Improvement Area #1 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 Improvement Area #1 Assessment will be subject to the lien established for remaining unpaid installments of the Improvement Area #1 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 Improvement Area #1 Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event, there could be an additional delay in payment of the principal of and interest on Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessment on the corresponding Assessed Property.

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

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

THE CITY

City Government

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1890, and first adopted its Home Rule Charter in 1975 and last amended its Home Rule Charter on November 3, 2020. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The term of office is a staggered three-year term. The City Manager is the chief executive officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2022 U.S. Census population for the City was 76,724, while the City's estimated 2025 population is 89,227. The City covers approximately 36.69 square miles.

The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof. General information regarding the City and the surrounding area can be found in “APPENDIX A – General Information Regarding the City and Surrounding Area.”

Water and Wastewater

The City holds the certificate of convenience and necessity (“CCN”) to provide water to the District and is in the process of amending its wastewater CCN to match. The City has submitted the proposed notice of approval of such amendment to the Texas Public Utility Commission (the “PUC”) for review. Approval by the PUC is the final step in the amendment process, final action for which is scheduled to be complete by September 22, 2025.

The City will be the sole provider of retail water and wastewater services to the District. The City buys untreated raw water from the Tarrant Regional Water District and treats the water for retail and wholesale distribution. The City will transport the effluent wastewater to the Trinity River Authority Central Regional Wastewater system for treatment.

In the Development Agreement, the City agreed to timely provide retail water, raw water and wastewater capacity sufficient to meet the ultimate demands of the development within the District by funding the design and construction of the Off-Site Public Improvements. The City agreed to provide written confirmation of the availability of such capacity reserved in the City system from time to time as requested by the Developer. The City will provide raw water at its cost for irrigation and wet amenities. Raw water will be provided at the cost incurred by the City to obtain water. Treated water and wastewater services will be provided at the City published billable rates. The City expects to have sufficient capacity to provide water and wastewater service to the District upon completion of the Off-site Public Improvements. See “THE DISTRICT – Development Agreement.”

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the City in accordance with the PID Act by a resolution adopted by the City Council on February 24, 2025, in accordance with the PID Act (the “Creation Resolution”), for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Improvement Area #1 Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed in a phase. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii and iv hereof.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a property owner for the costs of, the financing, acquisition, construction, or improvement of the Improvement Area #1 Improvements. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain roadway, water, sewer, and storm drainage improvements and associated soft costs comprising the Improvement Area #1 Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through the portion of the Improvement Area #1 Assessments levied and collected against the Assessed Property that constitutes Pledged Revenues under the Indenture. See “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

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Development Agreement

Development Agreement Improvements. In the Development Agreement, the City agreed to finance, design and construct the following roadway, water, sanitary sewer, stormwater and open space improvements outside of the boundaries of the District: (i) a bridge, roundabout, culvert improvements and improvements to Heritage Parkway; (ii) a looped water line and force mains; (iii) gravity mains; (iv) storm main; and (v) sidewalks, street trees, irrigation, grass and benches (the “Off-site Public Improvements”). The Off-Site Public Improvements, other than the open space improvements, are necessary to serve the District and provide water and wastewater service as described under “THE DISTRICT – Water and Wastewater.” The City commenced construction of the Off-Site Public Improvements in October of 2024 and agreed to complete such construction by December of 2025. The City is financing such construction with cash and the proceeds of debt obligations issued by the City. Due to delays in the design phase, the City does not expect to complete the Off-site Public Improvements until December 2026. The City and the Developer expect to execute an amendment to the Development Agreement, prior to the Closing Date, to extend the deadline to December 2026. The Developer has not filed a notice of default under the Development Agreement.

Certain wet utilities, including a sewer gravity main (the “Oversized Facilities”), must be oversized to serve the Development. These will be constructed by the PID Developers in accordance with the phasing of those improvements. The PID Developers expect to commence construction of the Oversized Facilities by October 2025 and complete such construction by the fourth quarter of 2026. The City will reimburse the applicable PID Developer the difference in cost between the minimally required facility and the upsized facility required to serve the District. The City will reimburse these costs at the City’s acceptance of the Oversized Facilities. The Developer expects to be reimbursed for a portion of the non-oversizing portion of such improvements from proceeds of the Bonds.

The “Emerald Necklace” is a publicly owned, improved, and maintained open space consisting of two riparian corridors which run along and through the District combining at its eastern edge as shown in “MAP SHOWING CONCEPT PLAN FOR THE DEVELOPMENT” on page v. It is to be regionally impactful and a central part of the Development’s identity. The Emerald Necklace is envisioned as an amenitized naturalistic pedestrian corridor linking all areas of the District with existing and future adjacent neighborhoods. The Emerald Necklace will tie the District to the existing neighborhoods to the north and east, as well as to-be-developed areas to the south. In addition to open space, it will provide a dedicated pedestrian, bicycle, e-micro transit corridor from the periphery of the District to the civic, entertainment, retail, and employment centers of the Development. In the Development Agreement, the City agreed that it will make best efforts over time to achieve a more intense open space program required by the regional vision for the Development.

The “Extended Parkway” is the area in the Emerald Necklace that is funded and constructed by the PID Developers within the first 20 feet of open space as measured from the adjacent back-of-curb or adjacent private parcels. The improvements to the Extended Parkway will include benches, trees, sidewalks, landscaping, and irrigation (the “Extended Parkway Improvements”). The maintenance obligations of this area will be transferred to the City by the PID Developers or the HOA by mutual written agreement after the City completes improvements to the Emerald Necklace. The PID Developers expect the Extended Parkway Improvements to cost approximately \$1,416,240, which the PID Developers will fund with proceeds of the Loan without reimbursement by the City. The PID Developers will construct such improvements on a phase-by-phase basis in connection with the development of each Improvement Area. The Extended Parkway Improvements are considered Amenities. See “THE DEVELOPMENT – Amenities.”

“Heritage Park” includes the open space area between and adjacent to the travel lanes of Heritage Parkway (which borders the west side of the District), not including adjacent development lots. The Development Agreement provides that the area is ideally programmed to serve the general public and the Development with field play, dog park, urban agriculture, and irrigation water storage. However, since this area is subject to an overhead utility easement, its improvement is subject to the easement holder’s approval. The timing of its enhanced improvement is also subject to the availability of public funding, the completion of roadways along Heritage Park, and the phasing of adjacent development on the west side of Heritage Park. In the Development Agreement, the City agreed to make best efforts over time to achieve a more intense open space program required by the regional vision for the Development. The City will complete Heritage Park improvements consisting of benches, trees, sidewalks, landscaping, and irrigation contemporaneous with the completion of the Heritage Parkway, including internal crossroads, paving improvements. Additionally, all remaining areas within the Heritage Park will be grassed, irrigated and maintained for open lawn use contemporaneous to the opening of Heritage Parkway. The PID Developers will be responsible for

the Heritage Parkway improvements adjacent to building lots as described in the PD (defined herein), contemporaneous with the completion of adjacent buildings (the “Heritage Park Improvements”). The PID Developers or the Homebuilders will fund the costs of the Heritage Park Improvements without reimbursement by the City.

Development Fees and Separated Contracts. The Development Agreement provides that development of the District is subject to the payment to the City of the following fees: (i) plat review fees; (ii) plan review and permit fees; (iii) inspection fees; (iv) park fees; and (v) impact fees (collectively, the “Development Fees”). The City agreed that all such fees will be waived and deferred by the City as an economic development grant incentive pursuant to Texas Local Government Code Chapter 380 (“Chapter 380”). The City anticipates that the Development Fees will be paid to the City by the Board from tax increment available in the tax increment fund of the TIRZ. See “THE DEVELOPER – History and Financing of the District.”

The City agreed that for any contracts for construction of public or private improvements on the property within the District for which the PID Developers use Separated Contracts and for which the City is the situs of the sales tax payment on construction materials, it will make bi-annual economic development grants pursuant to Chapter 380 in an amount equal to 100% of the City’s 1% general fund sales tax collected on the building materials physically incorporated into and made a part of the land within the District pursuant to such Separated Contracts (the “Economic Sales Tax Grant”). The Economic Sales Tax Grant is largely related to materials installed by homebuilders in building houses. In the event such reimbursements are available to the PID Developers on infrastructure materials, the PID Developers will not seek reimbursement for such costs from bond proceeds, including proceeds of the Bonds. In the Lot Purchase Agreements, the Developer agreed to pay a portion of such economic grants to the applicable Homebuilder. See “THE DEVELOPMENT – Single-Family Residential Development – Improvement Area #1.”

THE IMPROVEMENT AREA #1 IMPROVEMENTS

General

The Improvement Area #1 Improvements consist of paving and excavation, water, sewer, and storm drainage improvements, and related soft costs, benefitting only the property within Improvement Area #1. A portion of the costs of the Improvement Area #1 Improvements will be funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Improvements will be paid by the Developer without reimbursement by the City. See “APPENDIX C – Form of Service and Assessment Plan.”

Improvement Area #1 Improvements

Paving and Excavation. Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, intersections, and re-vegetation of all disturbed areas within the right-of-way are included. The paving and excavation improvements will provide benefit to each Lot within Improvement Area #1.

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

Sewer. Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

Storm Drainage. Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #1.

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.

The following table reflects the expected total costs of the Improvement Area #1 Improvements.

<u>Improvement Area #1 Improvements</u> ⁽¹⁾	
<u>Type of Improvement Area #1 Authorized Improvement</u>	<u>Total Cost</u>
<i>Improvement Area #1 Improvements</i>	
Paving and Excavation	\$ 4,133,781
Water	845,429
Sewer	642,158
Storm Drainage	1,069,787
Soft Costs	<u>2,083,881</u>
Total	<u>\$ 8,775,036</u>

⁽¹⁾ Derived from information in the Service and Assessment Plan.

The costs of the Improvement Area #1 Improvements are based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City and were approved by the City Council. See “APPENDIX C – Form of Service and Assessment Plan.” Of the approximately \$8,775,036 costs of the Improvement Area #1 Improvements, approximately \$6,898,916* is expected to be paid with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Improvements in the approximate amount of \$1,876,120* will be paid by the Developer, without reimbursement by the City. The Developer will deposit \$1,200,000 of such amount to the Developer Improvement Account of the Project Fund prior to issuance of the Bonds. The Developer will be required to spend the remaining portion of \$676,120* in costs of the Improvement Area #1 Improvements before being eligible for reimbursement from proceeds of the Bonds. As of July 31, 2025, the Developer had begun the clearing and grubbing of Improvement Area #1. See “THE DEVELOPER – History and Financing of the District.”

The Appraisal estimates that the total prospective market value of Improvement Area #1 under certain conditions, including the completion of all of the Improvement Area #1 Improvements, is \$18,706,000. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The Appraisal is addressed to the City and the Underwriter. The estimates of value presented in the Appraisal are no indication of the appraised property’s actual market value. Investors should not assume that the disposition of the lots in Improvement Area #1 in the event of default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth in the Appraisal. See “APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1” for further information regarding the Appraisal, including with respect to such assumptions, hypothetical conditions, and qualifications.

Ownership and Maintenance of Improvement Area #1 Improvements

The Improvement Area #1 Improvements will be dedicated to and accepted by the City and will constitute a portion of the City’s infrastructure improvements. The City will provide for the ongoing maintenance and repair of the Improvement Area #1 Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

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THE DEVELOPMENT

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

Overview

The District, a mixed-generational neighborhood, is within the City sponsored Staybolt Mansfield Entertainment District, referred to herein as the Development. This Development is expected to feature a stadium, live music venue, a convention center and hotels, a High-Five family entertainment complex, a restaurant park, a golf club, a water park, a baseball facility and various office, retail, and residential places. Situated just south of the City's central park and surrounded by the Emerald Necklace creek park, the neighborhood's primary marketing entrance will be via a City-funded and constructed bridge, as described under "THE DISTRICT – Development Agreement." The District consists of approximately 134.3 acres and Improvement Area #1 consists of approximately 47.095 acres. The District is jurisdictionally located within the City at the intersection of Heritage parkway and Lone Star Road and east of State Highway 360. The Britton Cemetery is adjacent to the planned Improvement Area #3 and the nearest railroad line is approximately 2,000 feet from the District.

Development Plan

The Developer currently owns all of the property within Improvement Area #1, and the remaining land within the District is owned by the Land Bank. The Developer Manager expects that each phase within the District will be owned and developed by a PID SPE created by the Developer Manager prior to groundbreaking on each phase. See "THE DEVELOPER – Description of the Developer."

The Developer Manager intends to develop the District as four improvement areas, expected to begin in August 2025 with the initial construction of the Improvement Area #1 Improvements and follow with the construction of the Future Improvement Area Improvements. The Developer expects to construct retaining walls, mailboxes and certain water and sewer lines in Improvement Area #1, comprising the Private Improvements, and the Amenities. See "THE DISTRICT – Development Agreement" and "THE DEVELOPMENT – Amenities."

Pursuant to the Development Agreement, the City is required to construct the Off-Site Public Improvements, which are necessary to deliver finished lots within the District. The City commenced construction of the Off-Site Public Improvements in October of 2024 and agreed to complete such construction by December 31, 2025. The Developer agreed to commence construction of the Improvement Area #1 Improvements by the later of 120 days after the City commenced construction of the Off-Site Public Improvements or July 31, 2025. The Developer expects to begin construction of the Improvement Area #1 Improvements in August 2025 and expects to complete such construction by December 2026. The Developer Manager expects that construction of the Future Improvement Area Improvements benefitting Improvement Area #2 will begin upon completion of the Improvement Area #1 Improvements.

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Single-Family Residential Development

Overview. The District is expected to include approximately 705 lots, consisting of 308 22' townhome lots, 250 35' lots and 147 45' lots. Improvement Area #1 is expected to include 189 lots, consisting of 77 22' townhome lots, 60 35' lots and 52 45' lots. Improvement Area #2 is expected to include 184 lots, consisting of 69 22' townhome lots, 67 35' lots and 48 45' lots. Improvement Area #3 is expected to include 172 lots, consisting of 67 22' townhome lots, 75 35' lots and 30 45' lots. Improvement Area #4 is expected to include 160 lots, consisting of 95 22' townhome lots, 48 35' lots and 17 45' lots. The information regarding expected buildout of the District is shown in the following table.

Expected Buildout of Single-Family Lots within the District ⁽¹⁾

<u>Improvement Area/Lot Size</u>	<u>Number of Lots</u>	<u>Actual/Expected Infrastructure Completion Date</u>	<u>Expected Initial Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Final Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Initial Sale Date of Single-Family Homes to Homeowners</u>
<i>Improvement Area #1</i>					
22'	77	Q4 2026	Q4 2026	Q2 2028	Q3 2027
35'	60	Q4 2026	Q4 2026	Q2 2028	Q3 2027
45'	<u>52</u>	Q4 2026	Q4 2026	Q2 2028	Q3 2027
Subtotal	189				
<i>Improvement Area #2</i>					
22'	69	Q2 2028	Q2 2028	Q1 2030	Q1 2029
35'	67	Q2 2028	Q2 2028	Q1 2030	Q1 2029
45'	<u>48</u>	Q2 2028	Q2 2028	Q1 2030	Q1 2029
Subtotal	184				
<i>Improvement Area #3</i>					
22'	67	Q1 2030	Q1 2030	Q4 2031	Q4 2030
35'	75	Q1 2030	Q1 2030	Q4 2031	Q4 2030
45'	<u>30</u>	Q1 2030	Q1 2030	Q4 2031	Q4 2030
Subtotal	172				
<i>Improvement Area #4</i>					
22'	95	Q4 2031	Q4 2031	Q3 2033	Q3 2032
35'	48	Q4 2031	Q4 2031	Q3 2033	Q3 2032
45'	<u>17</u>	Q4 2031	Q4 2031	Q3 2033	Q3 2032
Subtotal	160				
Total	705				

⁽¹⁾ These projections regarding final buildout and final sale dates were provided by the Developer. Expected buildout and final sale date projections in the Appraisal may vary. Numbers and dates are estimates provided by the Developer and are subject to change.

Improvement Area #1. The Developer has entered into the Lot Purchase Agreements with David Weekley Homes, Kindred Homes and K Hovnanian Homes for all 189 lots within Improvement Area #1.

David Weekley Homes agreed to purchase all 52 45' lots within Improvement Area #1 and is required to initially take down 10 45' lots within 15 days after substantial completion (the "45' Substantial Completion Date") and 9 45' lots each 90 days thereafter until all 52 lots have been purchased. Kindred Homes agreed to purchase all 60 35' lots within Improvement Area #1 and is required to initially take down 12 35' lots within 30 days after substantial completion (the "35' Substantial Completion Date"), 8 lots within 180 days of its initial closing and 8 35' lots each 90 days thereafter until all 60 lots have been purchased. K Hovnanian Homes agreed to purchase all 77 22' lots within Improvement Area #1 and is required to initially take down 9 22' lots within 30 days after substantial completion (the

“22’ Substantial Completion Date”) and 9 22’ lots each 90 days thereafter (except for the final closing, which will include 5 lots) until all 77 lots have been purchased.

The purchase price for the lots within Improvement Area #1 shall be as described in the “Lot and Home Prices in Improvement Area #1” table below. In addition to such purchase price, the Homebuilders shall pay the Developer, for each lot purchased, a recovery fee (the “Recovery Fee”) in an amount equal to the total of all Development Fees that would have customarily been charged to the Homebuilder for such lot by the City absent the waiver included in the Development Agreement. See “THE DISTRICT – Development Agreement.” Additionally, in the event that the actual direct costs of construction of the lots exceed more than five percent (5%) of the amounts budgeted for such costs (including all “contingency” amounts) on the budget approved by the Lender (defined herein) at the closing of the Loan, the Developer may add a pro rata surcharge to the base price of each lot to include such allocable share of any such cost increases (the “Base Price Contingency Adjustment”) subject to a cap of \$4,000 per 45’ lot and \$3,000 for each 35’. The contract with K Hovnanian Homes does not allow for a Base Price Contingency Adjustment. See “THE DEVELOPER – History and Financing of the District – Development of Land Within the District.”

Pursuant to the Lot Purchase Agreement with David Weekley Homes, the Developer agreed to achieve the 45’ Substantial Completion Date within 18 months after commencement of grading, which date may be extended by 180 days. Thereafter, David Weekley Homes may extend such date by another 180 days or elect to terminate the agreement, in which case the earnest money shall be returned. The Developer also agreed to complete (i) the entry monumentation and landscaping within 120 days after the 45’ Substantial Completion Date, (ii) the common area parks within 180 days after the 45’ Substantial Completion Date and (iii) the Amenity Center (defined herein), including pools and buildings, within one year after the 45’ Substantial Completion Date. If the Developer does not complete such improvements by such deadlines, the Additional Consideration (defined herein) shall abate.

Pursuant to the Lot Purchase Agreement with Kindred Homes, if the Developer does not achieve the 35’ Substantial Completion Date within 18 months after commencement of grading, Kindred Homes may extend such date by 90 days or elect to terminate the agreement, in which case the earnest money shall be returned. The Developer agreed to commence grading within 60 days after the closing of the Loan. The Developer also agreed to complete (i) the entry monumentation and landscaping within 120 days after the 35’ Substantial Completion Date and (ii) the common area parks within one year after the 35’ Substantial Completion Date. If the Developer does not complete such improvements by such deadlines, the Additional Consideration shall abate.

Pursuant to the Lot Purchase Agreement with K Hovnanian Homes, if the Developer does not achieve the 22’ Substantial Completion Date on or before March 1, 2027, K Hovnanian Homes may extend such date by 90 days or elect to terminate the agreement, in which case the earnest money shall be returned. The Developer also agreed to complete (i) the entry monumentation and landscaping within 120 days after the 22’ Substantial Completion Date, (ii) the common area parks within 180 days after the 22’ Substantial Completion Date and (iii) the Amenity Center, including pools and buildings, within one year after the 22’ Substantial Completion Date. If the Developer does not complete such improvements by such deadlines, the Additional Consideration shall abate and the amenity fee shall thereafter be deemed abated and shall no longer apply to any lots that as of the applicable deadline have not been acquired by K Hovnanian Homes.

The Homebuilders have collectively deposited \$2,711,550 in earnest money of which \$842,400 was provided by David Weekley Homes, \$843,150 was provided by K Hovnanian Homes, and \$1,026,000 was provided by Kindred Homes. Such deposits will be credit against the purchase price of final lots under each contract. The earnest money deposits are secured by second lien deeds of trust, which are subordinate to the deed of trust securing the Loan.

In the Lot Purchase Agreements with David Weekley Homes and Kindred Homes, the Developer agreed to pay the respective Homebuilder 100% of the Economic Sales Tax Grant related to any Separated Contracts entered into by such Homebuilder and eligible to be reimbursed pursuant to the Development Agreement. See “THE DISTRICT – Development Agreement.”

The anticipated schedule for sale of single-family lots to the Homebuilders within Improvements Area #1 is shown in the following table.

Expected Sale of Single-Family Lots to Homebuilders by Lot Type in Improvement Area #1

<u>Expected Sale Date</u>	<u>22' Lot</u>	<u>35' Lot</u>	<u>45' Lot</u>	<u>Total Lots</u>
2026	9	12	10	31
2027	36	32	36	104
2028	<u>32</u>	<u>16</u>	<u>6</u>	<u>54</u>
Total	77	60	52	189

⁽¹⁾ These projections regarding expected absorption were provided by the Developer. Absorption projections in the Appraisal may vary.

The anticipated schedule for sale of single-family homes to homeowners within Improvement Area #1 is shown in the following table.

Expected Sale of Single-Family Homes to Homeowners by Lot Type in Improvement Area #1

<u>Expected Sale Date</u>	<u>22' Lot</u>	<u>35' Lot</u>	<u>45' Lot</u>	<u>Total Lots</u>
2027	36	36	37	109
2028	<u>41</u>	<u>24</u>	<u>15</u>	<u>80</u>
Total	77	60	52	189

⁽¹⁾ These projections regarding expected absorption were provided by the Developer. Absorption projections in the Appraisal may vary.

The estimated lot and home prices in the District are as follows:

Lot and Home Prices in Improvement Area #1

<u>Lot Size</u>	<u>Quantity</u> ⁽¹⁾	<u>Estimated Base Lot Price</u> ⁽²⁾	<u>Estimated Base Home Price</u> ⁽³⁾
22'	77	\$ 77,000	\$385,000
35'	60	95,000	460,000
45'	<u>52</u>	108,000	535,000
Total	189		

⁽¹⁾ Numbers are estimates provided by the Developer and are subject to change.

⁽²⁾ Average base lot price derived from the Lot Purchase Agreements. Values in the Appraisal may vary. The 35' and 45' base lot prices are subject to an annual escalation of 8.00% and the 22' base lot prices are subject to an annual escalation of 8.50% (the "Additional Consideration"). The Lot Purchase Agreements also include a \$4,500 per lot amenity fee and a \$750 architectural compliance fee.

⁽³⁾ Average base home price provided by Developer.

Amenities

The PID Developers will construct the Extended Parkway Improvements in accordance with the Development Agreement for an estimated cost of \$1,416,240. See "THE DISTRICT – Development Agreement." In addition to the Extended Parkway Improvements, the PID Developers will construct the following amenities within the District: (i) an amenity center, including an open-air restroom building and shade structure and swimming pool, and playground with equipment for children ages 2-5, which will be located within Improvement Area #1 (collectively, the "Amenity Center"); (ii) sidewalks, trees, benches, irrigation and related landscaping; and (iii) additional open space landscaping throughout the District (the "District Amenities" and, together with the Extended Parkway Improvements, the "Amenities"). The PID Developers expect the District Amenities to cost approximately \$6,096,131, which will be financed by the PID Developers without reimbursement by the City. The PID Developers expect that construction of the Amenity Center will commence by the fourth quarter of 2026 and be complete by the fourth quarter of 2027. The other Amenities will be constructed on a phase-by-phase basis. The Amenities will be dedicated to and owned by the City. The Extended Parkway Improvements are expected to be operated and maintained by the City and the District Amenities will be operated and maintained by the HOA.

Zoning/Permitting

The development of the property within the District will be governed by the Lonestar Mansfield PD, Planned Development District Ordinance (the “PD”), the concept plan for the District, the Code of Ordinances of Mansfield, and the regulations plan for the District, as described in the Development Agreement.

Education

The District is located within Midlothian ISD. Midlothian ISD operates eight elementary schools, three middle schools and two high schools. J.A. Vitovsky Elementary School, which is approximately 5.5 miles from the District, Frank Seale Middle School, which is approximately 7 miles from the District and Midlothian High School, which is approximately 7 miles from the District, are currently expected to serve residents within the District, including Improvement Area #1.

GreatSchools.org rated J.A. Vitovsky Elementary School, Frank Seale Middle School and Midlothian High School as “average”. According to the Texas Education Agency accountability reports for 2022-2023, J.A. Vitovsky Elementary School and Frank Seale Middle School were rated “C” and Midlothian High School was rated “B”. The 2023-2024 accountability ratings are not yet available. The categories for public school districts and public schools are A, B, C, D or F.

Environmental

Site Evaluation. A Phase I Environmental Site Assessment Report (the “Phase I ESA”) of approximately 213.891 acres, including the land within the District (the “Site”), was completed on July 18, 2022, by Alpha Testing, LLC (“ALPHA”). The Phase I ESA notes that the Site was primarily undeveloped land improved with a rural single-family residence and associated outbuildings located on the northern portion of the Site and a natural gas well surface pad station located on the east-central portion of the Site, as further discussed under “– Mineral Rights.” Based on a review of historical information, interviews with local government agencies, a review of state and federal regulatory databases and site reconnaissance observations, evidence of the following recognized environmental conditions (“RECs”) were revealed:

- An apparent former tree orchard is depicted on the northern portion of the Site, from at least the 1940s to the 1960s (-20 years). According to a review of the regulatory database report, the facility is not listed as a registered Environmental Protection Agency (“EPA”) or Texas Commission on Environmental Quality (“TCEQ”) regulated facility. No additional information was available regarding the tree orchard facility. Based on the apparent duration of facility operation (-20 years), absence of information and potential use of fertilizers/pesticides/herbicides/etc., the former on-site tree orchard facility is considered to present a REC for the Site.
- Two 50-gallon drums and one 30-gallon drum appear to have dumped on the Site in 2010. The dumping area was located approximately 100 yards east of State Highway 360. The top of the 30-gallon drum appears to have been removed and is on its side resulting in a spill. According to the City of Mansfield Environmental Services Department, the location of the spill was roughly 10 feet south of Lone Star Road (based on 2013 road configurations), and roughly 10 yards east of the unpaved dirt road located on the Site. Based on this information, the release associated with the illegal dumping is considered to present a REC for the Site.
- According to available regulatory database information, a northeast adjoining property is listed as a registered TCEQ IHWCA/IHW facility. Additionally, the facility is listed as an U.S. EPA RCRA Generator facility. In September of 1999, TCEQ filed an Industrial and Hazardous Waste Inspection Report of Large Quantity Generators for the industrial connector and circuit manufacturing facility Rhimo Industries Inc. The facility included the main process building, a scraps and shavings building, several empty ASTs, and a septic tank leach field. Additionally, a plating building, inactive waste tanks, cadmium waste, drums and barrels, debris and unknown materials and a soil

remediation area located on a northeast surrounding property (beyond adjoining, separated by Britton Road) are also associated with the facility.

According to a site closure proposal document prepared by TITAN Engineering, Inc. (“TITAN”) on August 25, 1999, TITAN proposed collecting surface soil samples southwest of the main building (Scrap Shaving Area) and adjoining the Site to the northeast. Additionally, TITAN proposed collecting additional surface soil samples in the vicinity of the platting building/former cotton gin located approximately 600 feet northeast of the Site and is not considered to present a REC for the Site. The soil samples in the vicinity of the platting building were proposed to investigate a former soil stabilization area, former tank area and former drum storage area. The samples were proposed to be analyzed for total petroleum hydrocarbons, cadmium and/or chromium. It was reported that surface soil samples were collected southwest of the main building; however, the results were not included in the IHWCA regulatory file information.

ALPHA reviewed a June 2011 TCEQ Industrial and Hazardous Waste Inspection Report for a follow up investigation due to a notice of violation (NOV) concerning hazardous waste container maintenance and unauthorized municipal solid waste disposal or discharge dated April 8, 2011, regarding the facility. Based on the information provided in the TCEQ IHWCA regulatory file, duration of operation, distance and apparent topographic gradient relative to the Site, the northeast adjoining EPA RCRA Generator and TCEQ IHW/IHWCA facility is considered to present a REC for the Site.

The Phase I ESA also noted:

- The Site was formerly improved with a rural single-family residence and associated outbuildings (barns, sheds, etc.) located on the northwestern portion of the Site from at least the 1940s to the early-2000s and currently improved with rural single-family residence and associated outbuildings (barns, sheds, etc.) located on the northern portion of the Site since at least the 1940s. Based on the Site being located within a rural area during that time period, a septic system and/or water well may have been associated with the former and current on-site residences.
- During ALPHA’s on-site reconnaissance, evidence of a septic system was observed on the northern portion of the Site in the vicinity of the current single-family residence and associated outbuildings (i.e. barns, sheds, etc.). Based on the septic system being utilized for apparent residential purposes, and the apparent absence of commercial/industrial activities conducted on the Site, the on-site septic system is not considered to present a REC for the Site. Additionally, no evidence of a septic system was observed in the vicinity of the former on-site residence.
- One suspected water well with associated water tank maintained within a partially dilapidated water well house was observed on the northern portion of the Site, in the vicinity of the northern rural single-family residence. The water well housing structure is an approximately 10 square-feet, partially dilapidated wooden structure. No detail information (i.e., installation date, well depth, etc.) was available for the water well.

The Phase I ESA made the following recommendations to address the above-described RECs.

- ALPHA recommends an Environmental Site Investigation (“ESI”) be conducted to evaluate the on-site soil and groundwater for environmental contaminants as a result of potential releases associated with the on-site former apparent tree orchard, on-site area of illegal dumping and associated PCE spill and the off-site/adjoining IHW/IHWCA/RCRA Generator facility with associated septic tank leach field located on the northeast adjoining property.
- Additionally, should the natural gas well surface pad station and tank battery station be decommissioned/removed from the Site in the future and the area planned for development, a post-

production environmental investigation for the well pad station should be conducted prior to development.

- If the on-site septic tank system is not intended for use during future Site development activities, ALPHA recommends the septic tank system be closed and abandoned in accordance with local, state and federal regulations. If an additional septic tank system(s) is encountered on-site during future Site development activities and is not intended for future use, ALPHA recommends the septic tank system(s) be closed and abandoned in accordance with local, state and federal regulations.
- If the on-site water well or an additional on-site water well(s) is encountered during future Site development activities and is not intended for future use, ALPHA recommends the water well(s) be plugged and abandoned in accordance with 16 Texas Administrative Code (TAC) Chapter 76.
- If the on-site pole-mounted transformer is planned for removal/disposal, and is not owned by a third-party utility company, the transformer should be assumed to be polychlorinated biphenyl (PCB)-containing until testing proves otherwise. PCB-containing transformers should be disposed in accordance with local, state and federal regulations.
- If the on-site structures are scheduled for renovation or demolition, a comprehensive asbestos survey must be performed by a State of Texas licensed and EPA accredited asbestos inspector in accordance with Texas Asbestos Health Protection Rules and the EPA's NESHAP regulation (40 CFR Part 61) prior to the initiation of renovation or demolition activities.

An ESI for the Site was completed on September 27, 2024, by UES Professional Solutions 44, LLC to review the RECs identified in the Phase I ESA. The objectives of the ESI was to (i) evaluate the potential presence of Resource Conservation and Recovery Act (RCRA)-8 metals, organochlorine pesticides, organophosphorus pesticides, and herbicides in the on-site soils which were utilized as an apparent former tree orchard on the northern portion of the Site from at least the 1940s to the 1960s (approximately 20 years), (ii) evaluate total petroleum hydrocarbons (TPH) and volatile organic compounds (VOCs) in the groundwater and select VOCs in soil gas from illegal dumping on the west adjoining property, and (iii) evaluate TPH, VOCs, and RCRA-8 metals in soil and groundwater and select VOCs in soil gas in the vicinity of the northeast adjoining 2400 Phillips Britton Road/4150 Britton Road facility, which were identified as RECs associated with the overall 213.891-acre property included in the ALPHA Phase I ESA.

Based on the conclusions of the ESI, the following recommendations are presented:

- Soil and groundwater encountered at this site does not appear to be affected by a release of chemicals of concern at concentrations exceeding applicable Action Levels or risk-based screening criteria in the vicinity of the identified RECs. Therefore, additional investigation, or action, with respect to the former tree orchard, illegal dumping, and the northeast adjoining property (2400 Phillips Britton Road/4150 Britton Road) does not appear to be warranted at this time.
- Petroleum and chlorinated hydrocarbons VOCs in the soil gas were not detected at concentrations above their respective TRRP Residential RBEL-Based Target Soil Gas Concentrations. Therefore, there does not appear to be vapor intrusion pathway with respect to the health and safety of future building occupants. Therefore, installation of a VOC vapor mitigation system during construction of proposed buildings does not appear to be warranted at this time.
- The on-site soil cuttings and decontamination water generated during drilling operations and sampling of the soil borings/groundwater monitor wells can be dispersed on-site as unaffected material or disposed at a landfill or treatment facility as Class 2 equivalent non-hazardous waste.

Geotechnical Report. A preliminary geotechnical exploration report covering the property in the District (the "Geotech") was performed by ALPHA in April 2022. The Geotech made recommendations for design and construction of the proposed slab foundations, piers for bridges, drainage, site preparation and grading, fill

compaction, among other things. The Developer represents that it has followed or will follow all such recommendations.

Endangered Species. According to the Texas Parks and Wildlife website, the following endangered species are known or believed to occur in Ellis County: white-faced ibis, wood stork, black rail, piping plover, rufa red knot, yellow-billed cuckoo, alligator snapping turtle, Texas horned lizard, sandbank pocketbook, Louisiana pigtoe, Texas heelsplitter and the Trinity pigtoe. The Developer is not aware of any endangered species located on District property.

Mineral and Water Rights

There are certain mineral rights reservations of one or more prior owners of real property within the District (the “Mineral Owners”) pursuant to one or more deeds in the chain of title for the property in the District. One or more of the reservations include a surface waiver with respect to such mineral rights.

The Phase I ESA revealed two natural gas gathering pipelines, one natural gas transmission pipeline, one natural gas well and one natural gas well surface pad station located on the Site. Additionally, seven gas wells and one permitted well location are depicted on north, east and south adjoining properties. Two natural gas gathering pipelines are located on the east-central and central portions of the Site. The 24-inch diameter pipeline is currently operated by Barnett Gathering, LLC. The 10.75-inch diameter pipeline is currently operated by Eagleridge Operating, LLC and is associated with a natural gas well surface pad station located on the east-central portion of the Site. The natural gas transmission pipeline is located on the central portion of the Site and is operated by DFW Midstream, LLC. Both the natural gas gathering pipelines and the natural gas transmission pipeline appear to have been installed in coordination with on-site and adjoining/surrounding natural gas well surface pad stations.

One producing natural gas well is depicted on the northern portion of the property and one producing natural gas well is depicted on the north adjoining property approximately 125 feet from the Site. The natural gas well locations appear to have been installed utilizing horizontal drilling techniques to access the producing underground geologic formation from an off-site gas natural well surface pad station located on a surrounding property (beyond adjoining) to the northwest. Based on this information, the natural gas well locations are not considered present RECs for the Site.

A natural gas well surface pad station located on the central portion of the Site appears to maintain two producing natural gas wells and two temporarily abandoned natural gas wells. The natural gas well surface pad station appears formerly operated by Legend Natural Gas IV, LP and currently operated by Eagleridge Operating, LLC. The natural gas well surface pad station currently includes four produced water ASTs, five plastic approximately 250-gallon ASTs, one approximately 250-gallon elevated steel AST and ancillary piping equipment. There does not appear to be evidence of the utilization of an excavated drilling mud pit/fracking pond during well installation activities. According to Eagleridge Operating, LLC, they have no knowledge of the use of a drilling mud pit and/or fracking pond associated with well exploration activities. Based on ongoing natural gas well activities, the natural gas well surface pad station is not considered to present a REC for the Site. This gas pad is within the future planned Improvement Area #2. The Developer reports that the related gas wells are inactive and are in the process of being removed.

While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. Certain rules and regulations of the Texas Railroad Commission may also restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location. Additionally, (i) Chapter 114 and Section 115.102 of the City’s Code of Ordinances includes restrictions related to the production of oil and gas and (ii) there are mining and drilling exclusions in the declaration of covenants, conditions and restrictions with respect to the Development.

Although the Developer does not expect the above-described mineral and water rights, or the exercise of such rights or any other mineral rights or related property rights in or around the District, to have a material adverse effect on the property within the District or the ability of landowners within Improvement Area #1 to pay Improvement Area #1 Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS – Exercise of Mineral Rights.”

Utilities

Water and Wastewater. The City will provide retail water, raw water and wastewater service to the District, in accordance with the Development Agreement. See “THE CITY – Water and Wastewater.”

Other Utilities. The Developer anticipates additional utilities to be provided by the following entities:

Phone/Data	Spectrum
Electric	Oncor
Gas	Atmos

THE DEVELOPER

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

General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as internet, gas and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of the revenue bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to 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 Developer

The Developer is owned by family affiliates and trusts controlled by John Hodge and William Gietema Jr. (the “Developer Members”) and was created by the Developer Members for the purpose of developing Improvement Area #1 of the District. The members of the Land Bank are also the Developer Members. The Hodge and Gietema family entities each own 50% of the member interests. The manager of the Land Bank and the Developer is the Developer Manager, which is owned and managed 50-50 by John Hodge and William Gietema Jr., individually. The Developer Members expect to create separate SPEs to develop and finance each phase within the District pursuant to separate reimbursement agreements with the City. SPE members will be family affiliates and trusts controlled 50-50 by John Hodge and William Gietema Jr. and the Developer Manager will be the manager.

The Developer Manager is a Dallas-based company specializing in the development of mixed-use, master-planned communities. Since its beginning in 1992, the Developer Manager has developed over 40 residential and mixed-use communities which have included over 5,000 single family lots. The Developer Manager’s investment structure focuses first and foremost on risk management and capital reservation.

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A snapshot of some of the communities the Developer Manager has developed or is currently developing is presented below.

<u>Project Name</u>	<u>Project Type</u>	<u>Number of Acres</u>	<u>County</u>	<u>Status</u>
The Canals at Grand Park	Mixed-Use Residential	154	Denton	Completed
Homestead at Liberty Grove	Residential	180	Dallas	2 Phases Developed, 2 Remaining
Hometown NRH	Mixed-Use Residential	330	Tarrant	Completed
Somerset Park	Residential	130	Rockwall	Expected Completion - Q4 2025

Executive Biography of Principals of the PID Developers

Bill Gietema. Mr. Gietema is responsible for the company’s entitlements, land planning and development operations. Mr. Gietema “grew-up” in the real estate business and has been involved in numerous residential and commercial projects as an employee in his father’s California-based development firm.

Mr. Gietema is highly regarded in the industry as an expert in land planning and zoning. Mr. Gietema received a BA from UCLA, where he was a Summa Cum Laude graduate and elected to Phi Beta Kappa. Mr. Gietema also earned an MS in real estate development from MIT and studied at London School of Economics. Mr. Gietema was awarded the 2002 Knight Fellowship from the University of Miami School of Architecture.

John Hodge. Mr. Hodge is responsible for acquisitions, finance, strategic planning and administration. Prior to co-founding the Developer Manager, Mr. Hodge was employed by a Forbes 400 family office, where he was involved in the acquisition efforts of several Fortune 500 companies. Mr. Hodge was also responsible for the family’s portfolio of residential and commercial properties. Prior to this, Mr. Hodge was employed at the predecessor to KPMG where he specialized in real estate, financial institutions, and oil and gas.

Mr. Hodge has recently served as an adjunct professor at the Cox School of Business at Southern Methodist University where he developed and taught an MBA course on real estate development. Mr. Hodge is a CPA (inactive) and holds an MBA and BBA from the University of Texas Austin where he received several academic awards. He also holds an MS from the Massachusetts Institute of Technology.

History and Financing of the District

Acquisition of Land Within the District. The Developer Members purchased 137.459 acres of land in two separate transactions in September of 2024 for a total purchase price of \$6,266,530, which purchase was made on a cash basis. Subsequently, in October of 2024, the City and the Developer Members entered into a land swap, wherein the Developer Members relinquished 9.052 acres, and acquired 5.893 acres, resulting in the Developer Members owning the 134.3 acres comprising the District. On January 16, 2025, by Special Warranty Deed, the Developer Members transferred all of the land within the District to the Land Bank.

On July 10, 2025, the Developer purchased the approximately 47.095 acres comprising Improvement Area #1 from the Land Bank for a purchase price of \$6 million. The Developer financed such purchase price with internal cash funding. The Land Bank transferred the approximately 47.095 acres comprising Improvement Area #1 to the Developer pursuant to a Special Warranty Deed. The current plan is to transfer land within each Improvement Area to a separate PID SPE prior to groundbreaking on such Improvement Area.

Development of Land Within the District. The costs to construct the Improvement Area #1 Improvements are expected to be approximately \$8,775,036, approximately \$6,898,916* of which is expected to be paid with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Improvements in the approximate amount of \$1,876,120* will be paid by the Developer, without reimbursement by the City. The Developer will deposit \$1,200,000 of such amount to the Developer Improvement Account of the Project Fund prior to issuance of the Bonds.

* Preliminary; subject to change.

The Developer will be required to spend the remaining portion of \$676,120* in costs of the Improvement Area #1 Improvements before being eligible for reimbursement from proceeds of the Bonds. In addition, the Private Improvements in the approximate amount of \$409,497, and the Amenities in the approximate amount of \$7,512,371, will be financed by the Developer with proceeds of the Loan (defined below), without reimbursement by the City. As of July 31, 2025, the Developer had begun the clearing and grubbing of Improvement Area #1.

In order to finance costs of the Improvement Area #1 Improvements, until reimbursed with proceeds of the Bonds and the Developer contribution deposited to the Developer Improvement Account of the Project Fund, and the Amenities, the Developer entered into a Loan Agreement (Lot Development) with Veritex Community Bank (the "Lender"), effective as of July 16, 2025, for an amount not to exceed \$7,699,432 (the "Loan"), which is secured by, among other things, a lien on all of the real property within Improvement Area #1 and improvements thereon owned by the Developer, as well as an assignment of the Developer's interest in the Lot Purchase Agreements with the Homebuilders. In connection with the Loan, both Developer Members executed a Completion and Carve-Out Guaranty, which guarantee to the Lender, among other things, the prompt payment and performance of any amounts related to the development of Improvement Area #1 and any damages or liabilities related to such development and, until the completion of the Improvement Area #1 Improvements and the Amenity Center, the responsibility for completion of such improvements. The Loan matures on July 16, 2028, and bears interest at a rate equal to the lesser of (i) the greater of (a) the sum of the applicable Prime Rate in effect from day to day, plus 0.75% per annum or (b) 5.0% and (ii) the Maximum Lawful Rate. Each of the Developer Members has provided a personal guarantee to the Lender guaranteeing, among other things, repayment of the Loan and completion of the Improvement Area #1 Improvements. As of July 31, 2025, the Loan has an outstanding balance of \$1,000.

The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within the District and is superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. At or prior to delivery of the Bonds, the Lender has agreed to consent to and acknowledge the creation of the District, the levy of the Improvement Area #1 Assessments and the subordination of the liens securing the Loan to the Assessment Lien on property within Improvement Area #1 securing payment of the Improvement Area #1 Assessments. The lien on the property within the District securing the Improvement Area #1 Assessments will have priority over the lien on the property within the District securing the Loan.

Development Agreement. On December 12, 2022, the City created the TIRZ over the property within the Development, including the District. In the Project and Finance Plan for the TIRZ, (i) the City agreed to contribute (A) 75% of the tax increment generated within the Development (the "Contract Tax Increments") for years 2023-2032, (B) 50% of the Contract Tax Increments for years 2033-2042 and (C) 35% of the Contract Tax Increments for years 2043-2062, (ii) the County agreed to contribute 50% of its Contract Tax Increments and (iii) Tarrant County agreed to contribute 50% of its Contract Tax Increments to (i) finance certain project costs and (ii) an the economic development grant program described below.

In the Development Agreement, the City agreed that the Development Fees will be waived and deferred by the City as an economic development grant incentive pursuant to Chapter 380. The City anticipates that the deferred fees will be paid to the City by the Board from tax increment available in the tax increment fund of the TIRZ. Additionally, in the Lot Purchase Agreements, the Homebuilders agreed to pay the Developer, the Recovery Fee in an amount equal to the total of all Development Fees that would have customarily been charged to the Homebuilder for such lot by the City absent the waiver included in the Development Agreement.

The City agreed that for any Separated Contracts for which the City is the situs of the sales tax payment on construction materials, it will make bi-annual economic development grants pursuant to Chapter 380 in an amount equal to 100% of the City's 1% general fund sales tax collected on the building materials physically incorporated into and made a part of the land within the District pursuant to such Separated Contracts. The Developer is not being reimbursed for any such costs with proceeds of the Bonds. In the Lot Purchase Agreements, the Developer agreed to pay a portion of such economic grants to the applicable Homebuilder.

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* Preliminary; subject to change.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. In order to finance the acquisition of the Property and development of the District, the Developer and certain third parties, including the Homebuilders, have expended equity or extended promissory notes that are secured by a lien on some or all of the real property within the District, including Improvement Area #1, that is subordinate to the lien associated with the Improvement Area #1 Assessments. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Improvement Area #1 Assessments is listed in the following table.

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

<u>At Risk Entity</u>	<u>Funding Type</u>	<u>Funding Purpose</u>	<u>Security</u>	<u>Position to Assessment Lien</u>	<u>Maximum/Initial Amount</u>	<u>Outstanding Balance</u> ⁽¹⁾
PID Developer	Developer Equity	Purchase of Land	None	N/A	\$6,266,530	\$6,266,530
David Weekley Homes	Earnest Money Deposit	Purchase of Land	Second Lien on real property within Improvement Area #1	Subordinate	\$842,400	\$842,400
Kindred Homes	Earnest Money Deposit	Purchase of Land	Second Lien on real property within Improvement Area #1	Subordinate	\$1,026,000	\$1,026,000
K Hovnanian Homes	Earnest Money Deposit	Purchase of Land	Second Lien on real property within Improvement Area #1	Subordinate	\$843,150	\$843,150
Veritex Community Bank	Development Loan	Development	Lien on real property within Improvement Area #1 of the District	Subordinate	\$7,699,432 ⁽²⁾	\$1,000 ⁽²⁾
Total Outstanding Balance of Equity and Loans/Notes Secured by a Subordinate Lien on Real Property within Improvement Area #1 of the District						\$8,979,080

⁽¹⁾ As of August 13, 2025.

⁽²⁾ The total amount drawn under the Loan may not exceed \$7,699,432.

THE ADMINISTRATOR

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

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

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel IDs within the District;

- Trust account analysis and reconciliation;
- Property owner inquires;
- Determination of prepayment amounts;
- Preparation and review of disclosure notices with dissemination agent; and
- Review of developer draw requests for reimbursement of authorized improvement costs.

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1

Peyco Southwest Realty, Inc. (the “Appraiser”), prepared an appraisal report for the City and the Underwriter dated August 13, 2025, based upon a physical inspection of the District conducted on March 18, 2025 (the “Appraisal”). The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX F – Appraisal of Improvement Area #1.”

The Appraiser estimated the prospective market value “upon completion” of the lots within Improvement Area #1 under certain hypothetical conditions. The Appraisal does not reflect the value of Improvement Area #1 as if sold to a single purchaser in a single transaction. The hypothetical conditions include the assumptions that all of the Improvement Area #1 Improvements have been completed in accordance with plans and specifications as of the dates specified below. See “THE IMPROVEMENT AREA #1 IMPROVEMENTS,” “THE DEVELOPMENT – Development Plan” and “APPENDIX F – Appraisal of Improvement Area #1.”

The total prospective market value estimate for the Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of July 1, 2026, is \$18,706,000.

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

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 Improvement Area #1 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 Improvement Area #1.

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

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

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” herein.

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 each Initial Purchaser, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act of 1933), has sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Bonds, and the Initial Purchaser can afford a complete loss of its investment in the Bonds.

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 Improvement Area #1 to pay Improvement Area #1 Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1, and (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the property within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such property.

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

Assessment Limitations

Annual Installments of Improvement Area #1 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 ad valorem taxes as described under “ASSESSMENT PROCEDURES” herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, interest and the Annual Collection Costs for such year. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Improvement Area #1 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 Improvement Area #1, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See “BONDHOLDERS’ RISKS – Bondholders’ Remedies and Bankruptcy of Property Owner” herein.

Upon an ad valorem tax lien foreclosure event of a property within Improvement Area #1, any Improvement Area #1 Assessment that is delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Improvement Area #1 Assessments, the liens securing such delinquent ad valorem taxes and delinquent Improvement Area #1 Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Improvement Area #1 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 Improvement Area #1 Assessment Ordinance. **However, an Assessment Lien may not be foreclosed upon any Pre-existing Homestead Rights for as long as such rights are maintained on the property.** It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Improvement Area #1 Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer currently owns 100% of the Assessed Property and is not eligible to claim homestead rights. Consequently,

there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

Failure by owners of the 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 Improvement Area #1 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 IMPROVEMENT AREA #1 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 IMPROVEMENT AREA #1.

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Accounts of the Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account

Failure of the owners of Assessed Property within Improvement Area #1 to pay the Improvement Area #1 Assessments when due could result in the rapid, total depletion of the Bond Reserve Account and the Delinquency and Prepayment Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Bond Reserve Account of the Reserve Fund will be fully funded from the proceeds of the Bonds; however, funding of the Delinquency and Prepayment Reserve Account is accumulated over time, by the mechanism described in “SECURITY FOR THE BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund.” The Indenture provides that if after a withdrawal from the Bond Reserve Account the amounts therein are less than the Bond Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Bond Reserve Account sufficient to cure such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest or Sinking Fund Installments. See “SECURITY FOR THE BONDS – Delinquency and Prepayment Reserve Account of the Reserve Fund.”

Lien Foreclosure and Bankruptcy

The payment of Improvement Area #1 Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessments might not be paid in full. See “OVERLAPPING TAXES AND DEBT.”

Bondholders’ Remedies and Bankruptcy of Property Owners

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 Owners of at least 25% aggregate outstanding principal amount of the Bonds

then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under 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 such action for money damages against the City may be sought or 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 Improvement Area #1 or sell property within Improvement Area #1 in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS – Chapter 9 Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

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

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

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted (subject to provisions set forth in the Indenture) to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to Owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Improvement Area #1 available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See "OVERLAPPING TAXES AND DEBT." Collection of delinquent taxes, assessments and Improvement Area #1 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.

Chapter 9 Bankruptcy Limitation to Bondholders' Rights

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

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

The City cannot predict a Bankruptcy Court's treatment of the Bondholders' creditor claim and whether a Bondholder would be repaid in full.

State Law Requiring Notice of Assessment; Failure of Developer 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 of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract of purchase and sale. If the Developer or the Homebuilders do not provide the required notice and prospective purchasers of property within Improvement Area #1 terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Improvement Area #1 Assessments on such property should be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further, if the Developer or the Homebuilders do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The 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. The Governor has called a special session which began on July 21, 2025. To date, no legislation relating to special assessment has been proposed for the special session. It is impossible to predict what new proposals may be presented at the current 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 Improvement Area #1 subject to the Improvement Area #1 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.

The Developer expects to finance the costs of the Improvement Area #1 Improvements not paid from bond proceeds with the Loan. If the Developer is unable to access funds under the Loan, the Developer’s ability to complete the Improvement Area #1 Improvements could be adversely affected.

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in the lot purchase contract are not met. Contracts that the Developer may have with individual homebuilders are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Improvement Area #1 Assessments are an imposition against the land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Improvement Area #1 Assessments and the recourse for the failure of the Developer or any other landowner to pay the Improvement Area #1 Assessments is limited to the collection proceedings against the land as described herein. Failure to meet any lot purchase contract’s conditions may allow the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money. See “THE DEVELOPMENT – Single-Family Residential Development” herein.

The Development cannot be completed without the Developer obtaining a variety of governmental approvals and permits, some of which have already been obtained. Certain permits are necessary to initiate construction of 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 Developer.

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer and any subsequent owners to pay the Improvement Area #1 Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Improvement Area #1 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 Improvement Area #1 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 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 Developer, including general economic conditions, may impact the timing of parcel, lot, and home sales within Improvement Area #1. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

Risks Related to 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 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 Developer to estimate costs. If the Actual Costs of the Improvement Area #1 Improvements are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #1 Improvements or pay the Improvement Area #1 Assessments when due. See "THE DEVELOPER – History and Financing of the District." If the cost of materials remains high or increase, it may affect the ability of the Homebuilders to construct homes within Improvement Area #1 of the District.

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

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates 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 Improvement Area #1 to pay the Improvement Area #1 Assessments.

Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developer, the City, the City's Financial Advisor or the Underwriter can give any assurance that the building programs of the single-family residential development within the District which are planned will ever commence or be completed in accordance with the Developer's expectations. The competitive position of the Developer or of any homebuilder in the sale of developed lots or the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District.

Competitive projects in the area include: ⁽¹⁾

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to Development</u>	<u>Developer</u>	<u>Date Started</u>	<u>Expected Completion</u>	<u>Prices</u>	<u># of Units Remaining</u>
The Kinney Tract	210	10 miles	Arcadia	2024	2024	\$450,000	210
Parkside Estates	128	10 miles	Skorburg/Ashton Woods	2022	2028	\$373,000	81
Birdsong	304	5 miles	Alluvium/ First Texas Homes	2024	2029	\$665,000	200

⁽¹⁾ Provided by the Developer

There can be no assurances that other similar single-family residential projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development.

Hazardous Substances

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in the District be affected by a hazardous substance, the marketability and value of 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 consider the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within 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. These possibilities could significantly affect the value of a parcel that is realizable upon a foreclosure.

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

Regulation

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

Availability of Utilities

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

Flood Plains

Approximately 42 acres within the District (none within Improvement Area #1) are in the 100-year flood plain (the “Floodplain”) as shown on the current Federal Emergency Management Agency’s Flood Insurance Rate Map Community Panel No. 48139C0025G, dated as of October 19, 2023. All of the land within the Floodplain will be dedicated to open space and no homes will be built in the Floodplain.

The Federal Emergency Management Agency (“FEMA”) will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate Maps, whether such revisions may result in homes that are currently outside of the 100-year flood plain from being included in the 100-year flood plain in the future, or whether extreme flooding events may exceed the Flood Plain.

Risk from Weather Events

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

Exercise of Mineral Rights

As described herein under “THE DEVELOPMENT– Mineral and Water Rights,” there are certain mineral and water rights reservations located within the District not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Ellis County.

The Developer does not expect the existence or exercise of any mineral or water rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Improvement Area #1 Assessments. However, the Developer provides no representations, warranties or other assurances with respect to the existence or exercise of any mineral or

water rights or related real property rights in or around the District. Furthermore, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Tax-Exempt Status of the Bonds

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

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

As further described in “TAX MATTERS” below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the “Code”) and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal income tax purposes, possibly from the date of original issuance of the Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted if there will be an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

Management and Ownership

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

Dependence Upon Developer

Currently, the Developer has the obligation for payment of 100% of the Improvement Area #1 Assessments. The ability of the Developer to make full and timely payment of the Improvement Area #1 Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the Developer are land within the District, related permits and development rights and minor operating accounts. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Improvement Area #1 Assessments if necessary, or as to whether the Developer will advance such funds. See “THE DEVELOPER – Description of the Developer.”

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 Improvement Area #1 of 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 Improvement Area #1 of 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.

Agricultural Use Valuation and Redemption Rights

Property in Improvement Area #1 is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. The Developer expects that property will be removed from agricultural valuation as development progresses. Under State law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although the Improvement Area #1 Assessments are not considered a tax under State law, the PID Act provides that the lien for the Improvement Area #1 Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for the Improvement Area #1 Assessments, though there is no indication in State law that such redemption rights would be available in such a case.

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Additional Federal Income Tax Considerations

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

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

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

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

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

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

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

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

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

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

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to

rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

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

LEGAL MATTERS

Legal Proceedings

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

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

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special, limited obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the 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," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts" as to which no opinion is expressed), "THE DISTRICT" (except for the subcaptions "Development Agreement") "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings" (except for the final paragraph thereof), "LEGAL MATTERS – Legal Opinions" (except for the final paragraph thereof), "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," and "APPENDIX B" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Improvement Area #1 Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Improvement Area #1 Assessment Ordinance and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional

judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation – The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to its knowledge, overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of the Improvement Area #1 Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Improvement Area #1 Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

Litigation – The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer or any of its affiliates wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its general partner or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds.

SUITABILITY FOR INVESTMENT

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

ENFORCEABILITY OF REMEDIES

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

NO RATING

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

CONTINUING DISCLOSURE

The City

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

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

The City’s Compliance with Prior Undertakings

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

The Developer

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

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

The Developer's Compliance With Prior Undertakings

The Developer has not previously entered into any continuing disclosure agreements.

UNDERWRITING

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

INFORMATION RELATING TO THE TRUSTEE

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

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

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

SOURCES OF INFORMATION

General

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

Developer

The information contained in this Limited Offering Memorandum relating to the description of the Development generally and, in particular, the information included in the maps in this Limited Offering Memorandum and in the sections captioned "PLAN OF FINANCE" (except for the subcaption "The Bonds"), "OVERLAPPING TAXES AND DEBT – Agricultural Valuation" and "– Homeowners' Association," "THE DISTRICT – Development Agreement," "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "THE DEVELOPMENT," and "THE DEVELOPER," and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #1 Improvements, and the Development), "LEGAL MATTERS – Litigation – The Developer," "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings," and "APPENDIX E-2" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

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

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

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

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

General Information

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1890, and first adopted its Home Rule Charter in 1975 and last amended its Home Rule Charter on November 3, 2020. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The term of office is a staggered three-year term. The City Manager is the chief executive officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2022 U.S. Census population for the City was 76,724, while the City's estimated 2025 population is 89,227. The City covers approximately 36.69 square miles.

Historical Employment in Ellis County (Average Annual)

	Average Annual				
	2025 ⁽¹⁾	2024	2023	2022	2021
Civilian Labor Force	123,593	122,199	119,429	112,368	105,132
Total Employed	118,981	117,674	115,125	108,519	100,509
Total Unemployed	4,612	4,525	4,304	3,849	4,623
Unemployment Rate	3.7%	3.7%	3.6%	3.4%	4.4%

(1) Data through June 2025.

Source: Texas Labor Market Information.

Ten Largest Employers in Ellis County

The ten largest employers in Ellis County in 2024 are set forth in the table below.

<u>Employer</u>	<u>Employees</u>
Baylor Scott & White at Waxahachie	1,650
Waxahachie ISD	1,650
Gerdau Steel	1,250
Target Distribution Center	1,250
Walgreen's Distribution Center	850
Ellis County	620
Dart Container Corp.	600
City of Waxahachie	425
Methodist Health Systems	400
SunOpta	400

Source: Ellis County, Texas, Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024

Surrounding Economic Activity

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

City of Midlothian, TX		City of Arlington, TX		City of Fort Worth, TX	
Approximately 10 Miles from Mansfield		Approximately 15 Miles from Mansfield		Approximately 20 Miles from Mansfield	
Employer	Employees	Employer	Employees	Employer	Employees
Gerda	1,250	General Motors	8,919	Lockheed Martin Tactical Aircraft Systems	19,200
Target Distribution	1,250	Arlington ISD	8,646	Fort Worth ISD	9,900
SunOpta Grains and Foods	250	University of Texas at Arlington	8,636	American Airlines Group	8,900
Sunrider Manufacturing	250	Texas Health Resources	4,062	Cook Children's Health Care System	8,400
QuikTrip Distribution	250	Six Flags Over Texas	3,900	City of Fort Worth	7,500
Ash Grove Texas Cement	250	City of Arlington	3,710	Texas Health Resources	7,000
Martin Marietta Materials	250	The Parks Mall at Arlington	3,500	Alcon Laboratories Inc.	4,500
Lafarge Holcim Texas	250	Texas Rangers Baseball Club	2,300	Bell Helicopter -Textron Inc.	4,200
Google Midlothian	100	JP Morgan Chase Bank	1,965	Burlington Northern Santa Fe LLC	3,100
Aurorium (formerly Chemtrade)	100	Texas Health Arlington Memorial Hospital	1,670	Texas Christian University	2,600

City of Irving, TX	
Approximately 30 Miles from Mansfield	
Employer	Employees
Citigroup Inc.	6,500
Verizon Communications	3,260
Accenture	2,235
Irving Mall	2,100
McKesson Group	2,000
Vizient	2,000
YRC Freight	1,941
Vistra Corp	1,900
7-Eleven Inc.	1,580
Christus Health	1,500

Dallas, TX	
Approximately 35 Miles from Mansfield	
Employer	Employees
UT Southwestern Medical Center	25,641
Dallas ISD	22,857
Southwest Airlines Co	19,190
City of Dallas	13,798
Parkland Health & Hosp 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

APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF MANSFIELD, TEXAS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION

as Trustee

DATED AS OF AUGUST 1, 2025

SECURING

CITY OF MANSFIELD, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

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INDENTURE OF TRUST

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

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

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

WHEREAS, after notice of a public hearing to create the District was published and mailed to the property owners within the District pursuant to the Act, the City Council approved a resolution creating the Staybolt Public Improvement District on February 24, 2025 (the “Creation Resolution”); and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, adopted a resolution accepting the preliminary assessment roll for Improvement Area #1 of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, adopted a resolution accepting the preliminary assessment roll for Improvement Area #1 of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing for the levy of assessments in Improvement Area #1 of the District (the “Improvement Area #1 Assessment Hearing”) in a newspaper of general circulation in the City, to consider the proposed Assessment Roll for Improvement Area #1 of the District (the “Improvement Area #1 Assessment Roll”) and the service and assessment plan for Improvement Area #1 (the “Service and Assessment Plan”) and the levy of the Improvement Area #1 Assessments on property within Improvement Area #1 of the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the Improvement Area #1 Assessment Hearing to consider the proposed Improvement Area #1

Assessment Roll and the Service and Assessment Plan and the levy of the Improvement Area #1 Assessments on property in Improvement Area #1 of the District to the last known address of the owners of the property liable for the Improvement Area #1 Assessments; and

WHEREAS, at the Improvement Area #1 Assessment Hearing, all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Improvement Area #1 Assessment Roll and the Improvement Area #1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #1 Assessments, the allocation of the costs of the Improvement Area #1 Improvements, the purposes of the Improvement Area #1 Assessments, the special benefits conferred on property within Improvement Area #1 of the District by the Improvement Area #1 Improvements, and the penalties and interest on annual installments and on delinquent annual installments of the Improvement Area #1 Assessments; and

WHEREAS, at the Improvement Area #1 Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the costs of the Improvement Area #1 Improvements, the Improvement Area #1 Assessment Roll, or the levy of the Improvement Area #1 Assessments; and

WHEREAS, at the Improvement Area #1 Assessment Hearing, after hearing all comments, including all written comments and statements filed with the City for such hearing, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Improvement Area #1 Assessment Ordinance and therein approved the Improvement Area #1 Assessment Roll and levied the Improvement Area #1 Assessments; and

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

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

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

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

rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

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

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

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

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

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

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

are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in the Trust Estate:

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

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

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

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

“Additional Interest” means the 0.50% additional interest charged on the Improvement Area #1 Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Improvement Area #1 Assessments securing the Bonds, levied against property within Improvement Area #1 of the District in accordance with the PID Act.

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

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

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Improvement Area #1 Assessments and Annual Installments; (5) preparing and maintaining records with respect to the Improvement Area #1 Assessment Roll and Annual Service

Plan Updates; (6) paying and redeeming the Bonds; (7) investing or depositing Improvement Area #1 Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and any Indenture, with respect to the Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year may be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

"Annual Installment" means, with respect to each parcel of Assessed Property, each annual payment of the Improvement Area #1 Assessments as shown on the Improvement Area #1 Assessment Roll and related to the Bonds and the Improvement Area #1 Improvements, including (i) principal; (ii) interest (iii) Annual Collection Costs and (iv) Additional Interest collected pursuant to the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in Section 6.8 herein.

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

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

"Assessed Property" means any parcel within the District against which a Improvement Area #1 Assessment is levied, in accordance with the Service and Assessment Plan.

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

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

"Authorized Officer" means (i) the City Manager of the City, or (ii) Deputy City Manager/ Chief Financial Officer of the City or such other person designated by the City Manager of the City for such purpose.

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

“Bonds” means the City of Mansfield, Texas Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Improvement Area #1 Assessments including any Refunding Bonds and any Bonds issued in exchange or replacement thereof as permitted by this Indenture.

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

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

“Bond Ordinance” means that certain ordinance adopted by the City Council on August 11, 2025 authorizing the Indenture and the Bonds.

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

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

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

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

“Certificate for Payment” means a certificate substantially in the form of Exhibit B attached hereto approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed with respect to the Improvement Area #1 Improvements and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 6.5 herein.

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

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

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

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

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

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

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

“Delinquency and Prepayment Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds which may be funded from Bond proceeds and revenues received from the payment of Improvement Area #1 Assessments, deposited to the Delinquency and Prepayment Reserve Account.

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Property and the costs of collection of a delinquent Improvement Area #1 Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Improvement Area #1 Assessment.

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

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

“Developer” means Arcadia Staybolt Phase 1, LLC a Texas limited liability company, and its respective successors and assigns.

“Development Agreement” means the Economic Development Agreement between the City, the Board of Directors of Reinvestment Zone Number Four, City of Mansfield and Arcadia Realty Corp., a Texas corporation and affiliate of the Developer, dated as of September 26, 2024, as assigned to Arcadia Staybolt Land Investments, LLC, a Texas limited liability company and affiliate of the Developer, on May 19, 2025, and as further partially assigned to the Developer with respect to Improvement Area #1.

“Developer Improvement Account” means that account of the Project Fund established pursuant to Section 6.1 and administered pursuant to Section 6.5.

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

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

“Foreclosure Proceeds” means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Improvement Area #1 Assessments against any Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

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

“Improvement Area #1” means approximately 47.146 acres located within the District, more specifically described in Exhibit J-2 and depicted on Exhibit A-2 to the Service and Assessment Plan.

“Improvement Area #1 Assessment” means an assessment levied against Assessed Property in Improvement Area #1, to pay for a portion of the Actual Costs of the Improvement Area #1 Improvements and imposed pursuant to the Improvement Area #1 Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll.

“Improvement Area #1 Assessment Ordinance” means that certain ordinance approved and adopted by the City Council on August 11, 2025, which levied the Improvement Area #1 Assessment against the Assessed Property in Improvement Area #1.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Assessed Property in Improvement Area #1, 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 the Bonds or any Annual Service Plan Updates.

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit the Assessed Property in Improvement Area #1, as further described in Section III.A and depicted on Exhibit G of the Service and Assessment Plan.

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

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

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

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being March 15 and September 15 of each year, commencing March 15, 2026.

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

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

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

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

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

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

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

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

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

“Prepayment” means the payment of all or a portion of an Improvement Area #1 Assessment before the due date thereof.

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

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

“Purchaser” means the initial purchaser of the Bonds.

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

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

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

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

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

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

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

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

“Service and Assessment Plan” means the document, including the Improvement Area #1 Assessment Roll, which is attached as Exhibit A to the Improvement Area #1 Assessment Ordinance, as may be updated, amended and supplemented from time to time.

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

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

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

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

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

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

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II

THE BONDS

Section 2.1. Security for the Bonds.

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

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

Section 2.2. Limited Obligations.

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

Section 2.3. Authorization for Indenture.

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

convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

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

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) paying or reimbursing a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized interest on the Bonds (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

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

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

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing _____ 2025, computed on the basis of a 360-day year of twelve 30-day months.

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

(d) Term Bonds:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
<u>(9/15)</u>		

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

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

- (a) a copy of the executed Improvement Area #1 Assessment Ordinance;
- (b) a copy of the executed Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed opinion of Bond Counsel; and
- (e) approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4. Medium, Method and Place of Payment.

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

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

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

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

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

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

Section 3.5. Execution and Registration of Bonds.

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

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or

before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

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

(d) On the 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 of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

(e) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Indenture have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 3.6. Ownership.

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

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

Section 3.7. Registration, Transfer and Exchange.

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

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

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

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

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

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

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

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

Section 3.8. Cancellation.

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

Section 3.9. Temporary Bonds.

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

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

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

Section 3.10. Replacement Bonds.

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

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

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

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

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

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

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

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

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to

the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11. Book-Entry Only System.

(a) The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the City to DTC. On the 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 relevant Record Date, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of

the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13. Payments to Cede & Co.

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

ARTICLE 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 4.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Bonds maturing on September 15 in the years _____, _____ and _____ (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 moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$_____ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>

September 15, 20__

September 15, 20__

September 15, 20__

September 15, 20__*

*maturity

\$_____ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

*maturity

\$_____ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

*maturity

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

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

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

Section 4.3. Optional Redemption.

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

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

Section 4.4. Extraordinary Optional Redemption.

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

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

Section 4.5. Partial Redemption.

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

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

(c) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange

Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

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

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

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

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption for which such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.7. Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption,

the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

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

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

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

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

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

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

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect

as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

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

ARTICLE 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 within the Bond Fund:

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

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

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

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

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

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

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

Section 6.2. Initial Deposits to Funds and Accounts.

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

- (i) to the Bond Reserve Account: \$_____.
- (ii) to the Costs of Issuance Account: \$_____.
- (iii) to the Administrative Fund: \$_____;
- (iv) to the Capitalized Interest Account: \$_____; and
- (v) to the Improvement Account of the Project Fund: \$_____.

(a) Deposit to Developer Improvement Account of the Project Fund by Developer: \$_____.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2026, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment Annual Collection Costs and Delinquent Collection

Costs, which shall be deposited pursuant to Section 6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(f), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

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

(ii) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e);

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

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

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

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

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

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

(f) Notwithstanding Section 6.3(a) above:

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

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

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

(g) [reserved] .

(h) Improvement Area #1 Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(i) Any Improvement Area #1 Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Improvement Area #1 Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Section 6.4. Bond Fund.

(a) No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such

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

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

<u>Date</u>	<u>Amount</u>
March 15, 2026	
September 15, 2026	

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

Section 6.5. Project Fund.

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

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

(c) Money on deposit in the Improvement Account and the Developer Improvement Account of the Project Fund, shall be used solely to pay the costs of the Improvement Area #1 Improvements as set forth in the applicable Certificate for Payment. Upon receipt of a reviewed and approved Certificate for Payment for any cost of an Improvement Area #1 Improvement, the Trustee shall make payment for the costs set forth therein, from the following account in the following priority, until monies are no longer available therein: (1) first, from the Improvement Account of the Project Fund, and (2) second, from the Developer Improvement Account of the Project Fund to the extent funds are on deposit therein. Except as provided in Section 6.5(d), and Section 6.4(i), money on deposit in the Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in Section 6.4(e) and Section 6.4(f), money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Account are not expected to be expended for

purposes thereof due to the abandonment, or constructive abandonment, of any of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture.

(e) Funds on deposit in the Improvement Account and Developer Improvement Account of the Project Fund shall be retained in such accounts and shall not be released or used to pay or reimburse the costs of the Improvement Area #1 Improvements until the Developer has expended \$676,120 in construction costs of the Improvement Area #1 Improvements from private funds, and such costs have been submitted to the City's PID Administrator and the PID Administrator and the City have approved such expenditures as evidenced by the Trustee's receipt of an executed Certificate of Payment. If the amounts retained pursuant to this section above have not been released from the respective accounts of the Project Fund on or before September 15, 2028, any amounts remaining in the Project Fund may be transferred to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 herein.

(f) If the City Representative determines in his or her sole discretion that any amounts then on deposit in the Developer Improvement Account of the Project Fund, if any, are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account, if any, will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released pursuant to Section 6.5(h).

(g) Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all costs of the Improvement Area #1 Improvements have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account, if any, pursuant to Section 6.5(h), and (ii) shall close the Developer Improvement Account

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

(i) Any amounts in the Developer Improvement Account, if any, to be transferred and released pursuant to Section 6.5(e) or Section 6.5(f) shall be irrevocably

and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City. The City and the Trustee shall solely and conclusively rely as to payment of amounts released from the Developer Improvement Account, on any such written notice from the Developer as to its successors and assigns or designees. The City shall provide written notice of the release to the Trustee and Developer, or to the Developer's successors and assigns, and the amount payable to the Developer, or its successors and assigns.

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

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

Section 6.6. Redemption Fund.

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

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

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

Section 6.7. Bond Reserve Account.

(a) The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond Reserve

Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

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

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

(d) [reserved]

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

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

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

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

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

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

(j) The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of Section 6.7(c) and subsequently used for the payment of operating costs directly relating to the Improvement Area #1 Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Section 6.8. Delinquency and Prepayment Reserve Account.

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

Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

(b) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, after the transfer from the Bond Reserve Account in accordance with Section 6.7(h) above, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to Section 4.4.

Section 6.9. Rebate Fund.

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

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

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

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

Section 6.10. Administrative Fund.

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

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

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

Section 6.11. Investment of Funds.

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

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

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

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

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

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

Section 6.12. Investment Income.

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

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

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

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

Section 6.13. Security of Funds.

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

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Improvement Area #1 Assessments.

The City hereby confirms, covenants, and agrees that, in the Improvement Area #1 Assessment Ordinance, it has levied the Improvement Area #1 Assessments against the respective Assessed Property from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Improvement Area #1 Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

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

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 Trust Estate, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property

pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or Outstanding Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay the costs of Improvement Area #1 Improvements remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #1 Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

ARTICLE VIII

FEDERAL INCOME TAX MATTERS

Section 8.1. General.

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

Section 8.2. No Private Activity Bonds.

The City covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes an issue of the Bonds to be "private activity bonds" unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Improvement Area #1 Assessments will meet the requirements for the "tax assessment loan exception" within the meaning of Section 1.141-5(d) of the Regulations on the Delivery Date and will ensure that the Improvement Area #1 Assessments continue to meet such requirements until final payment of the Bonds.

Section 8.3. No Federal Guaranty.

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

Section 8.4. No Hedge Bonds.

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

Section 8.5. No-Arbitrage.

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

Section 8.6. Arbitrage Rebate.

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

Section 8.7. Information Reporting.

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

Section 8.8. Record Retention.

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

Section 8.9. Registration.

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

Section 8.10. Favorable Opinion of Bond Counsel.

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

Section 8.11. Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for

as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE IX

LIABILITY OF CITY

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

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

No provision of this Indenture, the Bonds, the Improvement Area #1 Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “Bond Documents”), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

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

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

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

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

ARTICLE X

THE TRUSTEE

Section 10.1. Trustee as Registrar and Paying Agent.

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

Section 10.2. Trustee Entitled to Indemnity.

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

Indenture or the Trust Estate, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights or duties hereunder.

Section 10.3. Responsibilities of the Trustee.

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

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

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

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

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

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

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

(ii) the Trustee shall not be liable for any action taken or error of judgment made in good faith by any one of its officers, employees or agents unless

it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

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

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

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

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

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

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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be responsible or liable for incidental, indirect,

punitive, special or consequential losses or damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Improvements , irrespective of the likelihood of such losses or damages regardless of the form of action. The Trustee shall have no responsibility or liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts.

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

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

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

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

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

(iv) insurance of the Improvement Area #1 Improvements or collection of insurance money,

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

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

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

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

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

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

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

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

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

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

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

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

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #1 or any real property or

improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Improvement Area #1 or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

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

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

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

Section 10.4. Property Held in Trust.

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

Section 10.5. Trustee Protected in Relying on Certain Documents.

The Trustee may request and rely upon any resolution, instrument, reports, direction, order, judgment, notice, opinion, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 10.13 herein.

Section 10.6. Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific

agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from lawfully available funds under this Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

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

Section 10.7. Permitted Acts.

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

Section 10.8. Resignation of Trustee.

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

Section 10.9. Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by

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

Section 10.10. Successor Trustee.

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

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

Until such successor trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of thirty (30) days after such vacancy occurs) appoint a trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within thirty (30) days after such appointment. Any appointment of a successor trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the requisite Owners of Bonds.

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

Any successor trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds, and each of the Owners of the Bonds.

Section 10.11. Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance (without representation or warranty, express implied or statutory) and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 10.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, and will have succeeded to the rights, powers, duties, immunities and privileges as predecessor without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 10.13. Trustee to File Continuation Statements.

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

statements or continuation statements other than to file continuation statements that are delivered to it. Unless otherwise notified in writing by the City or a Holder, the Trustee may conclusively rely upon the initial financing statements in filing any continuation statements hereunder.

Section 10.14. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in aggregate outstanding principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 10.15. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

ARTICLE XI

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 11.1. Amendments Permitted.

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

This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds; and

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Section 11.2. Owners' Meetings.

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

Section 11.3. Procedure for Amendment with Written Consent of Owners.

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

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

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of

Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 11.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 11.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 11, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.5. Endorsement or Replacement of Bonds Issued After Amendments.

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

Section 11.6. Amendatory Endorsement of Bonds.

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

Section 11.7. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture and any Applicable Laws. The Trustee may,

but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

ARTICLE XII

DEFAULT AND REMEDIES

Section 12.1. Events of Default.

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

- (i) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the City to enforce the collection of the Improvement Area #1 Assessments including the prosecution of foreclosure proceedings;
- (iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (iv) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

Section 12.2. Immediate Remedies for Default.

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

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

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied

to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

(d) Whenever moneys are to be applied pursuant to this Article 12, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Section 12.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the

execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 12.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 12.2 hereof, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 12.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 12.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 12.7. Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 12.8. No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 12.9. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 12.10. Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

ARTICLE XIII

GENERAL COVENANTS AND REPRESENTATIONS

Section 13.1. Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate is and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Improvement Area #1 Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

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

is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 13.2. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE XIV

SPECIAL COVENANTS

Section 14.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 14.2. Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

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

(c) Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust

Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

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

(e) Provided, however, that Refunding Bonds issued to refund all outstanding Bonds shall not be subject to (d) above.

Section 14.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds and Accounts, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE XV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 15.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.

Section 15.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the

City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 15.3. Bonds Deemed Paid.

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

ARTICLE XVI

MISCELLANEOUS

Section 16.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 16.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 16.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 16.4. Waiver of Personal Liability.

No member of the City Council of the City, or any officer, agent, or employee of the City, shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 16.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate or Certificate for Payment shall be in writing and shall be delivered by hand, mailed by first class mail, postage prepaid, or transmitted by e-mail and addressed as follows:

If to the City:

City of Mansfield, Texas
1200 E. Broad St.
Mansfield, Texas 76063
Attn: City Manager
Joe.smolinski@mansfieldtexas.gov
Telephone: (940) 440-9343

With a copy to:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: julie.partain@bracewell.com
(214) 758-1606

If to the Trustee, also acting in the capacity as
Paying Agent/Registrar:

Wilmington Trust, National Association
Attn: Parker Merritt
15950 North Dallas Parkway, Suite 200
Dallas, Texas 75248
Email: pmerritt@wilmingtontrust.com
(714) 384-4174

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following

communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees, to the extent permitted by law: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 16.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 16.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

Section 16.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 16.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 16.10. Statutory Verifications. The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Indenture. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) *Not a Sanctioned Company.* The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) *No Boycott of Israel.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) *No Discrimination Against Firearm Entities.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) *No Boycott of Energy Companies.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of

this Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code

Section 16.11. Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of M&T Bank Corporation, a publicly traded business entity, and therefore this Indenture is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF MANSFIELD, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

WILMINGTON TRUST, NATIONAL
ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

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

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF MANSFIELD, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____%	September 15, ____	_____, 2025	_____

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

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on March 15, 2026, and on each March 15 and September 15 thereafter until maturity or prior redemption.

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, a national banking association, as trustee and paying agent/registrars (the "Trustee," which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth business day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated _____ and issued in the aggregate principal amount of \$_____ 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 or reimbursing a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) funding a debt service reserve account for payment of principal and interest on the Bonds, (iii) paying capitalized interest on the Bonds, (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

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

to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

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

The Bonds are issuable as fully registered bonds only in denominations of \$100,000, or any integral multiple of \$1,000 in excess thereof ("Authorized Denominations"), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$100,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

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

\$_____ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	
*maturity	

\$_____ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	
*maturity	

\$_____ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

*maturity

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the sinking fund redemption date (i) shall have been acquired by the City and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 15, 20__ before their scheduled maturity dates, in whole or in part, on any date, on or after September 15, 20__, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

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

The City reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

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

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

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF MANSFIELD, TEXAS; ELLIS COUNTY, TEXAS; THE STATE OF

TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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

City Secretary, City of Mansfield, Texas

Mayor, City of Mansfield, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of the
State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

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

Date: _____

Signature Guaranteed By:

Authorized Signatory

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

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

- (1) 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;
- (2) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years

Principal Installments

Interest Rates"

(Information to be inserted from Section 3.2(c) hereof); and

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

EXHIBIT B

FORM OF CERTIFICATE FOR PAYMENT

CERTIFICATE FOR PAYMENT NO. ____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of _____, 2025 (the “Indenture”) relating to the “City of Mansfield, Texas, Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for _____ a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

[The Developer Improvement Account] [The Improvement Account] of the Project Fund from Wilmington Trust, National Association, (the “Trustee”), in the amount of _____ (\$_____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Improvement Area #1 Improvements providing a special benefit to property within the Staybolt Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. [The Improvement Account of the Project Fund has been depleted] *[If request is for amounts from the Developer Improvement Account]*
2. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer and is knowledgeable as to the matters set forth herein.
3. The itemized payment requested for the below referenced Improvement Area #1 Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
4. The itemized amounts listed for the Improvement Area #1 Improvements below is a true and accurate representation of the Actual Costs of the Improvement Area #1 Improvements associated with the creation, acquisition, or construction of said Improvement Area #1 Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Improvement Area #1 Improvements as set forth in the Service and Assessment Plan.
5. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.

6. The Developer has timely paid all ad valorem taxes and Annual Installments of Improvement Area #1 Assessments it owes or an entity the Developer controls owes, related to property located in the Staybolt Public Improvement District and has no outstanding delinquencies for such taxes or Improvement Area #1 Assessments. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

7. The work with respect to Improvement Area #1 Improvements referenced below has been completed, and the City has inspected such Improvement Area #1 Improvements or its completed segment.

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Authorized Improvement	Total Cost Authorized Improvement	Budgeted Cost of Authorized Improvement	Amount requested be paid from the Improvement Account	Amount requested be paid from the Developer Improvement Account

9. Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are “all bills paid” affidavits or “conditional all bills paid” affidavits, as applicable, and supporting documentation in the standard form for City construction projects.

10. Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Authorized Improvement (or completed, section or portion thereof segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

11. Forms or information requested by the City’s PID Administrator for the payment/reimbursement of Actual Costs of the Improvement Area #1 Improvements have been submitted.

12. The Developer hereby certifies that the requirements of Section 6.5(e) have been met.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____ a Texas limited liability
company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Authorized Improvement.

Amount of Certificate for Payment Request	Amount requested be paid from the Improvement Account	Amount requested be paid from the Developer Improvement Account
\$ _____	\$ _____	\$ _____

CITY OF MANSFIELD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____ LLC a Texas limited liability company, (the “Developer”) and requests payment from:

The [Cost of Issuance Account of the Project Fund][Improvement Account of the Project Fund] from Wilmington Trust, National Association (the “Trustee”) in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Staybolt Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City and/or the City’s PID Administrator to complete said review.

7. The Developer has submitted all documentation required by the City's PID Administrator with respect to this Disbursement Request.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

Meritage Homes of Texas, LLC a Texas limited liability company

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount requested be paid from the Improvement Account
\$ _____	\$ _____	\$ _____

CITY OF MANSFIELD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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Staybolt Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN

AUGUST 11, 2025



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section,” an “Exhibit,” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On February 24, 2025, the City Council passed and approved Resolution No. RE-4323-25 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 134.30 acres located within the corporate limits of the City, as described by the legal description on **Exhibit J-1** and depicted on **Exhibit A-1**.

The PID Act requires a Service Plan must (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached as **Appendix B**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of 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**.

SECTION I: DEFINITIONS

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

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

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

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

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Roll(s) and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection

Costs collected but not expended in any year may 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) the principal amount of any Assessment; (2) the interest associated with any Assessment; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds, if applicable.

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

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

“Assessment” means an assessment levied against Assessed Property to pay the costs of certain Authorized Improvements as specified herein, which Assessment is imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions herein and in the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

“Assessment Roll” means any assessment roll for the Assessed Property, including the Improvement Area #1 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, if issued, or in any Annual Service Plan Update. The Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

“Authorized Improvements” means the costs and improvements authorized by Section 372.003 of the PID Act, including the Improvement Area #1 Authorized Improvements, and described in **Section III** and depicted on **Exhibit G**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, initial trustee fee, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s

discount, underwriter's counsel, 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 Mansfield, Texas.

"City Council" means the governing body of the City.

"County" means Ellis County, Texas.

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

"Developer" means Arcadia Staybolt Land Investments, LLC, a Texas limited liability company, Arcadia Staybolt Phase 1, LLC, a Texas limited liability company, 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 Staybolt Public Improvement District containing approximately 134.30 acres located within the corporate limits of the City, and more specifically described in **Exhibit J-1** and depicted on **Exhibit A-1**.

"Engineer's Report" means the report provided by a licensed professional engineer that describes the Authorized Improvements and Private 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 47.095 acres located within the District, as more specifically described in **Exhibit J-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 Improvement Area #1 Bonds, 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 expected to be levied against Improvement Area #1 Assessed Property to pay for a portion of the Actual Costs of the Improvement Area #1 Authorized Improvements, and imposed pursuant to an 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 Service and Assessment Plan as **Exhibit F-1**.

“Improvement Area #1 Authorized Improvements” means collectively, (1) the Improvement Area #1 Improvements; (2) the deposit to the administrative fund related to the issuance of Improvement Area #1 Bonds; and (3) Bond Issuance Costs incurred in connection with the issuance of Improvement Area #1 Bonds.

“Improvement Area #1 Bonds” means those certain “City of Mansfield, Texas, Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project)” that are secured by Improvement Area #1 Assessments.

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in **Section III.A** and depicted on **Exhibit G**.

“Improvement Area #1 Initial Parcel” means all of the Improvement Area #1 Assessed Property against which the entire Improvement Area #1 Assessment is to be levied, as shown on the Improvement Area #1 Assessment Roll in **Exhibit F-1**.

“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 or supplemented 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 filed in the 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 the levying of 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**, and the anticipated Lot Type classification map is identified on **Exhibit A-3**.

“Lot Type 1” means a Lot Type within Improvement Area #1 generally marketed to homebuilders as a 22’ Lot. The buyer disclosure for Lot Type 1 is attached within **Appendix B**.

“Lot Type 2” means a Lot Type within Improvement Area #1 generally marketed to homebuilders as a 35’ Lot. The buyer disclosure for Lot Type 2 is attached within **Appendix B**.

“Lot Type 3” means a Lot Type within Improvement Area #1 generally marketed to homebuilders as a 45’ Lot. The buyer disclosure for Lot Type 3 is attached within **Appendix B**.

“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-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“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 H**.

“Parcel” or **“Parcels”** means a specific property within the District identified by either a tax parcel identification number assigned by the Ellis Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means determined by the City.

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

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

“Prepayment” means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an

Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“Prepayment Costs” means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

“Private Improvements” means improvements required to be constructed, or caused to be constructed, by the Developer to deliver final Lot completion and that are not Authorized Improvements. The costs of Private Improvements will not be paid nor reimbursed from the proceeds of PID Bonds or otherwise from revenues received from the collection of Annual Installments.

“Service and Assessment Plan” means this Staybolt Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

“Service Plan” means the plan described in **Section IV** which covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

“Trustee” means the trustee or successor trustee under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 134.30 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described by the legal description on **Exhibit J-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 705 Lots developed with single-family homes.

Improvement Area #1 includes approximately 47.095 contiguous acres, the boundaries of which are more particularly described on **Exhibit J-2** and depicted on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to include approximately 189 Lots developed with single-family homes (77 single-family homes that are on Lots classified as Lot Type 1, 60 single-family homes that are on Lots classified as Lot Type 2, and 52 single-family homes that are on Lots classified as Lot Type 3).

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information in the Engineer's Report provided by the Developer, their engineer(s) 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, regulations, requirements, and specifications and will be owned and operated by the City or by a third party pursuant to a qualified management contract. The budget for the Authorized Improvements is shown on **Exhibit B**.

A. Improvement Area #1 Improvements

▪ *Paving and Excavation*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, and streetlights. All related earthwork, excavation, erosion control, intersections, and re-vegetation of all disturbed areas within the right-of-way are included. The paving and excavation improvements will provide benefit to each Lot within Improvement Area #1.

▪ *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

- *Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

- *Storm Drainage*

Improvements including earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #1.

- *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.

B. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on a series of PID Bonds under an applicable Indenture in connection with the issuance of such PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds, including the fee of counsel to the Underwriter.

- *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.

C. Other Costs

- *Deposit to Administrative Fund*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for Improvement Area #1. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosure for the District. The buyer disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements and Private Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update to reflect any budget revisions and Actual Costs.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Assessed Property within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit 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 their engineer(s) and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs of the Authorized Improvements shall be allocated as follows:

- The costs of the Improvement Area #1 Authorized Improvements shall be 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. Currently, the Improvement Area #1 Initial Parcel is the only Parcel within Improvement Area #1, and as such, the Improvement Area #1 Initial Parcel is allocated 100% of the Improvement Area #1 Authorized Improvements.

B. Assessments

The Improvement Area #1 Assessment will be levied on the Improvement Area #1 Initial Parcel according to the amount 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**. Upon division or subdivision of the Improvement Area #1 Initial Parcel, the Improvement Area #1 Assessment will be reallocated pursuant to **Section VI** and is subject to revisions made in any Annual Service Plan Update.

The Maximum Assessment for each current Lot Type is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Lot Type 1, Lot Type 2, and Lot Type 3, respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Developer and their engineer(s) 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 Authorized Improvements equal \$10,873,120 as shown on **Exhibit B**; and
- The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Improvement Area #1 Authorized Improvements; and
- The Improvement Area #1 Initial Parcel will be allocated 100% of the Improvement Area #1 Assessment to be levied (which equals \$8,997,000) for the Improvement Area #1 Authorized Improvements, as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**; and
- The special benefit ($\geq$ \$10,873,120) received by the Improvement Area #1 Initial Parcel from the Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the Improvement Area #1 Assessment (\$8,997,000) levied on the Improvement Area #1 Initial Parcel for the Improvement Area #1 Authorized Improvements; and
- It is anticipated, at the time the City Council approves this Service and Assessment Plan, the Developer shall own 100% of the Improvement Area #1 Initial Parcel. The Developer will acknowledge that the Improvement Area #1 Authorized Improvements confer a special benefit on the Improvement Area #1 Initial Parcel and will consent to the imposition of the Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The Developer will ratify, confirm, accept, agree to, and approve: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) this Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Improvement Area #1 Assessment on the Improvement Area #1 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 related to a series of PID Bonds 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 Lot Type 1, Lot Type 2, and Lot Type 3 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-Benefited 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, and Lot Type 3 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-Benefited Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable "Notice of Assessment Termination," a form of which is attached hereto as **Exhibit H.**

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 as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement 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 that are not expected to be used for the purposes of the project fund as directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated Improvement Area #1 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-Benefited Property, as shown by the Ellis 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 City's Financial Advisor shall recalculate the principal and interest on the PID Bonds so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual

Installments of the Improvement Area #1 Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2026.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs. The City may provide for other means of collecting the Annual Installments to the extent permitted by the PID Act, or other applicable law.

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-Benefited Property.

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

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

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

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 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 Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure/Filing Requirements

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance of this Service and Assessment Plan, or any future Annual Service Plan

Updates. The executed ordinance, including any attachments, approving this Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

Exhibit A-1	Map of the District
Exhibit A-2	Map of Improvement Area #1
Exhibit A-3	Improvement Area #1 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	Maps of Improvement Area #1 Improvements
Exhibit H	Form of Notice of Assessment Termination
Exhibit I	Debt Service Schedule for Improvement Area #1 Bonds
Exhibit J-1	District Legal Description
Exhibit J-2	Improvement Area #1 Legal Description

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APPENDICES

The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

Appendix A	Engineer's Report
Appendix B	Buyer Disclosures

[Remainder of page left intentionally blank.]

EXHIBIT A-1 – MAP OF THE DISTRICT

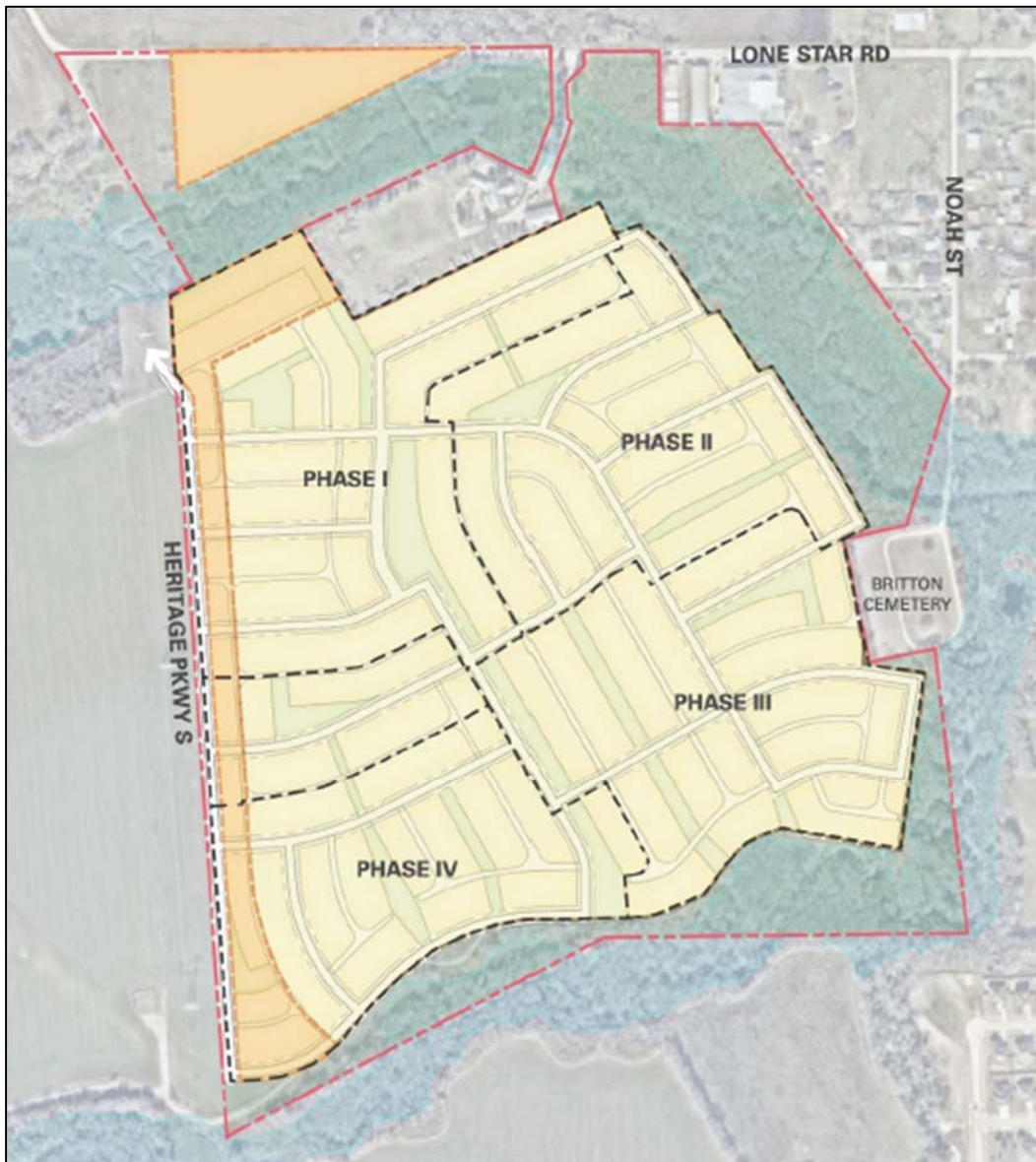


EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1

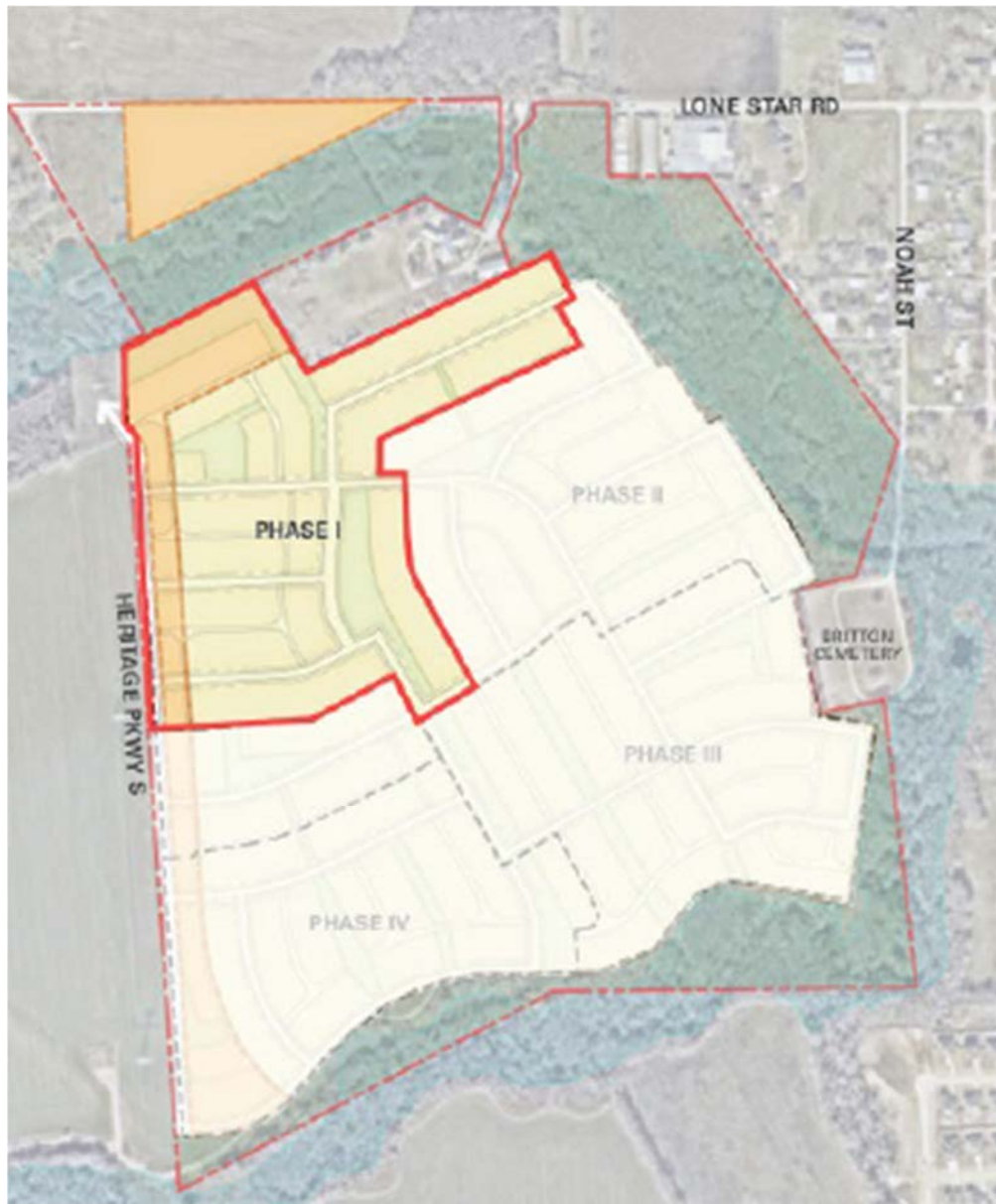


EXHIBIT A-3 – IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP

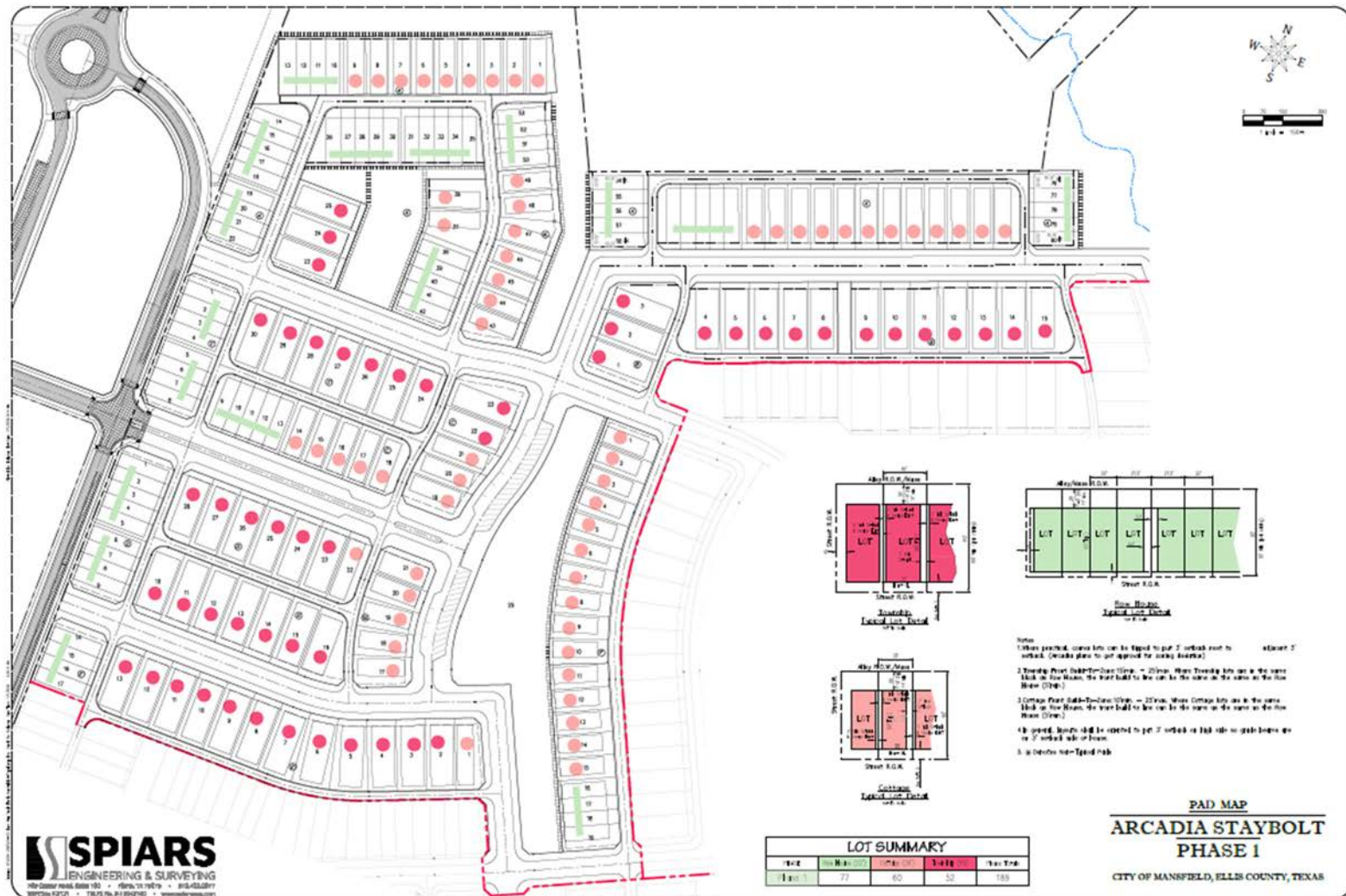


EXHIBIT B – PROJECT COSTS

	Total Costs ^[a]	Private ^[b]	Improvement Area #1	
			%	Cost
Improvement Area #1 Improvements				
Paving and Excavation	\$ 4,133,781	\$ -	100%	\$ 4,133,781
Water	845,429	-	100%	845,429
Sewer	642,158	-	100%	642,158
Storm Drainage	1,069,787	-	100%	1,069,787
Soft Costs ^[c]	2,083,881	-	100%	2,083,881
	<u>\$ 8,775,036</u>	<u>\$ -</u>		<u>\$ 8,775,036</u>
Private ^[b]				
Private Improvements	<u>\$ 409,497</u>	<u>\$ 409,497</u>		<u>\$ -</u>
	<u>\$ 409,497</u>	<u>\$ 409,497</u>		<u>\$ -</u>
Bond Issuance Costs ^[d]				
Debt Service Reserve Fund	\$ 694,139	\$ -		\$ 694,139
Capitalized Interest ^[e]	554,215	-		554,215
Underwriter Discount ^[f]	269,910	-		269,910
Cost of Issuance	539,820	-		539,820
	<u>\$ 2,058,084</u>	<u>\$ -</u>		<u>\$ 2,058,084</u>
Other Costs ^[d]				
Deposit to Administrative Fund	<u>\$ 40,000</u>	<u>\$ -</u>		<u>\$ 40,000</u>
	<u>\$ 40,000</u>	<u>\$ -</u>		<u>\$ 40,000</u>
Total	\$ 11,282,617	\$ 409,497		\$ 10,873,120

Footnotes:

[a] Per Engineer's Report dated February 28, 2025.

[b] Non-reimbursable to the Developer through the collection of Assessments or PID Bond proceeds.

[c] Soft costs include engineering, staking, surveying, platting, fees, contingency, miscellaneous, and District Formation Costs.

[d] Preliminary and subject to change upon issuance of PID Bonds.

[e] Includes 12 months of capitalized interest for the Improvement Area #1 Bonds.

[f] Includes the fee of counsel to the Underwriter.

EXHIBIT C – SERVICE PLAN

		Improvement Area #1				
Annual Installment Due		1/31/2026	1/31/2027	1/31/2028	1/31/2029	1/31/2030
<i>Improvement Area #1 Bonds</i>						
Principal		\$ -	\$ 116,000.00	\$ 123,000.00	\$ 130,000.00	\$ 138,000.00
Interest		554,215.20	566,811.00	559,503.00	551,754.00	543,564.00
Capitalized Interest ^[a]		(554,215.20)	-	-	-	-
	(1)	\$ -	\$ 682,811.00	\$ 682,503.00	\$ 681,754.00	\$ 681,564.00
Additional Interest	(2)	\$ 44,985.00	\$ 44,985.00	\$ 44,405.00	\$ 43,790.00	\$ 43,140.00
Annual Collection Costs	(3)	\$ 40,000.00	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ 84,985.00	\$ 768,596.00	\$ 768,524.00	\$ 767,992.32	\$ 768,001.29

Footnotes:

[a] Includes 12 months of capitalized interest.

EXHIBIT D – SOURCES AND USES OF FUNDS

	Private ^[a]	Improvement Area #1
Sources of Funds		
Improvement Area #1 Bonds	\$ -	\$ 8,997,000
Developer Contribution - Private Improvements ^[a]	409,497	-
Developer Contribution - Improvement Area #1 ^{[a],[e]}		1,200,000
Developer Contribution - Improvement Area #1 ^{[a],[f]}	-	676,120
Total Sources of Funds	\$ 409,497	\$ 10,873,120
Uses of Funds		
Improvement Area #1 Improvements	\$ -	\$ 8,775,036
Private Improvements ^[a]	409,497	-
	<u>\$ 409,497</u>	<u>\$ 8,775,036</u>
<i>Bond Issuance Costs^[b]</i>		
Debt Service Reserve Fund	\$ -	\$ 694,139
Capitalized Interest ^[c]	-	554,215
Underwriter Discount ^[d]	-	269,910
Cost of Issuance	-	539,820
	<u>\$ -</u>	<u>\$ 2,058,084</u>
<i>Other Costs^[b]</i>		
Deposit to Administrative Fund	\$ -	\$ 40,000
	<u>\$ -</u>	<u>\$ 40,000</u>
Total Uses of Funds	\$ 409,497	\$ 10,873,120

Footnotes:

[a] Non-reimbursable to the Developer through the collection of Assessments or PID Bond proceeds.

[b] Preliminary and subject to change upon issuance of PID Bonds.

[c] Includes 12 months of capitalized interest for the Improvement Area #1 Bonds.

[d] Includes the fee of counsel to the Underwriter.

[e] Cash to be deposited to the Trustee prior to the issuance of Improvement Area #1 Bonds.

[f] Developer required to construct \$676,120 in Authorized Improvements in lieu of a cash deposit.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Units ^[a]	Appraised Value ^[a]		Estimated Buildout Value ^[b]		Assessment ^[a]		Average Annual Installment		PID TRE
		Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	
Improvement Area #1										
Lot Type 1	77	\$ 86,174	\$ 6,635,411	\$ 385,000	\$ 29,645,000	\$ 40,720	\$ 3,135,438	\$ 3,478	\$ 267,785	\$ 0.9033
Lot Type 2	60	103,008	6,180,454	460,000	27,600,000	48,652	2,919,147	4,155	249,312	0.9033
Lot Type 3	52	113,272	5,890,135	535,000	27,820,000	56,585	2,942,415	4,833	251,300	0.9033
Total	189	\$ 18,706,000		\$ 85,065,000		\$ 8,997,000		\$ 768,397		\$ 0.9033

Footnotes:

[a] Based on the appraisal dated July 17, 2025.

[b] As provided by the Developer on March 25, 2025.

EXHIBIT F-1 – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID ^[a]	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2026 ^{[b],[c]}
184782	Improvement Area #1 Initial Parcel	\$ 4,712,720.98	\$ 44,516.02
310155	Improvement Area #1 Initial Parcel	\$ 4,284,279.02	\$ 40,468.98
Total		\$ 8,997,000.00	\$ 84,985.00

Footnotes:

[a] The entire Improvement Area #1 Initial Parcel is contained within Property IDs 184782 and 310155 in Ellis County. For billing purposes, the Improvement Area #1 Annual Installment due 1/31/2026 shall be allocated pro rata based on acreage, as provided by the Ellis County Appraisal District. Property IDs are preliminary and subject to change prior to billing.

[b] Annual Installment includes 12 months of Capitalized Interest.

[c] Future allocation of the Improvement Area #1 Assessment will occur in accordance with **Section VI** of this Service and Assessment Plan.

EXHIBIT F-2 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Improvement Area #1 Bonds					Annual Collection Costs	Total Annual Installment Due ^[d]
	Principal	Interest ^[a]	Capitalized Interest ^[b]	Reserve Fund ^[c]	Additional Interest		
2026	\$ -	\$ 554,215	\$ (554,215)	\$ -	\$ 44,985	\$ 40,000	\$ 84,985
2027	\$ 116,000	\$ 566,811	\$ -	\$ -	\$ 44,985	\$ 40,800	\$ 768,596
2028	\$ 123,000	\$ 559,503	\$ -	\$ -	\$ 44,405	\$ 41,616	\$ 768,524
2029	\$ 130,000	\$ 551,754	\$ -	\$ -	\$ 43,790	\$ 42,448	\$ 767,992
2030	\$ 138,000	\$ 543,564	\$ -	\$ -	\$ 43,140	\$ 43,297	\$ 768,001
2031	\$ 147,000	\$ 534,870	\$ -	\$ -	\$ 42,450	\$ 44,163	\$ 768,483
2032	\$ 156,000	\$ 525,609	\$ -	\$ -	\$ 41,715	\$ 45,046	\$ 768,370
2033	\$ 166,000	\$ 515,781	\$ -	\$ -	\$ 40,935	\$ 45,947	\$ 768,663
2034	\$ 176,000	\$ 505,323	\$ -	\$ -	\$ 40,105	\$ 46,866	\$ 768,294
2035	\$ 187,000	\$ 494,235	\$ -	\$ -	\$ 39,225	\$ 47,804	\$ 768,264
2036	\$ 199,000	\$ 482,454	\$ -	\$ -	\$ 38,290	\$ 48,760	\$ 768,504
2037	\$ 212,000	\$ 469,917	\$ -	\$ -	\$ 37,295	\$ 49,735	\$ 768,947
2038	\$ 225,000	\$ 456,561	\$ -	\$ -	\$ 36,235	\$ 50,730	\$ 768,526
2039	\$ 239,000	\$ 442,386	\$ -	\$ -	\$ 35,110	\$ 51,744	\$ 768,240
2040	\$ 254,000	\$ 427,329	\$ -	\$ -	\$ 33,915	\$ 52,779	\$ 768,023
2041	\$ 271,000	\$ 411,327	\$ -	\$ -	\$ 32,645	\$ 53,835	\$ 768,807
2042	\$ 288,000	\$ 394,254	\$ -	\$ -	\$ 31,290	\$ 54,911	\$ 768,455
2043	\$ 306,000	\$ 376,110	\$ -	\$ -	\$ 29,850	\$ 56,010	\$ 767,970
2044	\$ 326,000	\$ 356,832	\$ -	\$ -	\$ 28,320	\$ 57,130	\$ 768,282
2045	\$ 347,000	\$ 336,294	\$ -	\$ -	\$ 26,690	\$ 58,272	\$ 768,256
2046	\$ 370,000	\$ 314,433	\$ -	\$ -	\$ 24,955	\$ 59,438	\$ 768,826
2047	\$ 394,000	\$ 291,123	\$ -	\$ -	\$ 23,105	\$ 60,627	\$ 768,855
2048	\$ 419,000	\$ 266,301	\$ -	\$ -	\$ 21,135	\$ 61,839	\$ 768,275
2049	\$ 446,000	\$ 239,904	\$ -	\$ -	\$ 19,040	\$ 63,076	\$ 768,020
2050	\$ 475,000	\$ 211,806	\$ -	\$ -	\$ 16,810	\$ 64,337	\$ 767,953
2051	\$ 506,000	\$ 181,881	\$ -	\$ -	\$ 14,435	\$ 65,624	\$ 767,940
2052	\$ 540,000	\$ 150,003	\$ -	\$ -	\$ 11,905	\$ 66,937	\$ 768,845
2053	\$ 575,000	\$ 115,983	\$ -	\$ -	\$ 9,205	\$ 68,275	\$ 768,463
2054	\$ 613,000	\$ 79,758	\$ -	\$ -	\$ 6,330	\$ 69,641	\$ 768,729
2055	\$ 653,000	\$ 41,139	\$ -	\$ (694,139)	\$ 3,265	\$ 71,034	\$ 74,299
Total	\$ 8,997,000	\$ 11,397,460	\$ (554,215)	\$ (694,139)	\$ 905,560	\$ 1,622,723	\$ 21,674,389

Footnotes:

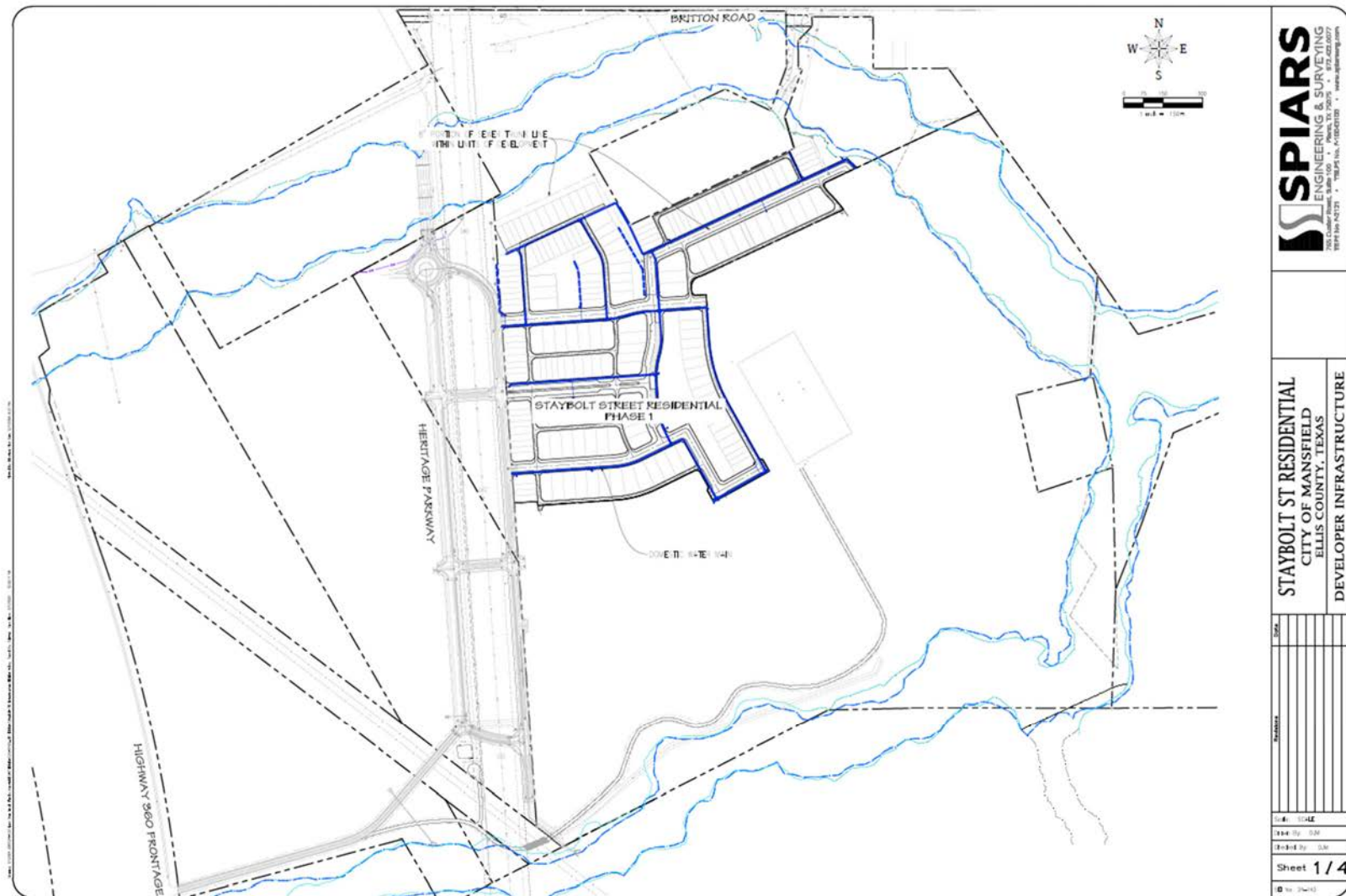
[a] Interest is calculated at a 6.300% rate per the City's Financial Advisor and subject to change upon final pricing.

[b] Assumes 12 months of Capitalized Interest.

[c] Assumes Reserve Fund is fully funded and available to reduce the Improvement Area #1 Annual Installments at maturity of the the Improvement Area #1 Bonds.

[d] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS



STAYBOLT PUBLIC IMPROVEMENT DISTRICT
PRELIMINARY SERVICE AND ASSESSMENT PLAN

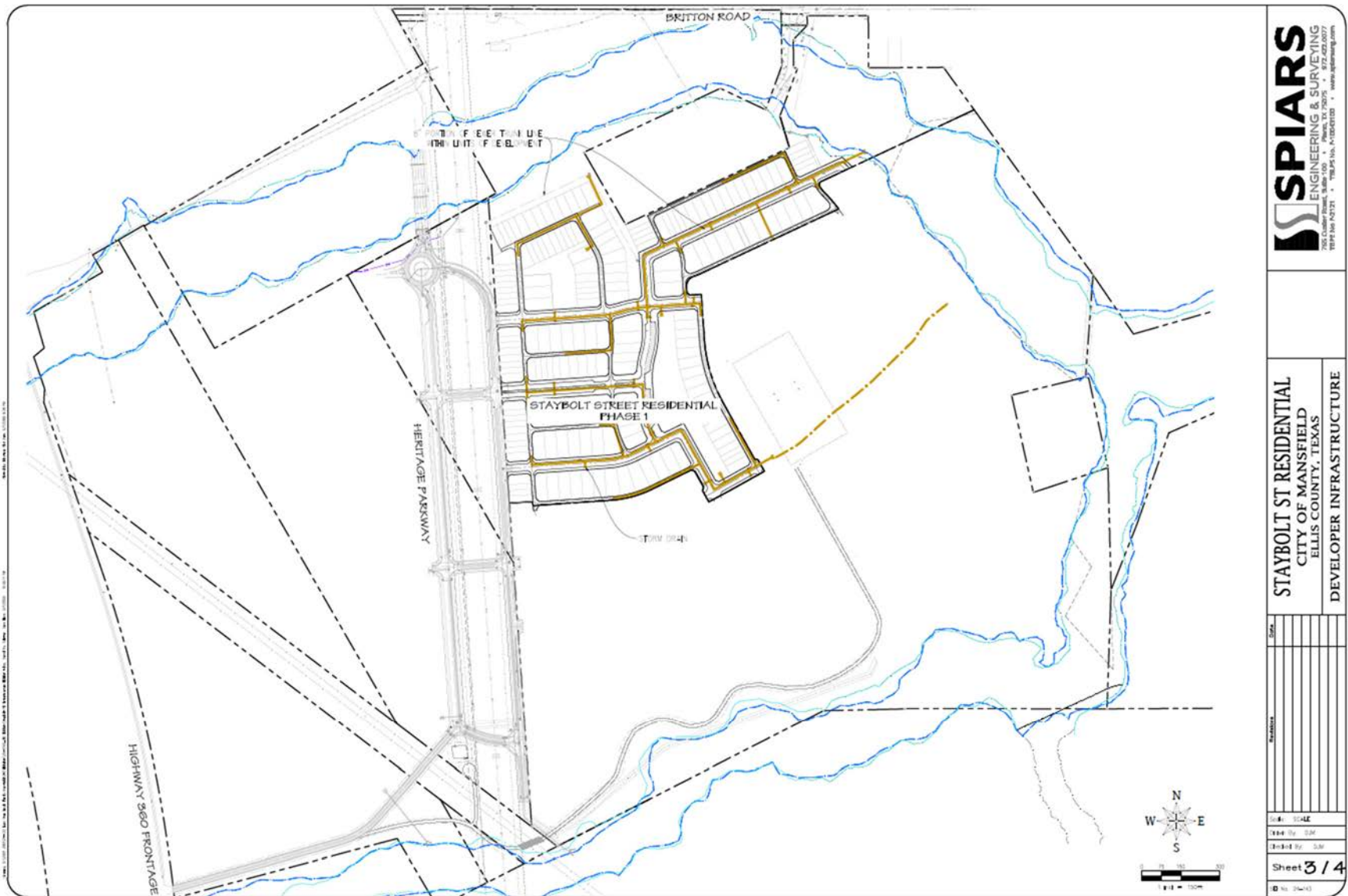


EXHIBIT H – FORM OF NOTICE OF ASSESSMENT TERMINATION



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Ellis County Clerk's Office
Honorable [County Clerk]
[County Clerk's office address]

Re: City of Mansfield Lien Release documents for filing

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Mansfield 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 Mansfield
Attn: City Secretary
1200 E Broad Street
Mansfield, Texas 76063

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]
1200 E Broad Street
Mansfield, Texas 76063**

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 §
 § **KNOWN ALL MEN BY THESE PRESENTS:**
COUNTY OF ELLIS §

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Mansfield, Texas, a Texas home rule 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 February 24, 2025, the City Council of the City approved Resolution No. _____ creating the Staybolt Public Improvement District (the “District”); and

WHEREAS, the District consists of approximately 134.30 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 Ellis 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 I – DEBT SERVICE SCHEDULE FOR IMPROVEMENT AREA #1 BONDS

[to be updated at final pricing.]

EXHIBIT J-1 – DISTRICT LEGAL DESCRIPTION

Exhibit "A" District Boundaries

LEGAL DESCRIPTION OF BOUNDARIES

Tract 1:

BEING a tract at land situated in the H. Henderson Survey, Abstract No. 432, City of Mansfield, Ellis County, Texas, being all of a tract conveyed to Myrna P. Abrams by deed recorded in Volume 2566, Page 1485, Deed Records, Ellis County, Texas (DRECT), with the subject tract being more particularly described as follows:

BEGINNING at a 1/2" Iron rod with plastic cap stamped "SPIARSEN" set on the south line of Britton Road, a public road, for the northwest corner of the Original Town of Britton Addition, recorded in Volume 158, Page 45 DRECT;

THENCE along the west line of the Original Town of Britton, the following:

S 00°21'10" E, 200.00 feet;

N 89°38'50" E, 288.00 feet;

And S 35°45'13" E, 983.60 feet to a point In Noah Street, a public road;

THENCE S 04°10'57" W, 393.69 feet along the approximate center of Noah Street to the north corner the Britton Cemetery;

THENCE along the common line thereof, the following:

S 76°15'34" W, 292.73 feet to a fence post;

S 12°33'45" E, 383.45 feet to a fence post;

And N 71°36'31" E, 302.63 feet to a 1/2" iron rod with plastic cap stamped "SPIARSEN" set on the west line of a U.S. Army Corps of Engineers property;

THENCE S 01°26'36" E, 470.00 feet along the west line thereof to a 5/8" iron rod with plastic cap found far a westerly corner of a tract conveyed to Central Thesis LLC, recorded in Instrument No. 2337548 DRECT;

THENCE S 01°57'38" W, 457.97 feet along the west line thereof to a 1/2" iron rod found:

THENCE S 89°58'28" W, 777.35 feet departing said property to a fence post found for the east corner of a tract conveyed to Fred Ballard, Jr., et al, recorded in Volume 1811, Page 1338 DRECT;

THENCE N 29°56'58" W, 2150.43 feet along the northeast line thereof to a 1/2" iron rod with plastic cap stamped "SPIARSEN" set for the most southerly corner of Lot 1-R, Block 1, Maranatha Ranch Addition, recorded in Cabinet H, Slide 640, Plat Records, Ellis County, Texas;

THENCE along the east line thereof, the following:

N 64°52'41" E, 694.60 feet to a 1/2" iron rod with plastic cap stamped "SPIARSEN" set;

N 16°34'19" W, 125.68 feet;

N 20°11'41" E, 195.03 feet;

N 69°48'19" W, 15.00 feet;

N 00°48'19" W, 106.45 feet;

N 44°11'41" E, 77.78 feet;

And N 01°28'02" W, 36.94 feet to a 1/2" iron rod with plastic cap stamped "SPIARSEN" set in the south line of Britton Road;

THENCE S 89°50'15" E, 235.22 feet along the south line thereof to the POINT OF BEGINNING with the subject tract containing 2,920,374 square feet or 67.043 acres of land.

Tract 2:

BEING a tract of land situated in the M. Gregg Survey, Abstract No. 385, the H. Henderson Survey, Abstract No. 432, and the J. Lawrence Survey, Abstract No. 616, City of Mansfield, Ellis County, Texas, being all of a tract conveyed to Fred Ballard, Jr., et al, by deed recorded in Volume 1811, Page 1338 of the Deed Records, Ellis County, Texas (DRECT), with the subject tract being more particularly described as follows:

BEGINNING at a MAG nail found at the intersection of Lonestar Road, a public road, Heritage Parkway, a public road, and Britton Road, a public road;

THENCE N 89°59'37" E, 277.56 feet along the approximate center of Britton Road to a MAG nail found;

THENCE S 89°46'58" E, 1219.40 feet continuing along the approximate center of Britton Road to the most northerly northwest corner of Lot 1-R, Block 1, Maranatha Ranch Addition, recorded in Cabinet H, Slide 640, Plat Records, Ellis County, Texas;

THENCE along the common line thereof, the following:

S 00°48'19" E, 212.90 feet;

S 20°1'41" W, 181.44 feet;

N 64°48'19" W, 192.67 feet;

S 64°52'41" W, 578.74 feet;

And S 29°58'58" E, passing the south corner of Lot 1-R, being a westerly corner of a tract conveyed to Myrna P. Abrams, recorded in Volume 2566, Page 1485 DRECT, and continuing along the southwest line thereof a total distance of 2470.49 feet to a fence post found for corner;

THENCE S 88°45'41" W, 311.94 feet to a point being the northwest corner of a tract conveyed to the Greenway Trails Owners Association, recorded in Instrument No. 2122809 DRECT, and being the north corner of a tract conveyed to Sunbelt Land Investments/360, Ltd., recorded in Volume 2748, Page 1136 DRECT;

THENCE S 62°59'54" W, 749.88 feet along the common line thereof to the south corner of a tract conveyed to Judith Phillips, recorded in Volume 1106, Page 599 DRECT;

THENCE N 29°58'46" W, 2326.69 feet along the northeast line thereof to a railroad spike found on the southeast line of a tract conveyed to the City of Mansfield, recorded in Document No. 2245479 DRECT;

THENCE N 61°09'21" E, 652.09 feet along the common line thereof to a point for corner;

THENCE N 29°28'34" W, continuing along the common line of said City tract, passing into and along the approximate center of Lonestar Road, a total distance of 814.71 feet to the POINT OF BEGINNING with the subject tract containing 3,067,309 square feet or 70.416 acres of land.

SAVE AND EXCEPT:

BEING a tract of land situated in the J. Lawrence Survey, Abstract No. 616, City of Mansfield, Ellis County, Texas, being part of a tract conveyed to Fred Ballard, Jr., et al, by deed recorded in Volume 1811, Page 1338 of the Deed Records, Ellis County, Texas (DRECT), with the subject tract being more particularly described as follows:

BEGINNING at a railroad spike found on the southeast line of a tract conveyed to the City of Mansfield, recorded in Document No. 2245479 DRECT, for the northeast corner of a tract conveyed to Judith Phillips, recorded in Volume 1106, Page 599 DRECT;

THENCE N 61°09'21" E, 617.68 feet along the southeast line of said Mansfield tract;

THENCE S 03°57'13" E, 1407.46 feet into and through said Ballard tract to the west line thereof, being the east line of said Phillips tract;

THENCE N 29°58'46" W, 1276.98 feet along the common line thereof to the POINT OF BEGINNING with the subject tract containing 394,306 square feet or 9.052 acres of land.

Tract 3:

BEING a tract of land situated in the J. Lawrence Survey, Abstract No. 616, City of Mansfield, Ellis County, Texas, being part of Tract I, conveyed to Judith Phillips by deed recorded in Volume 1106, Page 599 of the Deed Records, Ellis County, Texas (DIRECT), with the subject tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod found on a north line of a tract conveyed to Sunbelt Land Investments/360, Ltd., recorded in Volume 2746, Page 1136 DIRECT, for the southeast corner of a tract conveyed to Tarrant County Water Control, recorded in Volume 531, Page 538 DIRECT;

THENCE N 52°42'23" W, 123.90 feet along the common line thereof;

THENCE N 03°57'13" W, 1017.91 feet into and through Tract II to a point on the west line of a tract conveyed to Fred Ballard, Jr. et al., recorded in Volume 1811, Page 1338 DIRECT;

THENCE S 29°58'46" E, 1049.71 feet along the common line thereof to the north line of said Sunbelt tract;

THENCE S 62°59'54" W, 399.30 feet along the common line thereof to the POINT OF BEGINNING with the subject tract containing 256,707 square feet or 5.893 acres of land.

[Remainder of page left intentionally blank.]

EXHIBIT J-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

METES AND BOUNDS DESCRIPTION

Phase 1

BEING a tract of land situated in the M. Gregg Survey, Abstract No. 385, J. Lawrence Survey, Abstract No. 616, and H. Henderson Survey, Abstract No. 432, City of Mansfield, Ellis County, Texas, being part of a tract conveyed to JRJ Energy Investments, LLC, by deeds recorded in Instrument No. 2430855 and Instrument No. 2430891 of the Deed Records, Ellis County, Texas (DIRECT), with the subject tract being more particularly described as follows:

BEGINNING at a MAG nail found at the intersection of Lonestar Road, a public road, Heritage Parkway, a public road, and Britton Road, a public road;

THENCE N 89°59'37" E, 277.56 feet along the approximate center of Britton Road to a MAG nail found;

THENCE S 89°46'58" E, 1219.40 feet continuing along the approximate center of Britton Road to the most northerly northwest corner of Lot 1-R, Block 1, Maranatha Ranch Addition, recorded in Cabinet H, Slide 640, Plat Records, Ellis County, Texas;

THENCE along the common line thereof, the following:

S 00°48'19" E, 212.90 feet;

S 20°11'41" W, 181.44 feet;

N 64°48'19" W, 192.67 feet;

S 64°52'41" W, 578.74 feet;

S 29°56'58" E, 320.06 feet;

N 64°52'41" E, 694.60 feet;

N 16°34'19" W, 125.68 feet;

N 20°11'41" E, 195.03 feet;

N 69°48'19" W, 15.00 feet;

N 00°48'19" W, 106.45 feet;

And N 44°11'41" E, 77.78 feet;

THENCE N 01°28'02" W, 36.94 feet to the south line of Britton Road;

THENCE S 89°50'15" E, 235.22 feet along the south line thereof to the northwest corner of the Original Town of Britton Addition, recorded in Volume 158, Page 45 DIRECT;

THENCE along the west line of the Original Town of Britton, the following:

S 00°21'10" E, 200.00 feet;

N 89°38'50" E, 288.00 feet;

And S 35°45'13" E, 201.13 feet;

THENCE through said JRJ Energy Investments tracts, the following:

S 64°52'41" W, 653.93 feet;

S 17°49'46" W, 13.66 feet;

Around a non-tangent curve to the left having a central angle of 13°19'00", a radius of 150.00 feet, a chord of S 37°38'46" E - 34.78 feet, an arc length of 34.86 feet;

Around a reverse curve to the right having a central angle of 06°57'32", a radius of 685.00 feet, a chord of S 40°49'30" E - 83.15 feet, an arc length of 83.20 feet;

S 64°52'41" W, 589.72 feet;

Around a tangent curve to the right having a central angle of 08°12'23", a radius of 170.00 feet, a chord of S 68°58'53" W - 24.33 feet, an arc length of 24.35 feet;

Around a reverse curve to the left having a central angle of 77°02'17", a radius of 40.00 feet, a chord of S 34°33'56" W - 49.82 feet, an arc length of 53.78 feet;

S 03°57'13" E, 22.22 feet;

S 48°57'13" E, 14.14 feet;

N 86°02'47" E, 44.62 feet;

S 03°57'13" E, 175.62 feet;

Around a tangent curve to the left having a central angle of 25°11'13", a radius of 575.00 feet, a chord of S 16°32'49" E - 250.74 feet, an arc length of 252.77 feet;

S 29°08'25" E, 248.55 feet;

S 74°08'25" E, 14.14 feet;

S 29°08'25" E, 50.00 feet;

S 60°51'35" W, 165.21 feet;

S 61°36'21" W, 78.79 feet;

N 29°05'15" W, 50.02 feet;

N 17°07'36" E, 13.77 feet;

N 29°08'25" W, 70.18 feet;

N 72°42'32" W, 14.51 feet;

S 63°47'38" W, 166.69 feet;

Around a tangent curve to the right having a central angle of 22°15'09", a radius of 424.00 feet, a chord of S 74°55'13" W - 163.64 feet, an arc length of 164.67 feet;

S 86°02'47" W, 300.89 feet;

N 03°57'13" W, 15.50 feet;

S 86°02'47" W, 90.00 feet;

And N 03°57'13" W, 1178.00 feet to the south line of a tract conveyed to the City of Mansfield, recorded in Document No. 2245479 DIRECT;

THENCE N 61°09'21" E, 34.41 feet along the common line thereof to a point for corner;

THENCE N 29°28'34" W, continuing along the common line of said City tract, passing into and along the approximate center of Lonestar Road a total distance of 814.71 feet to the POINT OF BEGINNING with the subject tract containing 2,051,466 square feet or 47.095 acres of land.

APPENDIX A – ENGINEER’S REPORT

[Remainder of page left intentionally blank.]

ENGINEER'S ESTIMATE OF ANTICIPATED COST

February 28, 2025

Staybolt Residential, Phase 1

City of Mansfield, Texas
Ellis County

186 Lots, 47.146 Acres

25.4 Acres Net Dev. Area
238.03 Front Feet/Net Acreage

73 Lots - 22' Wide, Row House
61 Lots - 35' Wide, Cottage
52 Lots - 45' Wide, Township

Prepared for
Arcadia Realty Corp.

Prepared by
 **SPIARS**
ENGINEERING & SURVEYING
Job SEI # 24-133



765 Custer Road, Suite 100
Plano, Texas 75075
Ph. 972.422.0077, Fax 972.422.0075
TBPE No. F-2121

of Lots: 186

	Total	Cost Per Lot	% of Cost
HARD COST			
LAND COST	\$ -	\$ -	0.00%
CONSTRUCTION COST			
Erosion Control	\$ 44,107.38	\$ 237.14	0.48%
Excavation	\$ 674,941.00	\$ 3,628.72	7.35%
Paving	\$ 3,526,332.30	\$ 18,958.78	38.39%
Water	\$ 845,428.90	\$ 4,545.32	9.20%
Sanitary Sewer	\$ 642,158.00	\$ 3,452.46	6.99%
Storm Sewer	\$ 1,069,787.40	\$ 186.00	11.65%
Street Lights	\$ -	\$ -	0.00%
Street Signs	\$ 5,170.00	\$ 27.80	0.06%
Mailboxes	\$ 55,800.00	\$ 300.00	0.61%
Landscaping	\$ -	\$ -	0.00%
Retaining Walls	\$ 200,000.00	\$ 1,075.27	2.18%
CONSTRUCTION CONTINGENCY (10%)	\$ 706,372.50	\$ 3,797.70	7.69%
TOTAL HARD COST	\$ 7,770,097.48	\$ 41,774.72	84.60%
TOTAL SOFT COST	\$ 1,414,735.75	\$ 7,606.11	15.40%
TOTAL ENGINEERING PROJECT COST	\$ 9,184,833.23	\$ 49,380.82	100.00%

Disclaimer: The Engineer has no control over the costs of labor, materials, and equipment, nor the effects of competitive bidding or market conditions, and has no knowledge of the Contractor's methods of determining prices. Opinions of probable cost are based on the information known to the Engineer at the time of the opinion and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee proposals, bids, or actual construction costs will not vary from this opinion of probable cost. See attached assumptions sheet for additional information pertaining to this estimate.

	Description	Unit	Qty	Unit Price	Total Cost
Erosion Control					
	Silt Fence	LF	5,720	\$ 1.75	\$ 10,010.00
	Curlex	LF	19,810	\$ 0.75	\$ 14,857.50
	Silt Fence After Paving	LF	1,907	\$ 1.75	\$ 3,336.67
	Broadcast Seeding	AC	22.0	\$ 350.00	\$ 7,688.21
	Inlet Protection	EA	53	\$ 155.00	\$ 8,215.00
	Total Erosion Control Cost				\$ 44,107.38
Excavation					
	Construction Entrance	EA	1	\$ 2,600.00	\$ 186.00
	Clearing and Grubbing	AC	25.1	\$ 2,000.00	\$ 50,200.00
	Unclassified Excavation (Avg. 2' Across Site)	CY	70,000	\$ 4.50	\$ 315,000.00
	Moisture Condition Pads 6' Depth	EA	53	\$ 3,200.00	\$ 169,600.00
	6 Mil Poly (5' beyond perimeter of pad)	EA	53	\$ 535.00	\$ 28,355.00
	Rough Lot Benching	EA	186	\$ 300.00	\$ 55,800.00
	Final Lot Benching	EA	186	\$ 300.00	\$ 55,800.00
	Total Excavation Cost				\$ 674,941.00
Paving					
	Add'l Paving Mobilization (if needed)	EA	1	\$ 30,000.00	\$ 30,000.00
Road Section	8" HMA (6" TY B Base / 2" TY D Surface - w/ Tack Coat and Chip Seal)	SY	14,112	\$ 120.00	\$ 1,693,440.00
	12" Lime Stabilized Subgrade (1' outside BOC)	SY	15,167	\$ 58.00	\$ 879,686.00
	Concrete Curb and Gutter	LF	9,501	\$ 45.00	\$ 427,545.00
	Concrete Valley Gutter	LF	484	\$ 45.00	\$ 21,780.00
	10' Wide Brick Pavers	SY	78	\$ 143.00	\$ 11,154.00
Alley Section	9"-5"-9" Concrete Alley Pavement	SY	8,472	\$ 6.50	\$ 55,068.00
	8" Lime Stabilized Subgrade (1' outside BOC)	SY	9,723	\$ 4.50	\$ 43,753.50
	Hydrated Lime (54#/SY)	TONS	672	\$ 360.00	\$ 241,930.80
	Barrier Free Ramps	EA	20	\$ 2,900.00	\$ 58,000.00
	Connect to Ex. Street Header	LF	90	\$ 16.00	\$ 1,440.00
	Remove and Dispose of Type III Barricade	EA	3	\$ 1,000.00	\$ 3,000.00
	Street Header	LF	185	\$ 16.00	\$ 2,960.00
	Install Type III Barricade	LF	185	\$ 43.00	\$ 7,955.00
	4' Sidewalk (Residential)	SF	5,720	\$ 8.50	\$ 48,620.00
	Traffic Control	LS	1	\$ -	\$ -
	Total Paving Cost				\$ 3,526,332.30

	Description	Unit	Qty	Unit Price	Total Cost
Water					
	Addtl Wet Utility Mobilization (if needed)	EA	1	\$ 15,000.00	\$ 15,000.00
	8" PVC Water (C900 DR18)	LF	6,387	\$ 48.00	\$ 306,576.00
	6" PVC Water (C900 DR14) - Dry Hydrant Line	LF	662	\$ 40.00	\$ 26,480.00
	8" Gate Valves	EA	34	\$ 2,015.00	\$ 68,510.00
	1" Water Services & Box (Traffic Rated)	EA	157	\$ 950.00	\$ 149,150.00
	1" Irrigation Services & Box	EA	7	\$ 1,530.00	\$ 10,710.00
	Fire Hydrants & Assembly	EA	13	\$ 5,450.00	\$ 70,850.00
	Blow off Valve	EA	2	\$ 4,360.00	\$ 8,720.00
	Dry Hydrant	EA	3	\$ 5,000.00	\$ 15,000.00
	8" Stub and Plug	EA	6	\$ 500.00	\$ 3,000.00
	Remove 8" Plug and Connect to Existing	EA	3	\$ 1,500.00	\$ 4,500.00
	Cast Iron Fittings w/ Blocking	TONS	3.20	\$ 6,900.00	\$ 22,080.00
	Concrete Encasement	LF	153	\$ 60.00	\$ 9,180.00
	4" PVC Utility Crossings (Sch. 40)	LF	3,060	\$ 39.50	\$ 120,870.00
	Trench Safety	LF	7,049	\$ 0.10	\$ 704.90
	Water Line Testing	LF	7,049	\$ 2.00	\$ 14,098.00
	Total Water Cost				\$ 845,428.90
Sanitary Sewer					
	8" PVC (SDR 35) - Length of Sewer Trunk Through Phase1	LF	1766	\$ 66.00	\$ 116,556.00
	8" PVC (SDR 35)	LF	3,630	\$ 66.00	\$ 239,580.00
	4' Dia. M.H.	EA	19	\$ 5,200.00	\$ 98,800.00
	4" Services	EA	157	\$ 910.00	\$ 142,870.00
	150 PSI Encasement	LF	153	\$ 176.00	\$ 26,928.00
	Trench Safety	LF	3,630	\$ 0.10	\$ 363.00
	Sanitary Sewer Line Testing	LF	3,630	\$ 4.70	\$ 17,061.00
	Total Sanitary Sewer Cost				\$ 642,158.00
Storm Sewer					
	18" RCP (Class III)	LF	4,430	\$ 67.00	\$ 296,810.00
	21" RCP (Class III)	LF	540	\$ 74.00	\$ 39,960.00
	24" RCP (Class III)	LF	266	\$ 82.00	\$ 21,812.00
	30" RCP (Class III)	LF	1,061	\$ 109.00	\$ 115,649.00
	36" RCP (Class III)	LF	711	\$ 133.00	\$ 94,563.00
	Type 'A' Storm Manhole	EA	19	\$ 7,360.00	\$ 139,840.00
	Type 'B' Storm Manhole	EA	5	\$ 8,280.00	\$ 41,400.00
	24" Type 'B' Hdwl.	EA	1	\$ 4,200.00	\$ 4,200.00
	36" Type 'B' Hdwl.	EA	2	\$ 5,520.00	\$ 11,040.00
	Grouted Rock Rip-Rap	SY	90	\$ 104.00	\$ 9,360.00
	Grade to Drain	LF	850	\$ 0.10	\$ 85.00
	Grate Inlet	EA	23	\$ 2,000.00	\$ 46,000.00
	10' Std. Curb Inlet	EA	27	\$ 7,590.00	\$ 204,930.00
	Field Inlet	EA	3	\$ 3,500.00	\$ 10,500.00
	Trench Safety	LF	7,008	\$ 0.10	\$ 700.80
	Storm Sewer Line Testing and TV Insp.	LF	7,008	\$ 4.70	\$ 32,937.60
	Total Storm Sewer Cost				\$ 1,069,787.40

	Description	Unit	Qty	Unit Price	Total Cost
Street Lights					
	Street Lights	EA	10	\$ -	\$ -
	Total Street Light Cost				\$ -
Signage					
	Street Name Signs	EA	7	\$ 310.00	\$ 2,170.00
	Stop Signs	EA	6	\$ 500.00	\$ 3,000.00
	Total Signage Cost				\$ 5,170.00
Mailboxes					
	Cluster Mailboxes	EA	186	\$ 300.00	\$ 55,800.00
	Total Mailbox Cost				\$ 55,800.00
Landscape & Hardscape					
	Sod, Top Soil, and Grading	SF	0	\$ -	\$ -
	Irrigation	SF	0	\$ -	\$ -
	Total Landscape/Hardscape Cost				\$ -
Retaining Walls					
	Lot Retaining Walls	LS	1	\$ 200,000.00	\$ 200,000.00
	Total Retaining Wall Cost				\$ 200,000.00
Soft Cost					
	Maintenance Bond (1.5%)	LS	1		\$ 116,551.46
	Geotech	LS	1		\$ 20,000.00
	Traffic Analysis	LS	1		\$ 15,000.00
	Survey Exhibits	LS	1		\$ 3,000.00
	Preliminary Plat and Preliminary Utilities	LS	1		\$ 46,500.00
	Final Plat	LS	1		\$ 37,200.00
	Engineering, Staking, Administrative	LS	1		\$ 446,400.00
	Blueprints and Deliveries	LS	1		\$ 15,000.00
	SWPPP/Inspection	LS	1		\$ 150,000.00
	Construction Material Testing	LS	1		\$ 130,200.00
	Construction Management	LS	1		\$ 93,000.00
	Reimbursables and Filing Fees (0.40%)	LS	1		\$ 31,080.39
	City Inspection and Review Fees (4%)	LS	1		\$ 310,803.90
	Total Soft Cost				\$ 1,414,735.75

Disclaimer: The Engineer has no control over the costs of labor, materials, and equipment, nor the effects of competitive bidding or market conditions, and has no knowledge of the Contractor's methods of determining prices. Opinions of probable cost are based on the information known to the Engineer at the time of the opinion and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee proposals, bids, or actual construction costs will not vary from this opinion of probable cost.
See attached assumptions sheet for additional information pertaining to this estimate.

- 1) Excavation numbers are subject to change pending grading design.
- 2) Assumes cost associated with utility spoils processing is included in excavation cost. Assumes no cost associated with utility spoils haul off.
- 3) Assumes impact fees will be paid by the builder at time of building permit application.
- 4) Assumes 6' of moisture conditioning on 100% of lots. Assumes 6 mil poly on 100% of lots. A final geotech report will be required to determine the exact location and depth of moisture conditioning required.
- 5) Assumes tract will be developed according to the attached layout.
- 6) Assumes development will be constructed in a single phase.
- 7) The unit prices in this estimate are based on recent bids from reputable contractors on similar projects.
- 8) Assumes no tree mitigation.
- 9) Assumes no cost for gas installation.
- 10) Assumes no costs associated with USACE mitigation.
- 11) Assumes no park fees and no park land dedication fees.
- 12) Estimate does not include landscape or irrigation costs.
- 13) Assumes no temporary turnarounds.
- 14) Assumes no costs associated with screening walls or fences.
- 15) Assumes SDR 35 pipe for all on-site sanitary sewer lines.
- 16) Assumes offsite sanitary sewer improvements are accounted for in separate cost estimate.
- 17) Assumes no rough benching of future phases.
- 18) Assumes no pavers for any paving sections.
- 19) Assumes no traffic control will be required.
- 20) Assumes street light installation will be paid for by Oncor.
- 21) Assumes no side yard retaining walls will be required. Extent of perimeter retaining walls to be determined at time of final grading.

APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

Improvement Area #1

- Improvement Area #1 Initial Parcel
- Lot Type 1
- Lot Type 2
- Lot Type 3

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**STAYBOLT PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE –
IMPROVEMENT AREA #1 INITIAL PARCEL**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF MANSFIELD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT:
\$8,997,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to City of Mansfield, 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 ***Staybolt 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 Mansfield. The exact amount of each annual installment will be approved each year by the City of Mansfield City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Mansfield.

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 Ellis 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 Ellis 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 Ellis County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 INITIAL PARCEL

Installment Due 1/31	Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due ^[c]
	Principal	Interest ^[a]	Capitalized Interest ^[b]	Additional Interest		
2026	\$ -	\$ 554,215	\$ (554,215)	\$ 44,985	\$ 40,000	\$ 84,985
2027	\$ 116,000	\$ 566,811	\$ -	\$ 44,985	\$ 40,800	\$ 768,596
2028	\$ 123,000	\$ 559,503	\$ -	\$ 44,405	\$ 41,616	\$ 768,524
2029	\$ 130,000	\$ 551,754	\$ -	\$ 43,790	\$ 42,448	\$ 767,992
2030	\$ 138,000	\$ 543,564	\$ -	\$ 43,140	\$ 43,297	\$ 768,001
2031	\$ 147,000	\$ 534,870	\$ -	\$ 42,450	\$ 44,163	\$ 768,483
2032	\$ 156,000	\$ 525,609	\$ -	\$ 41,715	\$ 45,046	\$ 768,370
2033	\$ 166,000	\$ 515,781	\$ -	\$ 40,935	\$ 45,947	\$ 768,663
2034	\$ 176,000	\$ 505,323	\$ -	\$ 40,105	\$ 46,866	\$ 768,294
2035	\$ 187,000	\$ 494,235	\$ -	\$ 39,225	\$ 47,804	\$ 768,264
2036	\$ 199,000	\$ 482,454	\$ -	\$ 38,290	\$ 48,760	\$ 768,504
2037	\$ 212,000	\$ 469,917	\$ -	\$ 37,295	\$ 49,735	\$ 768,947
2038	\$ 225,000	\$ 456,561	\$ -	\$ 36,235	\$ 50,730	\$ 768,526
2039	\$ 239,000	\$ 442,386	\$ -	\$ 35,110	\$ 51,744	\$ 768,240
2040	\$ 254,000	\$ 427,329	\$ -	\$ 33,915	\$ 52,779	\$ 768,023
2041	\$ 271,000	\$ 411,327	\$ -	\$ 32,645	\$ 53,835	\$ 768,807
2042	\$ 288,000	\$ 394,254	\$ -	\$ 31,290	\$ 54,911	\$ 768,455
2043	\$ 306,000	\$ 376,110	\$ -	\$ 29,850	\$ 56,010	\$ 767,970
2044	\$ 326,000	\$ 356,832	\$ -	\$ 28,320	\$ 57,130	\$ 768,282
2045	\$ 347,000	\$ 336,294	\$ -	\$ 26,690	\$ 58,272	\$ 768,256
2046	\$ 370,000	\$ 314,433	\$ -	\$ 24,955	\$ 59,438	\$ 768,826
2047	\$ 394,000	\$ 291,123	\$ -	\$ 23,105	\$ 60,627	\$ 768,855
2048	\$ 419,000	\$ 266,301	\$ -	\$ 21,135	\$ 61,839	\$ 768,275
2049	\$ 446,000	\$ 239,904	\$ -	\$ 19,040	\$ 63,076	\$ 768,020
2050	\$ 475,000	\$ 211,806	\$ -	\$ 16,810	\$ 64,337	\$ 767,953
2051	\$ 506,000	\$ 181,881	\$ -	\$ 14,435	\$ 65,624	\$ 767,940
2052	\$ 540,000	\$ 150,003	\$ -	\$ 11,905	\$ 66,937	\$ 768,845
2053	\$ 575,000	\$ 115,983	\$ -	\$ 9,205	\$ 68,275	\$ 768,463
2054	\$ 613,000	\$ 79,758	\$ -	\$ 6,330	\$ 69,641	\$ 768,729
2055	\$ 653,000	\$ 41,139	\$ -	\$ 3,265	\$ 71,034	\$ 768,438
Total	\$ 8,997,000	\$ 11,397,460	\$ (554,215)	\$ 905,560	\$ 1,622,723	\$ 22,368,528

Footnotes:

[a] Interest is calculated at a 6.300% rate per the City's Financial Advisor and subject to change upon final pricing.

[b] Assumes 12 months of Capitalized Interest.

[c] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**STAYBOLT 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 MANSFIELD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 1 PRINCIPAL ASSESSMENT: \$40,719.98

As the purchaser of the real property described above, you are obligated to pay assessments to City of Mansfield, 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 ***Staybolt 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 Mansfield. The exact amount of each annual installment will be approved each year by the City of Mansfield City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Mansfield.

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 Ellis 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 Ellis 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 Ellis County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 1

Installment Due 1/31	Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due ^[c]
	Principal	Interest ^[a]	Capitalized Interest ^[b]	Additional Interest		
2026	\$ -	\$ 2,508.35	\$ (2,508.35)	\$ 203.60	\$ 181.04	\$ 384.64
2027	\$ 525.01	\$ 2,565.36	\$ -	\$ 203.60	\$ 184.66	\$ 3,478.63
2028	\$ 556.69	\$ 2,532.28	\$ -	\$ 200.97	\$ 188.35	\$ 3,478.30
2029	\$ 588.37	\$ 2,497.21	\$ -	\$ 198.19	\$ 192.12	\$ 3,475.90
2030	\$ 624.58	\$ 2,460.14	\$ -	\$ 195.25	\$ 195.96	\$ 3,475.94
2031	\$ 665.31	\$ 2,420.80	\$ -	\$ 192.13	\$ 199.88	\$ 3,478.12
2032	\$ 706.05	\$ 2,378.88	\$ -	\$ 188.80	\$ 203.88	\$ 3,477.61
2033	\$ 751.31	\$ 2,334.40	\$ -	\$ 185.27	\$ 207.96	\$ 3,478.93
2034	\$ 796.57	\$ 2,287.07	\$ -	\$ 181.51	\$ 212.11	\$ 3,477.26
2035	\$ 846.35	\$ 2,236.88	\$ -	\$ 177.53	\$ 216.36	\$ 3,477.12
2036	\$ 900.66	\$ 2,183.56	\$ -	\$ 173.30	\$ 220.68	\$ 3,478.21
2037	\$ 959.50	\$ 2,126.82	\$ -	\$ 168.80	\$ 225.10	\$ 3,480.22
2038	\$ 1,018.34	\$ 2,066.37	\$ -	\$ 164.00	\$ 229.60	\$ 3,478.31
2039	\$ 1,081.70	\$ 2,002.22	\$ -	\$ 158.91	\$ 234.19	\$ 3,477.02
2040	\$ 1,149.59	\$ 1,934.07	\$ -	\$ 153.50	\$ 238.88	\$ 3,476.03
2041	\$ 1,226.53	\$ 1,861.65	\$ -	\$ 147.75	\$ 243.65	\$ 3,479.58
2042	\$ 1,303.47	\$ 1,784.37	\$ -	\$ 141.62	\$ 248.53	\$ 3,477.99
2043	\$ 1,384.94	\$ 1,702.26	\$ -	\$ 135.10	\$ 253.50	\$ 3,475.79
2044	\$ 1,475.46	\$ 1,615.00	\$ -	\$ 128.17	\$ 258.57	\$ 3,477.21
2045	\$ 1,570.50	\$ 1,522.05	\$ -	\$ 120.80	\$ 263.74	\$ 3,477.09
2046	\$ 1,674.60	\$ 1,423.11	\$ -	\$ 112.95	\$ 269.01	\$ 3,479.67
2047	\$ 1,783.22	\$ 1,317.61	\$ -	\$ 104.57	\$ 274.39	\$ 3,479.80
2048	\$ 1,896.37	\$ 1,205.27	\$ -	\$ 95.66	\$ 279.88	\$ 3,477.18
2049	\$ 2,018.57	\$ 1,085.79	\$ -	\$ 86.17	\$ 285.48	\$ 3,476.02
2050	\$ 2,149.83	\$ 958.62	\$ -	\$ 76.08	\$ 291.19	\$ 3,475.72
2051	\$ 2,290.13	\$ 823.18	\$ -	\$ 65.33	\$ 297.01	\$ 3,475.66
2052	\$ 2,444.01	\$ 678.91	\$ -	\$ 53.88	\$ 302.95	\$ 3,479.75
2053	\$ 2,602.42	\$ 524.93	\$ -	\$ 41.66	\$ 309.01	\$ 3,478.03
2054	\$ 2,774.41	\$ 360.98	\$ -	\$ 28.65	\$ 315.19	\$ 3,479.23
2055	\$ 2,955.45	\$ 186.19	\$ -	\$ 14.78	\$ 321.50	\$ 3,477.91
Total	\$ 40,719.98	\$ 51,584.34	\$ (2,508.35)	\$ 4,098.52	\$ 7,344.37	\$ 101,238.86

Footnotes:

[a] Interest is calculated at a 6.300% rate per the City's Financial Advisor and subject to change upon final pricing.

[b] Assumes 12 months of Capitalized Interest.

[c] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**STAYBOLT 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 MANSFIELD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 2 PRINCIPAL ASSESSMENT: \$48,652.44

As the purchaser of the real property described above, you are obligated to pay assessments to City of Mansfield, 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 ***Staybolt 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 Mansfield. The exact amount of each annual installment will be approved each year by the City of Mansfield City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Mansfield.

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 Ellis 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 Ellis 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 _____

§

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 Ellis County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 2

Installment Due 1/31	Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due ^[c]
	Principal	Interest ^[a]	Capitalized Interest ^[b]	Additional Interest		
2026	\$ -	\$ 2,996.99	\$ (2,996.99)	\$ 243.26	\$ 216.31	\$ 459.57
2027	\$ 627.29	\$ 3,065.10	\$ -	\$ 243.26	\$ 220.63	\$ 4,156.28
2028	\$ 665.14	\$ 3,025.58	\$ -	\$ 240.13	\$ 225.04	\$ 4,155.89
2029	\$ 702.99	\$ 2,983.68	\$ -	\$ 236.80	\$ 229.54	\$ 4,153.02
2030	\$ 746.25	\$ 2,939.39	\$ -	\$ 233.29	\$ 234.14	\$ 4,153.07
2031	\$ 794.92	\$ 2,892.38	\$ -	\$ 229.55	\$ 238.82	\$ 4,155.67
2032	\$ 843.59	\$ 2,842.30	\$ -	\$ 225.58	\$ 243.59	\$ 4,155.06
2033	\$ 897.67	\$ 2,789.15	\$ -	\$ 221.36	\$ 248.47	\$ 4,156.65
2034	\$ 951.74	\$ 2,732.60	\$ -	\$ 216.87	\$ 253.44	\$ 4,154.65
2035	\$ 1,011.23	\$ 2,672.64	\$ -	\$ 212.11	\$ 258.50	\$ 4,154.49
2036	\$ 1,076.12	\$ 2,608.93	\$ -	\$ 207.06	\$ 263.67	\$ 4,155.78
2037	\$ 1,146.42	\$ 2,541.14	\$ -	\$ 201.68	\$ 268.95	\$ 4,158.18
2038	\$ 1,216.72	\$ 2,468.91	\$ -	\$ 195.95	\$ 274.33	\$ 4,155.90
2039	\$ 1,292.42	\$ 2,392.26	\$ -	\$ 189.86	\$ 279.81	\$ 4,154.36
2040	\$ 1,373.54	\$ 2,310.84	\$ -	\$ 183.40	\$ 285.41	\$ 4,153.18
2041	\$ 1,465.47	\$ 2,224.30	\$ -	\$ 176.53	\$ 291.12	\$ 4,157.42
2042	\$ 1,557.40	\$ 2,131.98	\$ -	\$ 169.20	\$ 296.94	\$ 4,155.52
2043	\$ 1,654.73	\$ 2,033.86	\$ -	\$ 161.42	\$ 302.88	\$ 4,152.90
2044	\$ 1,762.89	\$ 1,929.62	\$ -	\$ 153.14	\$ 308.94	\$ 4,154.58
2045	\$ 1,876.45	\$ 1,818.55	\$ -	\$ 144.33	\$ 315.12	\$ 4,154.45
2046	\$ 2,000.82	\$ 1,700.34	\$ -	\$ 134.95	\$ 321.42	\$ 4,157.53
2047	\$ 2,130.61	\$ 1,574.29	\$ -	\$ 124.94	\$ 327.85	\$ 4,157.68
2048	\$ 2,265.80	\$ 1,440.06	\$ -	\$ 114.29	\$ 334.40	\$ 4,154.55
2049	\$ 2,411.80	\$ 1,297.31	\$ -	\$ 102.96	\$ 341.09	\$ 4,153.17
2050	\$ 2,568.62	\$ 1,145.37	\$ -	\$ 90.90	\$ 347.91	\$ 4,152.81
2051	\$ 2,736.26	\$ 983.55	\$ -	\$ 78.06	\$ 354.87	\$ 4,152.74
2052	\$ 2,920.12	\$ 811.16	\$ -	\$ 64.38	\$ 361.97	\$ 4,157.63
2053	\$ 3,109.39	\$ 627.19	\$ -	\$ 49.78	\$ 369.21	\$ 4,155.57
2054	\$ 3,314.88	\$ 431.30	\$ -	\$ 34.23	\$ 376.59	\$ 4,157.00
2055	\$ 3,531.18	\$ 222.46	\$ -	\$ 17.66	\$ 384.12	\$ 4,155.43
Total	\$ 48,652.44	\$ 61,633.24	\$ (2,996.99)	\$ 4,896.93	\$ 8,775.09	\$ 120,960.71

Footnotes:

[a] Interest is calculated at a 6.300% rate per the City's Financial Advisor and subject to change upon final pricing.

[b] Assumes 12 months of Capitalized Interest.

[c] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

**STAYBOLT PUBLIC IMPROVEMENT DISTRICT – BUYER DISCLOSURE –
IMPROVEMENT AREA #1 LOT TYPE 3**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF MANSFIELD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 3 PRINCIPAL ASSESSMENT: \$56,584.91

As the purchaser of the real property described above, you are obligated to pay assessments to City of Mansfield, 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 ***Staybolt 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 Mansfield. The exact amount of each annual installment will be approved each year by the City of Mansfield City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Mansfield.

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 Ellis 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 Ellis 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 Ellis County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 3

Installment Due 1/31	Improvement Area #1 Bonds				Annual Collection Costs	Total Annual Installment Due ^[c]
	Principal	Interest ^[a]	Capitalized Interest ^[b]	Additional Interest		
2026	\$ -	\$ 3,485.63	\$ (3,485.63)	\$ 282.92	\$ 251.57	\$ 534.50
2027	\$ 729.56	\$ 3,564.85	\$ -	\$ 282.92	\$ 256.60	\$ 4,833.94
2028	\$ 773.58	\$ 3,518.89	\$ -	\$ 279.28	\$ 261.74	\$ 4,833.48
2029	\$ 817.61	\$ 3,470.15	\$ -	\$ 275.41	\$ 266.97	\$ 4,830.14
2030	\$ 867.92	\$ 3,418.64	\$ -	\$ 271.32	\$ 272.31	\$ 4,830.20
2031	\$ 924.53	\$ 3,363.96	\$ -	\$ 266.98	\$ 277.76	\$ 4,833.23
2032	\$ 981.13	\$ 3,305.72	\$ -	\$ 262.36	\$ 283.31	\$ 4,832.52
2033	\$ 1,044.03	\$ 3,243.91	\$ -	\$ 257.45	\$ 288.98	\$ 4,834.36
2034	\$ 1,106.92	\$ 3,178.13	\$ -	\$ 252.23	\$ 294.76	\$ 4,832.04
2035	\$ 1,176.10	\$ 3,108.40	\$ -	\$ 246.70	\$ 300.65	\$ 4,831.85
2036	\$ 1,251.57	\$ 3,034.30	\$ -	\$ 240.82	\$ 306.67	\$ 4,833.36
2037	\$ 1,333.33	\$ 2,955.45	\$ -	\$ 234.56	\$ 312.80	\$ 4,836.14
2038	\$ 1,415.09	\$ 2,871.45	\$ -	\$ 227.89	\$ 319.05	\$ 4,833.49
2039	\$ 1,503.14	\$ 2,782.30	\$ -	\$ 220.82	\$ 325.44	\$ 4,831.70
2040	\$ 1,597.48	\$ 2,687.60	\$ -	\$ 213.30	\$ 331.94	\$ 4,830.33
2041	\$ 1,704.40	\$ 2,586.96	\$ -	\$ 205.31	\$ 338.58	\$ 4,835.26
2042	\$ 1,811.32	\$ 2,479.58	\$ -	\$ 196.79	\$ 345.35	\$ 4,833.05
2043	\$ 1,924.53	\$ 2,365.47	\$ -	\$ 187.74	\$ 352.26	\$ 4,830.00
2044	\$ 2,050.31	\$ 2,244.23	\$ -	\$ 178.11	\$ 359.31	\$ 4,831.96
2045	\$ 2,182.39	\$ 2,115.06	\$ -	\$ 167.86	\$ 366.49	\$ 4,831.80
2046	\$ 2,327.04	\$ 1,977.57	\$ -	\$ 156.95	\$ 373.82	\$ 4,835.38
2047	\$ 2,477.99	\$ 1,830.96	\$ -	\$ 145.31	\$ 381.30	\$ 4,835.56
2048	\$ 2,635.22	\$ 1,674.85	\$ -	\$ 132.92	\$ 388.93	\$ 4,831.92
2049	\$ 2,805.03	\$ 1,508.83	\$ -	\$ 119.75	\$ 396.70	\$ 4,830.31
2050	\$ 2,987.42	\$ 1,332.11	\$ -	\$ 105.72	\$ 404.64	\$ 4,829.90
2051	\$ 3,182.39	\$ 1,143.91	\$ -	\$ 90.79	\$ 412.73	\$ 4,829.81
2052	\$ 3,396.23	\$ 943.42	\$ -	\$ 74.87	\$ 420.99	\$ 4,835.50
2053	\$ 3,616.35	\$ 729.45	\$ -	\$ 57.89	\$ 429.41	\$ 4,833.10
2054	\$ 3,855.35	\$ 501.62	\$ -	\$ 39.81	\$ 437.99	\$ 4,834.77
2055	\$ 4,106.92	\$ 258.74	\$ -	\$ 20.53	\$ 446.75	\$ 4,832.94
Total	\$ 56,584.91	\$ 71,682.14	\$ (3,485.63)	\$ 5,695.35	\$ 10,205.81	\$ 140,682.57

Footnotes:

[a] Interest is calculated at a 6.300% rate per the City's Financial Advisor and subject to change upon final pricing.

[b] Assumes 12 months of Capitalized Interest.

[c] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[Form of Bond Counsel Opinion]

[Date]

\$ _____
CITY OF MANSFIELD, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

We have represented the City of Mansfield, Texas (the “Issuer”), as its bond counsel in connection with an issue of assessment revenue bonds (the “Bonds”) described as follows:

CITY OF MANSFIELD, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT), dated
[date of delivery], issued in the principal amount of \$ _____.

In such capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

The Bonds have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the “Act”) and an Ordinance adopted by the Issuer on August 25, 2025 (the “Ordinance”). The Bonds are issued pursuant to a Trust Indenture, dated as of August 1, 2025 (the “Indenture”), by and between the Issuer and Wilmington Trust, N.A., as Trustee (the “Trustee”).

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

We have represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of

officers, agents and representatives of the Issuer and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based on such examination and in reliance on such representations, certifications and assumptions, it is our opinion that:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Trust Estate as and to the extent provided in the Indenture.
- (2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

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**CITY OF MANSFIELD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of September 1, 2025 (this “Disclosure Agreement”) is executed and delivered by and among the City of Mansfield, Texas (the “Issuer”), P3Works, LLC (as more fully defined herein, the “Administrator”) and HTS Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent (as more fully defined herein, the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of August 1, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Additional Obligations” means any bonds, temporary notes, time warrants, or an obligation under an installment sale contract or reimbursement agreement secured in whole or in part by an assessment, other than the Improvement Area #1 Assessments securing the Bonds, levied against property within Improvement Area #1 of the District in accordance with the PID Act.

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Collections Report” shall mean any Annual Collection 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 Section 4(a) of this Disclosure Agreement.

“Annual Financial Statements” shall mean audited or unaudited financial statements of the Issuer prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

“Annual Financials Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Statements must be filed with the MSRB, which date is twelve (12) months after the end of the Issuer’s Fiscal Year. The Annual Financials Filing Date is currently September 30.

“Annual Information Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Information must be filed with the MSRB, which date is six (6) months after the end of the Issuer’s Fiscal Year. The Annual Information Filing Date is currently March 31.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Service Plan Update” shall mean the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Improvement Area #1 Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean, Arcadia Staybolt Phase 1, LLC, a Texas limited liability company, including its affiliates, successors and assigns.

“Disclosure Agreement of Developer” shall mean the City of Mansfield, Texas Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project) Continuing Disclosure Agreement of Developer dated as of September 1, 2025 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean the Deputy City Manager/Chief Financial Officer 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 Disclosure Services, a Division of Hilltop Securities Inc., a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as dissemination agent, or any successor

Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Staybolt Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Filing Date” means, collectively, an Annual Financials Filing Date, an Annual Information Filing Date and an Annual Collections Report Filing Date, or, individually, as the context requires, an Annual Financials Filing Date, an Annual Information Filing Date or an Annual Collections Report Filing Date.

“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 one-year period from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Assessments” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

“Prepayment” shall mean the payment of all or a portion of an Improvement Area #1 Assessment before the due date of the final installment thereof.

“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 Section 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(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, the Annual Financial Information and the Annual Financial Statements.

(i) The Issuer shall provide or caused to be provided the Annual Financial Information to the MSRB not later than the Annual Information Filing Date; and

(ii) The Issuer shall provide or caused to be provided audited Annual Financial Statements to the MSRB not later than the Annual Financials Filing Date, or if audited Annual Financial Statements are not available by the Annual Financials Filing Date, unaudited Annual Financial Statements, provided to the Dissemination Agent which is consistent with the requirements specified in Section 4 of this Disclosure Agreement.

In each case, the Annual Financial Information and Annual Financial Statements 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 Information Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Not later than ten (10) days prior to the applicable Filing Date, the Issuer shall provide the Annual Financial Information or Annual Financial Statements, as applicable, to the Dissemination Agent together with written direction to file such Annual Financial Information or Annual Financial Statements with the MSRB. The Dissemination Agent shall provide such Annual Financial Information or Annual Financial Statements to the MSRB not later than ten (10) days from receipt of such Annual Financial Information or Annual Financial Statements from the Issuer, but in no event later than the applicable Filing Date for such Fiscal Year.

If by the fifth (5th) day before the applicable Filing Date, the Dissemination Agent has not received a copy of the Annual Financial Information or Annual Financial Statements, as applicable, 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 Financial Information or Annual Financial Statements pursuant to subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Financial Information or Annual Financial Statements, as applicable, no later than two (2) Business Days prior to the applicable Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Financial Information by the Annual Information Filing Date or the Annual Financial Statements by the Annual Financials Filing Date, as applicable, state the date by which the Annual Financial Information or Annual Financial Statements 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 Financial Information, Annual Financial Statements or the notice of failure to file, as applicable, to the MSRB, no later than the applicable 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 applicable Filing Date.

(c) The Dissemination Agent, pursuant to written direction, shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information and the Annual Financial Statements on the dates required in subsection (a);

(ii) on behalf of the Issuer, file the Annual Financial Information and the Annual Financial Statements containing or incorporating by reference the information set forth in Section 4 hereof; and

(iii) if the Issuer has provided the Dissemination Agent with the completed Annual Financial Information and the Annual Financial Statements, as applicable, and the Dissemination Agent has filed such Annual Financial Information or Annual Financial Statements with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information or Annual Financial Statements 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 of Annual Financial Information and Annual Financial Statements.

(a) *Annual Financial Information.* The Annual Financial Information 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 Information Filing Date, 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 or dates, the interest rate or rates, the original aggregate principal amount, the aggregate principal amount Outstanding and the total interest amount due on aggregate principal amount Outstanding;

(B) the amounts in the funds and accounts securing the Bonds and a description of the related investments; and

(C) the assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the Fiscal Year to which the information being reported relates.

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (collectively, a “SAP Update”).

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) *Annual Financial Statements.* The Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Financials Filing Date the audited Annual 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. If the audited Annual Financial Statements of the Issuer are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited Annual Financial Statements of the Issuer no later than the Annual Financials Filing Date and audited Annual Financial Statements when and if available.

(c) See Exhibit B hereto for a form for submitting the information set forth in subsection 4(a) above. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference. The Dissemination Agent has no duty or obligation to determine whether or not the information contained in any completed forms containing financial information and operating data as shown in Exhibit B provided to it has been accurately completed and shall only be required to file the forms as completed and provided to it by either the Administrator or the Issuer.

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 Financial Information, if such Annual Collections Report is available when the Annual Financial Information is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (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 5(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; 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 on the last Business Day prior to the Annual Collections Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2nd) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the applicable 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 Improvement Area #1 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 Issuer shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content,

design and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The sale by the Developer of real property within Improvement Area #1 of the District will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent in writing to immediately file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) Business Day filing requirement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of

a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, 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.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14 or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and 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 Administrator and Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 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 thirty (30) days of such discharge. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Disclosure Services, a Division of Hilltop Securities Inc. The Dissemination Agent may resign at any time with thirty (30) days’ written notice to the Issuer.

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 Statements for the Fiscal Year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 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 Financial Information, Annual Financial Statements, 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 Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information, Annual Financial Statements, Annual Collections Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction

against all costs, fees, expenses and liabilities for such actions) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement 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) Except as otherwise provided herein, the Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the 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 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 Financial Information or Annual Financial Statements in accordance with Section 3(a) and 3(b), respectively, or the Annual Collections Report in accordance with Section 5(a), the Dissemination Agent shall not be responsible for the failure to submit Annual Financial Information, Annual Financial Statements, or the 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 fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, 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 Improvement Area #1, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the 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 their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(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 Improvement Area #1 Assessments and the anticipated procedures for pursuing the collection of delinquent Improvement Area #1 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 Improvement Area #1 Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall

be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator, each respectively, make the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator within the meaning of Securities and Exchange Commission Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

(a) Not a Sanctioned Company. The Dissemination Agent and the Administrator, each respectively, represent that neither the Dissemination Agent, the Administrator, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator 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 parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, 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 respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, 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 respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, 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 respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, 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 MANSFIELD, TEXAS
(as Issuer)

By: _____
Mayor

HTS Disclosure Services, a Division of Hilltop
Securities Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION][ANNUAL FINANCIAL
STATEMENTS][ANNUAL COLLECTIONS REPORT]**

Name of Issuer: City of Mansfield, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025
(Staybolt Public Improvement District Improvement Area #1
Project) (the "Bonds")
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Mansfield, Texas (the "Issuer"), has not provided [Annual Financial Information][[audited][unaudited] Annual Financial Statements][Annual Collections Report] for fiscal year ended _____ with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of [_____], 2025, by and among the Issuer, P3Works, LLC, as the "Administrator," and HTS Disclosure Services, a Division of Hilltop Securities Inc., as "Dissemination Agent." The Issuer anticipates that the [Annual Financial Information][[audited][unaudited] Annual Financial Statements][Annual Collections Report] will be filed by _____.

Dated: _____

HTS Disclosure Services, a Division of Hilltop
Securities Inc.,
on behalf of the City of Mansfield, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Mansfield, Texas

EXHIBIT B

**CITY OF MANSFIELD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL FINANCIAL INFORMATION¹

Delivery Date: _____, 20__

CUSIP NOSs: [insert CUSIP NOs.]

DISSEMINATION AGENT

Name: [_____]
Address: [_____]
City: [_____, Texas ____]
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

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¹ Excluding Annual Financial Statements of the Issuer.

Section 4(a)(i)(B)**INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

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 Improvement Area #1 Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Improvement Area #1 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 [Five] Improvement Area #1 Assessment Payers in Improvement Area #1 ⁽¹⁾

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of Parcels/Lots</u>	<u>Outstanding Improvement Area #1 Assessments</u>	<u>Percentage of Total Improvement Area #1 Assessments</u>

⁽¹⁾ Does not include those owing less than one percent (1%) of total Improvement Area #1 Assessments.

Assessed Value of Improvement Area #1

The [YEAR] certified total assessed value for the land in Improvement Area #1 is approximately \$[AMOUNT] according to the Ellis Central Appraisal District.

Foreclosure History Related to the Improvement Area #1 Assessments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent Improvement Area #1 Assessment Amount not in Foreclosure Proceedings</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Improvement Area #1 Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Total Annual Installment Billed</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Delinquent Amount as of [9/1]</u>	<u>Delinquent % as of [9/1]</u>	<u>Total Annual Installments Collected⁽²⁾</u>
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.

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 Improvement Area #1 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 SECTIONS 4(a)(iii) – (iv) OF THE CONTINUING DISCLOSURE AGREEMENT OF ISSUER RELATING TO CITY OF MANSFIELD, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025 (STAYBOLT PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

[Insert a line item for each applicable listing]

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EXHIBIT C

**CITY OF MANSFIELD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP NOS: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: [_____]
Address: [_____]
City: [_____, Texas ____]
Telephone: (____) ____-____
Contact Person: Attn: _____

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
COLLECTION OF THE IMPROVEMENT AREA #1 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 SECTION 5(A) OF THE CONTINUING
DISCLOSURE AGREEMENT OF ISSUER RELATING TO CITY OF MANSFIELD,
TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025 (STAYBOLT PUBLIC
IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

Foreclosure History Related To The Annual Installments⁽¹⁾

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	Foreclosure <u>Sales</u>	Foreclosure Proceeds <u>Received</u>
20__	\$		\$		\$

(i) Period covered includes October 1, 20__ through March 1, 20__.

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Collection and Delinquency Annual Installments⁽¹⁾

Succeeding Fiscal Year 20__	Total Annual Installment <u>Levied</u> \$	Parcels <u>Levied⁽²⁾</u>	Delinquent Amount as <u>of 3/1</u> \$	Delinquent <u>% as of 3/1</u> %	Total Annual Installments <u>Collected⁽³⁾</u> \$

⁽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 Improvement Area #1 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__.

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EXHIBIT D

BASIC EXPECTED TIMELINE FOR IMPROVEMENT AREA #1 ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Improvement Area #1 Assessments are due.
February 1	1	Improvement Area #1 Assessments delinquent if not received.
February 15	15	Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter. 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. If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Trustee and Dissemination Agent should be immediately notified in writing. 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. Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Account and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Account.

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Improvement Area #1 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 Ellis County 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 or an amendment to the Code, such modifications shall control.

		Use of Reserve Fund for debt service payment should trigger the Issuer to begin to plan for commencement of foreclosure on delinquent properties.
April 1	59/60	At this point, if there is adequate funding for September payment, no further action is anticipated for collection of Improvement Area #1 Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency.
July 1	152/153	Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist in an amount over 5% or there is insufficient funding in the Principal and Interest Account of the Bond Fund for the full September payment, the Issuer and/or Administrator to notify Dissemination Agent in writing for inclusion in the next Annual Financial Information; the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the Ellis County Tax Assessor-Collector procedures². Preliminary Foreclosure activity commences, in accordance with the Ellis County Tax Assessor-Collector procedures², and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity. 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, and if instructed by the Owners under Section 11.2 of the Indenture, Trustee requests that the Issuer commence foreclosure or provide plan for collection and deliver such plan to the Dissemination Agent.
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, in accordance with the Ellis County Tax Assessor-Collector procedures².

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

² If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF THE DEVELOPER

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**CITY OF MANSFIELD, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer, dated as of September 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among Arcadia Staybolt Phase 1, LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and HTS 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:

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Affiliate” shall mean an entity that is controlled by, controls, or is under common control with a Person.

“Amenities” shall mean the amenities to be constructed by the Developer within the District, including, but not limited to, the amenity center, restroom, shade structures, swimming pool, playground, sidewalks and related irrigation and landscaping.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Service Plan Update” shall have the meaning assigned to such term in the Indenture.

“Assessed Property” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Arcadia Staybolt Phase 1, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean HTS Disclosure Services, a Division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean the Staybolt Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access service administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any homebuilder that enters into a Lot Purchase Agreement with the Developer and/or another homebuilder, and the Affiliates and/or successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Assessments” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Improvements” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Mansfield, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall have the meaning assigned to such term in the Indenture.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning December 31, 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, and November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilder that has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder, including any Affiliates of such Homebuilder, that then owns five percent (5%) or more of the single family residential lots within Improvement Area #1 of the District.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”), as set forth in the schedule attached hereto as Exhibit G. The Reporting Party shall provide, or cause to be provided, such Quarterly Information until

such party's obligations terminate pursuant to Section 7 of this Disclosure Agreement. 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 so transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and authorize the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report. The Developer agrees that each Lot Purchase Agreement that is executed with a Homebuilder after the date hereof will contain a provision obligating the applicable Homebuilder to provide the Developer the information required by Section 3(d) as and when required for the Developer to comply with its obligations hereunder.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form

attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the Quarterly 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 Improvement Area #1 Assessments levied within Improvement Area #1 on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4 nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Improvements and the Amenities;

(iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of Improvement Area #1 undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of

development of Improvement Area #1, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer;

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 5 or 6 hereof; and

(x) Early termination of or material default by a Homebuilder under a Lot Purchase Agreement.

(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 Improvement Area #1 Assessments levied within Improvement Area #1 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this subsection 4(b) 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 such Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Homebuilder;

(v) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein; and

(vi) Early termination of or material default by such Significant Homebuilder under a Lot Purchase Agreement.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be

filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if 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 Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsection (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person, unless an Affiliate of the Developer, who, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement with respect thereto. The Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement and assumption from each Person, unless such Person is an Affiliate of the Developer, who assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or the Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the construction of the Improvement Area #1 Improvements or the Amenities so assigned. Notwithstanding anything to the contrary elsewhere herein, after such assignment, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Person comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity having the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or the Amenities in the future.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilders.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer’s disclosure obligations under Section 3 and subsection 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 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, 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)(v) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with subsections 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 Significant Homebuilder until an executed Significant Homebuilder Acknowledgment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, 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)(v) above, to 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.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer, including its respective Affiliates and/or successors and assigns, no longer owns five percent (5%) or more of the single family residential lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the issuance of the certificate of occupancy or third-party inspection, as applicable, for the last single family residential lot or Assessed Property within Improvement Area #1 owned by the Developer, including its respective Affiliates and/or successors and assigns. Notwithstanding the foregoing, if the Developer is reporting on behalf of a Significant Homebuilder, the Developer’s reporting obligations, with respect to the property owned by the Significant Homebuilder, terminates in accordance with subsection (b) below.

(b) The reporting obligations of a Significant Homebuilder that is a Reporting Party, if any, under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when such Significant Homebuilder, including its respective Affiliates and/or successors and assigns, no longer owns five percent (5%) or more of the lots within Improvement Area #1, as of each Quarterly Ending Date, or (iii) the issuance of the certificate of occupancy or third-party inspection, as applicable, for the last single family residential lot or Assessed Property within Improvement Area #1 owned by such Significant Homebuilder, including its respective Affiliates and/or successors and assigns.

(c) 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) or (b), as applicable, 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 file such Termination Notice with the MSRB, and provide such notice to the

Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) 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) 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 initial Dissemination Agent appointed hereunder shall be HTS Disclosure Services, a Division of Hilltop Securities Inc. The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist the Reporting Parties in carrying out their obligations under this Disclosure Agreement and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

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 any Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

(c) 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 under 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 any Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including

any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, no Reporting Party shall have an obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

SECTION 11. Content of Disclosures. 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, whether provided under Section 3, 4 or 9 of this Disclosure Agreement.

SECTION 12. Default. In the event of a failure of a Reporting Party, Dissemination Agent or Administrator to comply with any provision of this Disclosure Agreement, any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expenses and liabilities for such actions) shall, take such actions as may be necessary and appropriate to cause the Reporting Party, Dissemination Agent and/or 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, Dissemination Agent or Administrator 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 Issuer, and a default under the Disclosure Agreement of Issuer shall not be deemed a default under this Disclosure Agreement. Furthermore, a default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under this Disclosure Agreement by any other Reporting Party, and no Reporting Party shall have any obligation to take any action to mitigate or cure the default of any other Reporting Party.

SECTION 13. 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 by a Reporting Party and/or the Administrator pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. 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 liabilities due to the Administrator's negligence or willful misconduct,. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation, or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The Developer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent or the Administrator to which it is expressly entitled to be paid pursuant to this paragraph 13(c) constitute Annual Collection Costs.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY OTHER REPORTING PARTY 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 REPORTING PARTY, 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 14. No Personal Liability. No covenant, stipulation, obligation or agreement of a Reporting Party, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer,

agent or employee of the Reporting Party, the Administrator or 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 Service Plan Update. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Reporting Parties, the Administrator, the Dissemination Agent and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered

with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer:

Arcadia Staybolt Phase 1, LLC
P.O. Box 670069
Dallas, Texas 75367
E-mail: john@arcadiarealty.net

If to the Dissemination Agent or
Trustee:

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.
717 N. Harwood St., Suite 3400
Dallas, Texas 75201
E-mail: tanya.calvit@hilltopsecurities.com

If to Administrator:

P3Works, LLC
9284 Huntington Square, Ste 100
North Richland Hills, Texas 76182
E-mail: admin@p3-works.com

If to the Issuer:

City of Mansfield, Texas
1200 E Broad Street
Mansfield, Texas 76063
E-mail: joe.smolinski@mansfieldtexas.gov

If to Participating Underwriter:

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034
E-mail: tdavenport@fmsbonds.com

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding, and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of 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 Disclosure Services, a Division of Hilltop
Securities Inc.,
Dissemination Agent

By: _____
Authorized Officer

Arcadia Staybolt Phase 1, LLC,
a Texas limited liability company
(as Developer)

By: _____
John Hodge, President

P3Works, LLC,
Administrator

By:_____

Name:_____

Title:_____

EXHIBIT A

**CITY OF MANSFIELD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(STAYBOLT PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

**Continuing Disclosure Report
Developer Information**

[INSERT QUARTERLY FILING DATE] Quarterly Report

(Quarter Ending [INSERT QUARTERLY ENDING DATE])

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.
Address:
City:
Telephone:
Contact Person: Attn:

I. Unit Mix For Bond Assignment

Product Type	Number of Units
22'	77
35'	60
45'	52

II. Ownership of Lots/Units in Improvement Area¹

189: LOTS PLANNED IN IMPROVEMENT AREA¹

Of the 189 lots in the Improvement Area¹:

1. Number of lots owned by the Developer: _____
 - a. Number of lots under contract but not closed to [insert name of Homebuilder]²: _____

¹ "Improvement Area" as used in this Exhibit A, refers to "Improvement Area #1," as defined in the Indenture.

² Include a line item for each individual Homebuilder.

- b. Number of lots under contract but not closed to [insert name of Homebuilder]:

2. Number of lots owned by all Homebuilder(s): _____
 - c. Number of lots owned by [insert name of Homebuilder]³: _____
 - d. Number of lots owned by [insert name of Homebuilder]: _____
 - e. CHART⁴
3. Number of units owned by homeowners: _____

III. Lot Status in Improvement Area⁵

Of the 189 lots in the Improvement Area⁴, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 189
2. If different from (1), planned lots as of the date of this Quarterly Report: _____
3. Number of lots developed: _____
4. Expected completion date of all lots in the Improvement Area⁴ (if incomplete):

IV. Home Sales Information in the Improvement Area⁵

PLANNED LOTS IN THE IMPROVEMENT AREA⁵: 189

Of the 189 homes planned for the Improvement Area⁵:

1. How many total building permits were issued **during the current quarter?** _____
 - a. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]³: _____
 - b. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____
2. How many homes have closed with homebuyers **during the current quarter?** _____
 - a. Number of homes closed with homebuyers during the current quarter for [*insert name of Homebuilder*]³: _____
 - b. Number of homes closed with homebuyers during the current quarter for [*insert name of Homebuilder*]: _____
3. How many total homes have closed with homebuyers **cumulatively?** _____

³ Include a line item for each individual Homebuilder.

⁴ If Developer is using EMMA filing assistance software, a chart containing the Quarterly Information provided under this item will be generated. If Developer is not using EMMA filing assistance software, Developer shall prepare a chart containing such Quarterly Information.

⁵ "Improvement Area" as used in this Exhibit A, refers to "Improvement Area #1," as defined in the Indenture.

- a. Number of homes closed with homebuyers cumulatively for [*insert name of Homebuilder*]⁶: _____
- b. Number of homes closed with homebuyers cumulatively for [*insert name of Homebuilder*]: _____

V. Expenditures Paid from Accounts under Indenture

1. Total Budgeted Costs for Improvement Area Improvements⁷: \$ _____
2. Of the total budgeted costs, the total amount drawn from the Improvements Accounts⁸:
 - a. Improvement Area Improvements Account⁹: \$ _____
 - b. Improvement Area Major Improvement Account: n/a
 - c. Improvement Area Developer Improvement Account: _____

VI. Status of Improvements in Improvement Area¹⁰

1. Actual/Excepted date of completion of the Improvement Area Improvements⁷: _____
2. If applicable, explanation of any delay/change in projected completion date since last Quarterly Report was filed: _____

VII. Amenity Status

1. Expected Costs of Amenities¹¹: \$ _____
2. Amount spent as of Quarter End: \$ _____
3. Actual/Expected Completion Date of Amenities: _____

VIII. Material Changes

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 Improvement Area #1 Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

⁶ Include a line item for each individual Homebuilder.

⁷ "Improvement Area Improvements," as used in this Exhibit A, refers to the "Improvement Area #1 Improvements," as defined in the Indenture.

⁸ "Improvements Accounts," as used in this Exhibit A, refers to the "Project Fund," as defined in the Indenture.

⁹ "Improvement Area Improvements Account," as used in this Exhibit A, refers to the "Bond Improvement Account," as defined in the Indenture.

¹⁰ "Improvement Area" as used in this Exhibit A, refers to "Improvement Area #1," as defined in the Indenture.

¹¹ "Amenities" refer to the amenities to be constructed by the Developer within the District, including, but not limited to, the amenity center, restroom, shade structures, swimming pool, playground, sidewalks and related irrigation and landscaping.

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 Improvement Area #1 Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Improvement Area #1 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 Improvement Area #1 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 Acknowledgment pursuant to the Disclosure Agreement?
5. **Completion Agreement** – Is the Developer required to provide evidence of available funds, in addition to the amounts on deposit in the Project Fund, to complete the construction of the Improvement Area¹²? If so, identify the available sources of funding and provide the amount of funding needed to complete the Improvement Area¹².
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.

¹² “Improvement Area” as used in this Exhibit A, refers to “Improvement Area #1,” as defined in the Indenture.

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Mansfield, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project) (the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a _____ (the [“Developer¹³”] [“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 Arcadia Staybolt Phase 1, LLC (the “Developer”), P3Works, LLC, as the “Administrator,” and HTS Disclosure Services, a Division of Hilltop Securities Inc., as the “Dissemination Agent.” The [Developer][Significant Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

HTS Disclosure Services, a Division of Hilltop Securities Inc.,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Mansfield, Texas

¹³ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Mansfield, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

FMSbonds, Inc. 5 Cowboys Way, Suite 300-25 Frisco, Texas 75034	HTS Disclosure Services, a division of Hilltop Securities Inc. 717 N. Harwood St., Suite 3400 Dallas, Texas 75201

City of Mansfield, Texas 1200 E Broad Street Mansfield, Texas 76063	Arcadia Staybolt Phase 1, LLC, P.O. Box 670069 Dallas, Texas 75367

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a _____ (the [“Developer¹”] [“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 Arcadia Staybolt Phase 1, LLC (the “Developer”), P3Works, LLC, as the “Administrator,” and HTS Disclosure Services, a Division of Hilltop Securities Inc., as the “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 Mansfield, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Staybolt Public Improvement District

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer, related to the captioned Bonds by and among Arcadia Staybolt Phase 1, LLC¹ (the “Developer”), P3Works, LLC, as the “Administrator,” and HTS Disclosure Services, a Division of Hilltop Securities Inc., as the “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.

Arcadia Staybolt Phase 1, LLC,
a Texas limited liability company
(as Developer)

By: _____
John Hodge, President

[OR

SIGNIFICANT HOMEBUILDER
(as Homebuilder)

By: _____
Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Staybolt Public Improvement District – Continuing Disclosure Obligation

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or the Amenities (each as defined in the Disclosure Agreement of the Developer) within the Staybolt Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer, dated as of September 1, 2025 (the “Disclosure Agreement of the Developer”), by and among Arcadia Staybolt Phase 1, LLC (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Disclosure Services, a Division of Hilltop Securities Inc. (the “Dissemination Agent”), with respect to the “City of Mansfield, Texas, Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project),” any person that, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Improvements or the Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of the Developer, you acknowledge and assume the reporting obligations under Sections 3 and 4(a) of the Disclosure Agreement of the Developer for the construction of the Improvement Area #1 Improvements or the Amenities as detailed in the Disclosure Agreement of the Developer, which is included herewith.

Sincerely,

Arcadia Staybolt Phase 1, LLC,
a Texas limited liability company
(as Developer)

By: _____
John Hodge, President

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____

Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: Staybolt Public Improvement District – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within the Staybolt 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 Arcadia Staybolt Phase 1, LLC (the “Developer”), P3Works, LLC (the “Administrator”), and HTS Disclosure Services, a Division of Hilltop Securities Inc. (the “Dissemination Agent”), with respect to the “City of Mansfield, Texas, Special Assessment Revenue Bonds, Series 2025 (Staybolt Public Improvement District Improvement Area #1 Project),” any entity that owns 5% or more of the single family residential lots within the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3 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,

Arcadia Staybolt Phase 1, LLC,
a Texas limited liability company
(as Developer)

By: _____
John Hodge, President

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____

Title: _____

EXHIBIT G

REPORTING SCHEDULE

Quarterly Ending Date	Update due to Administrator	Administrator sends to Dissemination Agent	Dissemination Agent uploads to MSRB
March 31	April 10	May 5	May 15
June 30	July 10	August 5	August 15
September 30	October 10	November 5	November 15
December 31	January 10	February 5	February 15

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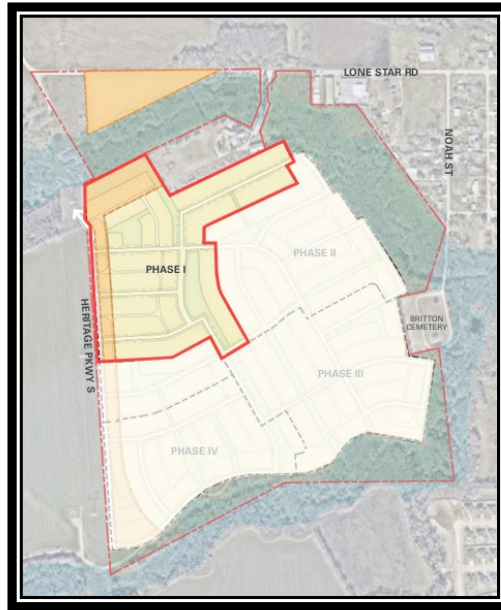
APPENDIX F

APPRAISAL OF IMPROVEMENT AREA #1

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APPRAISAL REPORT

PROJECT # A25-0311-04



**ARCADIA STAYBOLT PUBLIC IMPROVEMENT DISTRICT PHASE 1
47.095 ACRES CONTAINING 189 PROSPECTIVE RESIDENTIAL LOTS
MANSFIELD, TX 76065**

FOR:

**FMSBONDS, INC.
5 COWBOYS WAY, SUITE 300-25
FRISCO, TEXAS 75034**

**EFFECTIVE DATE OF APPRAISAL:
JULY 1, 2026 (DATE OF SUBSTANTIAL COMPLETION) FOR 189 RESIDENTIAL LOTS**

**PREPARED BY:
JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,
LESLIE TOLLIVER, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,
BROOKE CLOCK, LICENSED RESIDENTIAL APPRAISER, AND
BRANDON LAWSON, APPRAISER TRAINEE**

OF:

**PEYCO SOUTHWEST REALTY, INC.
1703 NORTH PEYCO DRIVE
ARLINGTON, TEXAS 76001**

Arcadia Staybolt Public Improvement District, Phase 1

August 13, 2025

Mr. R.R “Tripp” Davenport, III

Director

FMSbonds, Inc.

5 Cowboys Way, Suite 300-25

Frisco, Texas 75034

tdavenport@fmsbonds.com

SUBJECT: Prospective Market Value “Upon Completion” Appraisal
Arcadia Staybolt Public Improvement District Phase 1,
Mansfield, Ellis County, Texas

Mr. Davenport,

At your request, we have inspected and appraised the above-referenced property. The purpose of the appraisal is to develop an opinion of prospective market value of the Fee Simple interest of the 189 residential lots located in the Arcadia Staybolt Public Improvement District Phase 1 (Referred to as Arcadia Staybolt PID Phase 1). Arcadia Staybolt PID Phase 1 has a total of 47.095-acres consisting of the following:

- Prospective Market Value “Upon Completion” as of **July 1, 2026 for 189 detached residential lots on approximately 47.095 acres. The lots are as follows:**
 - o **77 townhome lots with 22-foot frontages (1,980-SF),**
 - o **60 lots with 35-foot frontages (3,150-SF), and**
 - o **52 lots with 45-foot frontages (4,950-SF)**

The client for the assignment is FMSbonds, Inc., The intended users are FMSbonds, Inc. and the City of Mansfield. The intended use is underwriting of a proposed Public Improvement District bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City of Mansfield or Ellis County, nor is it the basis of a determination of the benefit of any constructed or installed public improvements will have on properties within Arcadia Staybolt PID Phase 1.

The Arcadia Staybolt PID was created by a resolution of the City Council. Development of the subject property is governed by a Zoning Ordinance, Ordinance No. OR-2368-24, adopted by the City of Mansfield on June 24, 2024, which will allow single-family development at the subject property. Each of the lots are located in Midlothian Independent School District.

Arcadia Staybolt PID Phase 1 is comprised of approximately 47.095 contiguous acres of land with an estimated build-out of 77 single-family residential 22-foot frontage townhome lots, 60 detached single-family residential 35-foot frontage lots, and 52 detached single-family residential 45-foot frontage (FF) lots totaling 189 improved residential lots on approximately 47.095-acres, located in the City of Mansfield, Ellis County, Texas. The subject property of this assignment - Arcadia Staybolt PID Phase 1 - will be developed in one phase.

Each of the 22-FF townhome lot types will have an average of 1,980-SF, each 35-FF lot types will have an average of 3,150-SF, and each of the 45-FF lot types will have an average of 4,950-SF in size. The average lot depths for the 22-FF and 35-FF of the subject property will be 90’ in depth and the 45-FF lots of the subject property will be 110’ in depth. The three lot types may have different market values with identical characteristics; however, the developer reflects an average Estimated Lot Value of \$77,000 for the 22-FF lots, \$95,000 for the

Arcadia Staybolt Public Improvement District, Phase 1

35-FF lots, and \$108,000 for the 45-FF lots. We have considered any difference in market value based on lot depth is marginal, and other attributes, such as overall situs of the PID, are more important to the market value consideration of a single lot.

The focus of our appraisal of the Arcadia Staybolt PID Phase 1 are as follows:

Arcadia Staybolt PID Phase 1					
Area Type	Size (Acres)	22' Lot Type	35' Lot Type	45' Lot Type	Total Lots Appraised
Residential Lots	47.095-AC	77	60	52	189

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary Assumptions are used in this assignment because the improved residential lots to be delivered by the date utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications by Spiars Engineering & Surveying, the Professional Engineers, dated March 5, 2025 for 189 improved residential lots in Arcadia Staybolt PID Phase 1.
- All information relative to the property located within Arcadia Staybolt PID Phase 1 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Arcadia Staybolt Land Investments, LLC (Owner), Spiars Engineering & Surveying (Professional Engineers and Surveyors), the City of Mansfield, Ellis County, and the Ellis Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected prospective completion date of July 1, 2026; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A Hypothetical Condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

- No Hypothetical Conditions are used in this report.

Arcadia Staybolt Public Improvement District, Phase 1

This appraisal report is intended to conform with the 2024-2025 Uniform Standards of Professional Appraisal Practice (USPAP) and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our final value conclusion as of the Expected Substantial Completion Date are as follows:

ARCADIA STAYBOLT PID, MANSFIELD PHASE 1						
Total Lots	Feet Frontage (FF)	Square Feet (SF)	Retail Price/Lot	Effective Date	Price/SF (\$/SF)	Total Retail Value (\$)
77	22 FF	1,980 SF	\$79,200	July 1, 2026	\$40.00/SF	\$6,098,400
60	35 FF	3,150 SF	\$97,650	July 1, 2026	\$31.00/SF	\$5,859,000
52	45 FF	4,950 SF	\$108,900	July 1, 2026	\$22.00/SF	\$5,662,800
189						\$17,620,200
Amenity Fee Reimbursement				\$4,500/per lot		\$850,500
Utility Fee Reimbursement				\$10,000/per lot		\$1,890,000
Architectural Compliance Fee Reimbursement				\$750/per lot		\$141,750
Total Retail Lot Value						\$20,502,450

After considering discount cash flows, our final value conclusion “Upon Completion” is shown below:

INCOME APPROACH VALUE INDICATION	
<i>Fee Simple Interest, Complete July 1, 2026</i>	
Arcadia Staybolt PID Phase 1 189 Improved Residential Lots	\$18,706,000 (\$99,000/Lot)

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty



James L. Maibach, C.P.M
TX-1323658
State Certified General Real Estate Appraiser



Leslie Tolliver
TX-1381494
State Certified General Real Estate Appraiser
Associate Member, Appraisal Institute



Brooke Clock
TX-1350743
State Licensed Residential Appraiser



Brandon Lawson
TX-1343865
Appraiser Trainee
Associate Member, Appraisal Institute

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EXECUTIVE SUMMARY

Property Name	Arcadia Staybolt PID
Property Type	Master-Planned Community
Location	South of Lone Star Road, West of Noah Street, East of State Highway 360
City, County, State, Zip	City of Mansfield, Ellis County, TX 76065
Legal Descriptions (Ellis CAD)	432 H HENDERSON 65.603 ACRES 432 H HENDERSON & 616 J LAWRENCE 69.500 ACRES
Owner of Record	Arcadia Staybolt Land Investments, LLC
Census Tract	0607.04
Tax ID's – Ellis Appraisal District	184782 184683
Total Land Area (Phase 1)	47.095-AC - Total Land Area (Per Plat)
Total Lots	189 Single-Family Improved Lots
Total Lots Breakdown	77 22-FF Width Lots (Townhome) 60 35-FF Width Lots 52 45-FF Width Lots
Topography	Gently Sloping
FEMA Flood Zones	Unshaded Zone X and Shaded Zone A
FEMA Panel	48139C0025G
FEMA Map Date	10/19/2023
Utilities	
Water	City of Mansfield
Sewer	City of Mansfield
Electric	Oncor
Natural Gas	Atmos
Zoning (City of Mansfield)	Planned Development
School District	Midlothian ISD
Future Land Use	Single-Family Residential Subdivision
Highest & Best Use	Single-Family Residential Subdivision
Final Value Conclusion	\$18,706,000 (\$99,000/Lot) Effective Date of July 1, 2026, for 189 Improved Residential Lots on 47.095 Acres
Exposure Period	6-12 Months
Marketing Period	6-12 Months
Date of Inspection	March 18, 2025
Date of Valuation	July 1, 2026
Report Date	August 13, 2025

CERTIFICATION

We certify that, to the best of our knowledge and belief that:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- (3) We have no present or prospective interest in the property that is the subject of this analysis, and we have no personal interest with respect to the parties involved.
- (4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Our compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
- (6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- (7) James L. Maubach and Leslie Tolliver have physically viewed the subject property. Brooke Clock and Brandon Lawson have not viewed the subject property.
- (8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.
- (9) None of the signatories have previously performed services as an appraiser or in any other capacity, other than that specifically stated, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.
- (10) James L. Maibach and Brooke Clock are not members of the Appraisal Institute. Leslie Tolliver and Brandon Lawson are Associate Members of the Appraisal Institute. As of the date of this report, Leslie Tolliver and Brandon Lawson have completed the Standards and Ethics Education Requirements for Associate Members of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



James L. Maibach, C.P.M.
TX-1323658
State Certified General Real Estate Appraiser



Leslie Tolliver
TX-1381494
State Certified General Real Estate Appraiser
Associate Member, Appraisal Institute



Brooke Clock
TX-1350743
State Licensed Residential Appraiser



Brandon Lawson
TX-1343865
Appraiser Trainee
Associate Member, Appraisal Institute

SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an assignment.” Under the Scope of Work Rule, the appraiser must:

- Identify the problem to be solved;
- Determine and perform the scope of work necessary to develop credible assignment results; and
- Disclose the scope of work in the report.

The problem to be solved is:

- o Determine the *Prospective Market Value* with a Substantial Completion Date of July 1, 2026 for the Fee Simple interest of 189 improved single-family residential lots in Arcadia Staybolt PID Phase 1 as such.
 - o 77 townhome lots with 22-FF (1,980-SF)
 - o 60 lots with 35-FF (3,150-SF)
 - o 52 lots with 45-FF (4,950-SF)

The definition of market value¹ utilized herein is as follows:

Market Value is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.²

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after consideration and appropriate application and analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

¹ The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

Arcadia Staybolt Public Improvement District, Phase 1

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property.

Property Identification

The property has been identified using the following sources:

- Public records – Ellis Appraisal District(EAD)
- Legal descriptions
- Deed Records – Ellis County
- Arcadia Staybolt PID Phase 1 Concept Plan Exhibit by Spiars Engineering & Surveying, Professional Engineers

Type and Extent of Data Researched

The following information was reviewed in preparing this report:

- Public record data
 - City of Mansfield Maps and Land Use Plans
 - Flood plain maps
 - Topographic maps
 - Demographics – CoStar, ESRI, and US Census Bureau
 - Market Conditions Data – S&P Case Schiller, CoreLogic, NTREIS, JLL, CBRE, Integra, CoStar, etc.
 - Arcadia Staybolt PID Phase 1 Concept Plan Exhibit by Spiars Engineering & Surveying, Professional Engineers
 - Estimated development costs provided by Spiars Engineering & Surveying, the Professional Engineers
 - Survey by Spiars Engineering & Surveying, the Professional Surveyors
 - Conversations with developers and homebuilders in DFW market
 - Information provided by the client
 - Zoning Ordinance No. OR-2368-24 adopted June 24, 2024 by the City of Mansfield

VALUATION METHODOLOGY

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. A summary of each portion of the subject property that requires valuation is shown below:

- 189 Improved Single-Family Residential Lots (22-FF, 35-FF, and 45-FF).

Improved Single-Family Residential Lots (189 Improved Residential Lots)

Cost Approach

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. The subject property is being developed in one phase and there are no major improvements in place, *the Cost Approach is appropriate and thus was utilized for the 189 improved residential lots.*

Income (Subdivision Development) Approach

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 189 improved residential lots, as of the date of Substantial Completion (Effective Date), *the Income (Subdivision Development) Approach is appropriate and was developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved

Arcadia Staybolt Public Improvement District, Phase 1

subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers*. Use of the approaches for the valuation of the improved lots in Arcadia Staybolt PID, phase 1 is summarized as follows:

Approach	Applicability to Subject	Use in Assignment
Cost Approach	<i>Appropriate Since the Subject Property is Developed in One Phase</i>	<i>Utilized</i>
Income (Subdivision Development) Approach	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
Sales Comparison Approach	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the Vacant Developed Lots</i>	<i>Partially Utilized</i>

COMPETENCY OF THE APPRAISER

James L. Maibach, C.P.M. is a State Certified General Real Estate Appraiser according to the Texas Appraiser Licensing and Certification Board and has appraised numerous properties similar to the subject since 1993. The appraiser also manages, through his commercial real estate management company, approximately 2.25 million SF of which 70% is industrial warehouse, 20% is Class B and C office and 10% in retail product in Tarrant, Dallas, and Johnson counties. Mr. Maibach has been personally involved in over 35 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Leslie Tolliver is a State Certified General Real Estate Appraiser who has assisted in the analysis and appraisal of numerous properties similar to the subject. Brooke Clock is a Licensed Residential Appraiser and Brandon Lawson is an Appraiser Trainee and have assisted in numerous properties similar to the subject property. Attention is paid to the qualifications of each individual, which are presented in the Addenda of this report.

Peyco Southwest Realty is a full-service professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, our firm has completed numerous valuation assignments involving similar properties. Mr. Maibach currently owns, represents, and manages multiple properties throughout the DFW Metroplex, mostly in Tarrant, Dallas, Johnson, and Ellis Counties. The subject is located in the City of Mansfield, Ellis County, Texas and within Midlothian ISD.

INTENDED USE AND USERS

The intended use of the appraisal is to estimate the market value upon completion of the underwriting of a proposed Public Improvement District bond transaction as of the Effective Date of Substantial Completion. The client and intended user is FMSbonds, Inc. The City of Mansfield is also an intended user. The appraisal is not intended for any other use or user. No party or parties other than the City of Mansfield and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report; provided, however, it is acknowledged that this Appraisal will be used in a preliminary and final limited offering memorandum for the Public Improvement District bonds. The Client may, without Appraiser's prior authorization or notice to Appraiser, provide the Appraisal to other parties for their use in analysis-related activities, however, it does not make the recipient an intended user of this engagement.

DATE OF THE APPRAISAL REPORT

The preparation of this Appraisal Report was completed on **August 13, 2025**. The initial draft of this appraisal report was completed on **April 1, 2025**.

EFFECTIVE DATES OF THE APPRAISAL

The descriptions, analyses, and conclusions of this report for the designated Market Values of the subject property are applicable as of **July 1, 2026**, which is the expected date of Substantial Completion. James L. Maibach and Leslie Tolliver inspected the property on **March 18, 2025**. Brooke Clock and Brandon Lawson have not inspected the subject property.

ASSIGNMENT CONDITIONS

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the “Assumptions and Limiting Conditions”. There are no other material and specific hypothetical conditions or extraordinary assumptions other than those referenced in this report.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this assignment are the Fee Simple Estate in the subject property. A commitment for Title Insurance was not submitted to the appraisers and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

ASSETS APPRAISED

The assets appraised in this appraisal assignment include land, any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value were included in the valuation process.

ENVIRONMENTAL CONDITIONS

No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain the status of the property regarding asbestos and other hazardous materials.

HISTORY OF SUBJECT PROPERTY

Ellis County deed records indicate the subject property is currently owned by Arcadia Staybolt Land Investments, LLC, which will subsequently be conveyed to Arcadia Staybolt Phase 1, LLC prior to groundbreaking. The subject property consists of two parcels and the purchase price of the property was \$6,150,000 (\$44,742/AC) on September 25th, 2024, for 137.456-AC. The sales price was within market rates. The subject property was deeded as follows:

- Per Ellis Appraisal District parcel number 184782 was deeded to Arcadia Staybolt Land Investments, LLC on September 25, 2024, from ABRAMS MYRNA P via deed instrument 2430855. This transaction appears to be arms-length.
- Per Ellis Appraisal District parcel number 184683 was deeded to Arcadia Staybolt Land Investments, LLC on September 25, 2024, from BALLARD JOSEPH & ETAL via deed instrument 2430891. This transaction appears to be arms-length. Prior to that transfer, the parcel was deeded to BALLARD JOSEPH & ETAL on August 8, 2024, from BALLARD JOE ETAL, MC VEAN MELINDA LOU & FRED BALLARD JR via deed instrument 2426686. This transaction does not appear to be arms-length

We are unaware of any other attempts to sell or divest the subject property, as of the report date. This historical ownership data was researched and reported in order to comply with USPAP which requires a 3-year history of the subject property. It should not be used in lieu of a title search and is not intended as a guarantee to the chain of title.

LEGAL DESCRIPTIONS

The subject property includes two tracts of land within the subject property with a legal description of 432 H HENDERSON 65.603 ACRES (Ellis County Tax ID Number 184782) and 432 H HENDERSON & 616 J LAWRENCE 69.500 ACRES (Ellis County Tax ID Number 184683).

PENDING TRANSACTIONS TO BUILDERS

The land within the development is owned by Arcadia Staybolt Land Investments, LLC, which will subsequently be conveyed to Arcadia Staybolt Phase 1, LLC prior to groundbreaking. The subject property has three executed sales contracts. The first purchase and sales contract is between the Developer, Arcadia Staybolt Phase 1, LLC, and Weekly Homes, LLC (Purchaser) dated May 29, 2025, to purchase a total of 52 fully developed single-family residential lots in phase 1. Per the purchase contract, Weekly Homes, LLC is to purchase 52 of the 45-FF lots at \$108,000 each with an annual escalation of 8.00%. The purchase and sale contract will also include a \$4,500 per lot Amenity Fee and a \$750 architectural compliance fee, which the builder is required to pay at the time of lot closing. Additionally, under the Development Agreement, the city has waived its plat review fees, plan review and permit fees, inspection fees, park and reforestation fees and impact fees, otherwise known as “Development Fees.” Accordingly, at the Closing of the purchase of each Lot, the Purchaser shall pay to the Seller, for each Lot purchased at such Closing, a recovery fee in an amount equal to the total of all Development Fees that would have customarily been charged to the Purchaser for such Lot by the City absent this waiver included in the EDA. According to the developer, this fee is approximately \$10,000 per lot but may be subject to future increases.

The second purchase and sales contract is between the Developer, Arcadia Staybolt Phase 1, LLC, and Horton Capital Properties, LLC (Purchaser) dated May 28, 2025, to purchase a total of 61 fully developed single-family residential lots in phase 1. Per the purchase contract, Horton Capital Properties, LLC is to purchase 60 of the 35-FF lots at \$95,000 each with an annual escalation of 8.00%. The purchase and sale contract will also include a \$4,500 per lot Amenity Fee and a \$750 architectural compliance fee, which the builder is required to pay at the time of lot closing. Additionally, under the Development Agreement, the city has waived its plat review fees, plan review and permit fees, inspection fees, park and reforestation fees and impact fees, otherwise known as “Development Fees.” Accordingly, at the Closing of the purchase of each Lot, the Purchaser shall pay to the Seller, for each Lot purchased at such Closing, a recovery fee in an amount equal to the total of all Development Fees that would have customarily been charged to the Purchaser for such Lot by the City absent this waiver included in the EDA. According to the developer, this fee is approximately \$10,000 per lot but may be subject to future increases.

The third purchase and sales contract is between the Developer, Arcadia Staybolt Phase 1, LLC, and K Hovnanian Homes-DFW, LLC (Purchaser) dated June 14, 2025, as amended, to purchase a total of 77 fully developed single-family residential lots in phase 1. Per the purchase contract, K Hovnanian Homes-DFW, LLC is to purchase 73 of the 22-FF townhome lots at \$77,000 each with an annual escalation of 8.50%. The purchase and sale contract will also include a \$4,500 per lot Amenity Fee and a \$750 architectural compliance fee, which the builder is required to pay at the time of lot closing. Additionally, under the Development Agreement, the city has waived its plat review fees, plan review and permit fees, inspection fees, park and reforestation fees and impact fees, otherwise known as “Development Fees.” Accordingly, at the Closing of the purchase of each Lot, the Purchaser shall pay to the Seller, for each Lot purchased at such Closing, a recovery fee in an amount equal to the total of all Development Fees that would have customarily been charged to the Purchaser for such Lot by the City absent this waiver included in the EDA. According to the developer, this fee is approximately \$10,000 per lot but may be subject to future increases.

Arcadia Staybolt Public Improvement District, Phase 1

The developers provided the appraisers with a projected quarterly takedown schedule, the following quarterly takedowns are projected for the 189 improved residential lots within Phase 1 of the Arcadia Staybolt PID.

Projected Quarterly Takedown Summary - Arcadia Staybolt PID Phase 1									
Lot Type	July-2026	Oct-2026	Jan-2027	Apr-2027	July-2027	Oct-2027	Jan-2028	Apr-2028	TOTAL
22-FF	12	12	12	12	12	12	5	-	77
35-FF	8	8	8	8	8	8	8	4	60
45-FF	9	9	9	9	9	7	-	-	52
Total	29	29	29	29	29	27	13	4	189

Arcadia Staybolt PID Phase 1, as seen in the previous table, sales are expected to begin in July 2026 for all lots sizes. The sell out date is different for each lot size with the 22-FF townhome lots expected to sell out in January 2028, the 35-FF lots are expected to sell out in May 2028 and the 45-FF lots are expected to sell out in December 2027.

Real Estate Taxes
Ellis Appraisal District

Real estate tax assessments are administered by the Ellis Appraisal District (EAD) and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate.

Real estate taxes and assessments for the projected 2025 tax year are shown in the following table which include taxes to Entity, Ellis County, the Midlothian ISD, and City of Mansfield. The projected combined tax rate for those entities is **.01995892 per \$100 assessed** as shown in the table below:

Projected Property Taxes - 2025	
Entity	Rate
Ellis County	0.255357
Midlothian ISD	1.076900
City of Mansfield	0.645000
Ellis County LT RD	0.018635
Total	1.995892

The Arcadia Staybolt PID Phase 1 is two tracts of land consisting of two tax parcels. The projected (2025) tax burden for the subject property – which is currently undeveloped land – was \$4,350.67 which is heavily reduced due to the Agricultural exemptions. A table of the projected assessed values and property taxes of the current year (2025) of the subject property is shown below:

TAXES (ELLIS CAD - 2025)							
ID	Owner	Size (AC)	Improvement Market Value	Land Market Value	Ag Exemption	Assessed Value	Estimated Taxes
184782	Arcadia Staybolt Land Investments, LLC	65.603	\$ -	\$ 2,145,679	\$ 1,948,463	\$ 197,216	\$ 3,936.22
184683	Arcadia Staybolt Land Investments, LLC	69.500	\$ 4,311	\$ 1,854,666	\$ 1,833,901	\$ 20,765	\$ 414.45
Total Combined:		135.103	\$4,311.00	\$4,000,345	\$ 3,782,364	\$217,981	\$4,350.67

The Land area represented by Ellis Appraisal District are not necessarily accurate. The land market that Ellis Appraisal District (“Ellis CAD”) has determined - \$4,004,656 (\$29,642/AC, \$0.68/SF) – would lead to a tax burden of \$79,842.57 if fully taxed. When the property is redeveloped into residential lots, there may be rollback taxes due to the municipal entities. We have not considered the effect of rollback taxes herein and that is beyond the scope of work of this report.

Upon substantial completion of the improved lots, the appraised value is expected to increase significantly; however, based on our company’s experience as licensed property tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by the appraisal district at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% of the retail value because the tax district does not have reliable information on updated costs and because developers are eligible for an inventory reduction on their lots.

MARKET OVERVIEW

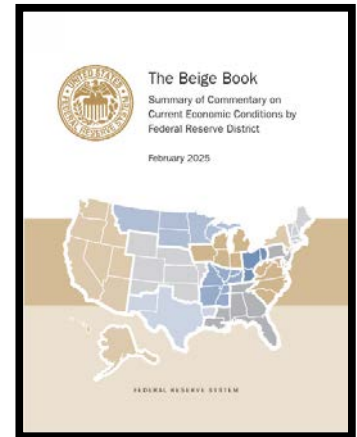
ECONOMIC INDICATORS: BEIGE BOOK

FEDERAL RESERVE BANK (MARCH 5, 2025)

Due to the subject's location in North Texas, coupled with integrated business economies, it is relevant to consider the national and regional economic indicators presented by the Federal Reserve Bank of Dallas in the Beige Book. Excerpts from the most recent Beige Book are presented below:

Overall Economic Activity

Overall economic activity rose slightly since mid-January. Six Districts reported no change, four reported modest or moderate growth, and two noted slight contractions. Consumer spending was lower on balance, with reports of solid demand for essential goods mixed with increased price sensitivity for discretionary items, particularly among lower-income shoppers. Unusual weather conditions in some regions over recent weeks weakened demand for leisure and hospitality services. Vehicle sales were modestly lower on balance. Manufacturing activity exhibited slight to modest increases across a majority of Districts. Contacts in manufacturing, ranging from petrochemical products to office equipment, expressed concerns over the potential impact of looming trade policy changes. Banking activity was slightly higher on balance among Districts that reported on it. Residential real estate markets were mixed, and reports pointed to ongoing inventory constraints. Construction activity declined modestly for both residential and nonresidential units. Some contacts in the sector also expressed nervousness around the impact of potential tariffs on the price of lumber and other materials. Agricultural conditions deteriorated some among reporting Districts. Overall expectations for economic activity over the coming months were slightly optimistic.



Labor Markets

Employment nudged slightly higher on balance, with four Districts reporting a slight increase, seven reporting no change, and one reporting a slight decline. Multiple Districts cited job growth in health care and finance, while employment declines were reported in manufacturing and information technology. Labor availability improved for many sectors and Districts, though there were occasional reports of a tight labor market in targeted sectors or occupations. Contacts in multiple Districts said rising uncertainty over immigration and other matters was influencing current and future labor demand. Wages grew at a modest-to-moderate pace, which was slightly slower than the previous report, with several Districts noting that wage pressures were easing.

Prices

Prices increased moderately in most Districts, but several Districts reported an uptick in the pace of increase relative to the previous reporting period. Input price pressures were generally greater than sales price pressures, particularly in manufacturing and construction. Many Districts noted that higher prices for eggs and other food ingredients were impacting food processors and restaurants. Reports of substantial increases in insurance and freight transportation costs were also widespread. Firms in multiple Districts noted difficulty passing input costs on to customers. However, contacts in most Districts expected potential tariffs on inputs would lead them to raise prices, with isolated reports of firms raising prices preemptively.

**ELEVENTH DISTRICT
FEDERAL RESERVE BANK OF DALLAS – MARCH 5, 2025**

Summary of Economic Activity

The Eleventh District economy continued to expand moderately over the reporting period. Non-financial services activity grew while retail sales were flat, and manufacturing activity was rather volatile. Lending picked up notably and commercial real estate activity improved slightly, though housing demand was tepid. Oilfield activity edged up. Employment held steady, and little change was seen in wage and price growth. Contacts noted sharply higher uncertainty around the outlook, with a wait-and-see stance echoed widely. Reduced labor supply as a result of stricter immigration policy, increased costs from tariffs, and decreased government spending were cited as headwinds for economic activity, while potential deregulation and corporate tax cuts were seen as tailwinds.

Labor Markets

Employment was fairly flat over the reporting period, though there were scattered reports of hiring for skilled positions, including in the energy sector. A couple of manufacturers said they expect forthcoming layoffs as a part of cost containment. A tech contact said that employment in the industry is expected to grow more this year than the modest pace experienced last year, driven by emerging technologies like AI.

Some contacts noted the labor market has loosened, with a low number of open positions and many companies hiring for replacement only or implementing a hiring freeze. However, chronic worker shortages continued for healthcare professionals. There was concern over labor availability in industries highly reliant on immigrant labor, including construction, manufacturing, energy, and hospitality. Some contacts noted an increased usage of automation and AI in some instances, in an attempt to offset labor shortages. Others plan to increase worker utilization and cross training. Wage growth abated slightly overall.

Prices

Prices continued to increase at a moderate pace over the past six weeks, though a pickup in growth was seen in manufacturing raw material prices and in retail selling prices. Several contacts noted rising costs for insurance and rent, while lower fuel costs have eased some price pressure for transportation firms. Healthcare costs are expected to increase more this year than last year, according to contacts. Numerous business leaders expressed heightened concern over inflation, largely stemming from expected pass through of increased tariffs.

Manufacturing

Manufacturing activity grew notably in January then declined in February. Recent production weakness spanned both durable and nondurable goods. Demand was similarly volatile over the reporting period, with growth seen in most types of durable goods while a sharp decline was seen in food manufacturing. Gulf Coast refineries said volumes of processed crude oil pushed to post pandemic highs as refining capacity has expanded. However, refineries and petrochemical producers noted tariffs remained an outlook concern—a sentiment echoed by manufacturing contacts more broadly. Respondents said the back-and-forth tariff talk has been stressful and that the heightened uncertainty is highly disruptive.

Retail Sales

Retail sales were fairly flat over the reporting period. Rising growth in sales of nondurable consumer products was offset by declines in durables like autos and building materials. Auto dealers said affordability remains the primary challenge for sales, as consumers contend with inflationary pressures on vehicles in combination with lingering high interest rates. Overall retail outlooks were largely unchanged, and contacts say it is too soon to know the impacts of the Administration's many initiatives. Auto dealers in particular voiced concern over adverse impacts from trade and immigration policy changes.

Nonfinancial Services

Nonfinancial services activity continued to grow moderately in January and February. Revenue growth was led by professional and business services. Staffing firms said demand has risen, for direct hires as well as temporary workers. Transportation services firms reported increased cargo volumes, with one contact citing shipping ahead of potential tariffs as a driver. Airlines report continued strength in demand. Growth abated in leisure and hospitality after exhibiting strength in fourth quarter 2024. Overall, outlooks were fairly stable though there were pockets of increased optimism. A transportation contact expects import volumes to decline this year due to tariffs. Uncertainty spiked, and some contacts say it is impacting their ability to operate with confidence and take risks.

Construction and Real Estate

Housing demand was tepid during the reporting period. Home sales were seasonally slow, and high mortgage rates continued to negatively impact activity. Incentives on new homes remained widespread, exceeding normal levels. Contacts said the high cost of incentives, particularly mortgage buydowns, were squeezing margins. Outlooks were weak, weighed down by elevated mortgage rates and concerns regarding the potential adverse impact of immigration and trade policy changes on labor supply and construction costs.

Commercial real estate activity improved slightly. Apartment demand was stable, but rents were flat to down and the construction pipeline is expected to recede this year. Office absorption picked up in some markets though vacancy rates remained elevated. Industrial demand was solid but has moderated from its recent highs.

Financial Services

Loan volume continued increasing at a rapid pace in February while loan demand accelerated further. Credit tightening continued, while loan pricing declined. Loan nonperformance rose across all loan types, while growth in general business activity slowed. Bankers' outlooks remained optimistic but have moderated. They cited net interest margin, liquidity, and cybersecurity as top outlook concerns. Contacts expect improvement in loan demand and business activity over the next six months, but also a notable uptick in loan nonperformance.

Community Perspectives

Nonprofit service providers reported a sustained high level of demand, especially for rent assistance and household staples. Workforce development agencies noted wages in lower-skilled roles are not keeping up with inflation, causing financial strain for many households and increasing demand for childcare assistance beyond the available level, resulting in growing waitlists. Some nonprofit organizations reported cutting budgets, beginning layoffs, and making strategic pivots to sustain operations amidst federal funding disruptions. Funding cuts have had a direct impact on newly resettled refugees, as their 90 days of support services have been affected, including assistance with housing, food, healthcare and job placement. Social service organizations also observed a steep decline in service utilization over the past month from foreign-born clients, some of whom are undocumented, and said many are skipping work and missing healthcare appointments or even school out of fear of deportation.

Texas A&M University
Texas Real Estate Research Center
Outlook for the Texas Economy (Excerpts)
Joshua Roberson and Junqing Wu (Updated March 25, 2025)



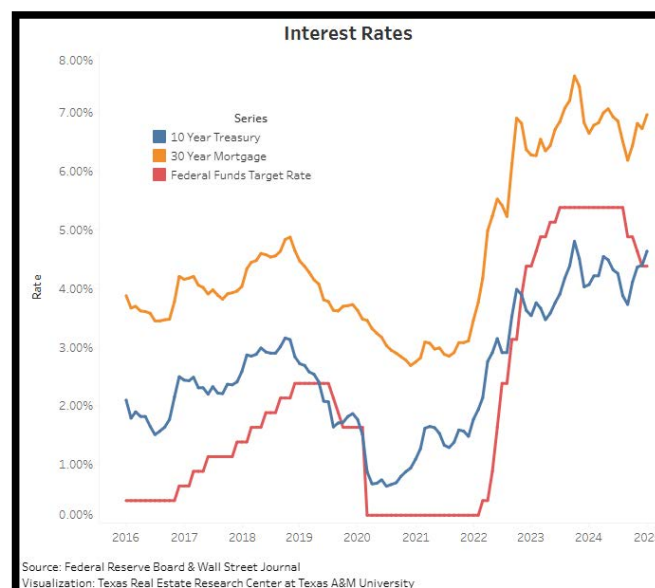
Summary

In January, inflation increased with the CPI rising 3% year over year (YoY) and core inflation up 3.3%. Texas employment grew modestly, with nonfarm jobs increasing 0.2% month over month (MoM) and 1.3% YoY. The labor force participation rate held steady at 64.8%, and the unemployment rate dipped to 4.1%, indicating a resilient job market.

January CPI Shows Persistent Inflation

The Consumer Price Index (CPI) increased by 3% YoY before seasonal adjustment. On a seasonally adjusted basis, the CPI rose 0.5% MoM, slightly higher than the 0.4% increase recorded in December, marking the third consecutive month of acceleration. This upward trend suggests persistent inflationary pressures despite efforts to stabilize price growth.

Core inflation, which excludes the volatile food and energy components, rose by 3.3% over the past 12 months. On a monthly basis, the core CPI advanced 0.4% in January, reflecting continued underlying inflation momentum. The steady increase in core prices underscores lingering price stickiness in key sectors, potentially influencing future monetary policy decisions.

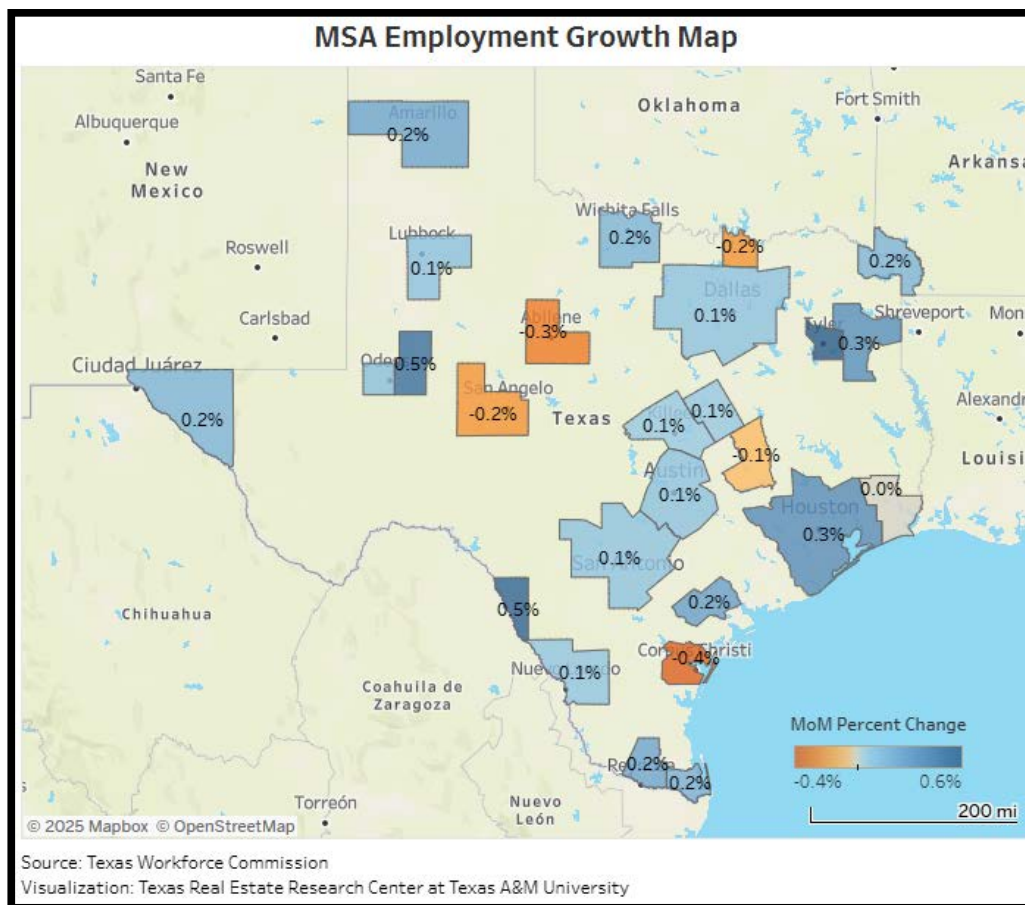


Positive Start for Texas Employment in January

Texas nonfarm employment continued its upward trajectory in January 2025, posting a 0.2% MoM increase and a 1.3% YoY gain, building on December's growth. All four major metro areas experienced slight employment gains, with Houston leading at 0.3% MoM, followed by Dallas, Austin, and San Antonio, each increasing by 0.1%.

The trade, transportation, and utilities sectors added 2,000 jobs in January, maintaining the same growth pattern as the previous month. The professional and business services sector saw a modest 0.2% increase, contributing 3,700 new jobs. Meanwhile, the education and health services sector recorded the most significant growth, expanding by 0.5% and adding 9,700 jobs.

The labor force participation rate held steady at 64.8% for the second consecutive month in January. Last September, the participation rate reached 65.1%, the highest level for Texas in almost ten years. Since then, it has gradually dropped back down to 64.8%. The unemployment rate edged down slightly to 4.1%, while continued unemployment claims averaged approximately 160,062 per week, 963 more than in December. This slight uptick in continued claims suggests ongoing challenges in certain job sectors. However, the steady participation rate and unemployment figures reflect a resilient labor market with consistent workforce engagement despite minor fluctuations in jobless claims.



Mixed Performance in Texas Home Sales

In January, total home sales in Texas edged down by 0.3%, with 29,082 transactions recorded statewide, indicating a relatively stable housing market. Despite the marginal decline at the state level, major metropolitan areas exhibited varied performance, with most experiencing notable growth.

Dallas led the gains with a 19.3% increase, reaching 8,102 transactions, reflecting strong demand and a potentially competitive market. Houston followed with an 8.5% rise, totaling 7,472 transactions, suggesting continued buyer activity. Austin saw a modest increase of 2.4% to 2,787 transactions, indicating steady market conditions. In contrast, San Antonio was the only major metro area to record a decline, with sales falling 2% to 2,980 transactions.

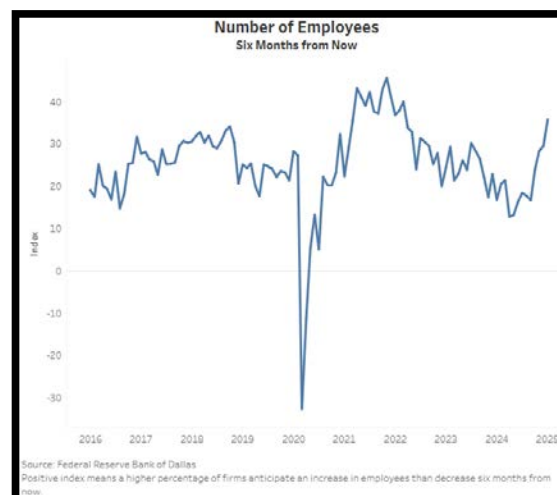
Home Sales Volume			
	Dec	Jan	MOM Change
Dallas-Fort Worth-Arlington	6,790	8,102	19.3%
Houston-Pasadena-The Woodlands	6,888	7,472	8.5%
Austin-Round Rock-San Marcos	2,721	2,787	2.4%
Texas	29,162	29,082	-0.3%
San Antonio-New Braunfels	3,040	2,980	-2.0%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
Note: Data are seasonally adjusted

Service Sector Employment Expanded

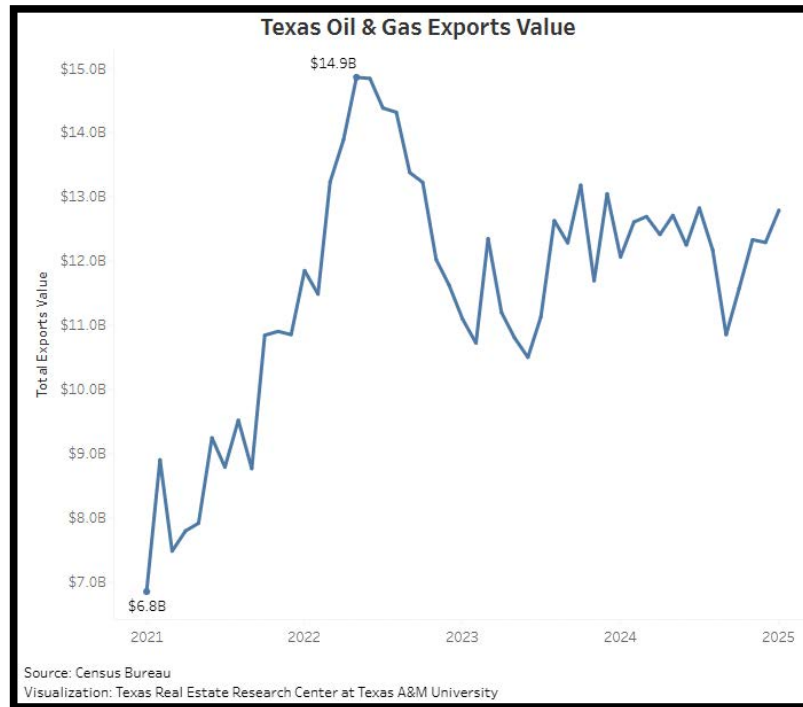
Texas service sector activity continued to increase in January but at a slower pace. Private service sector employment added 13,800 jobs. According to business executives surveyed in the Texas Service Sector Outlook Survey, the revenue index dropped 8 points to 5.7, hitting a seven-month low and signaling slower-than-average growth. This decline suggests weakening demand or other headwinds affecting the service sector.

Meanwhile, the employment index slipped from 2.3 to -1.4, indicating a shift from modest job gains to slight contraction, which could point to cautious hiring or workforce reductions in response to economic uncertainty. On a more positive note, the company outlook index edged up from 12 to 14.8, suggesting that despite near-term challenges, businesses remain somewhat optimistic about future conditions.



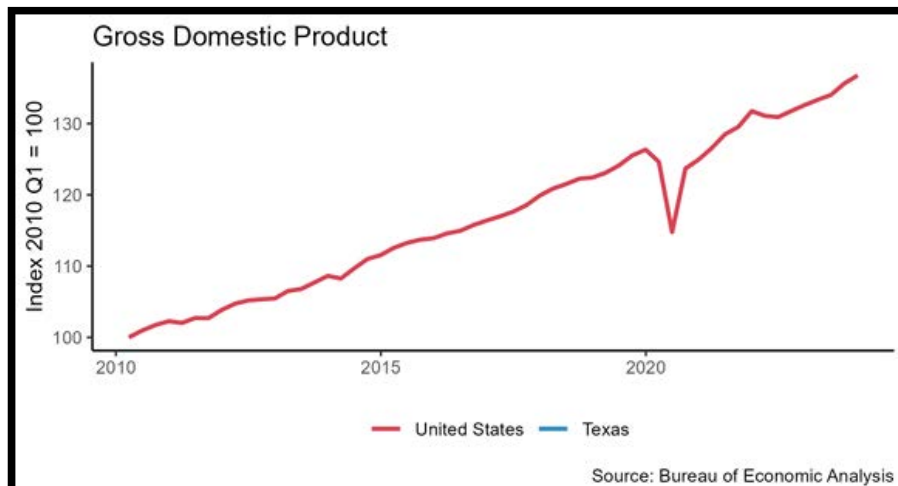
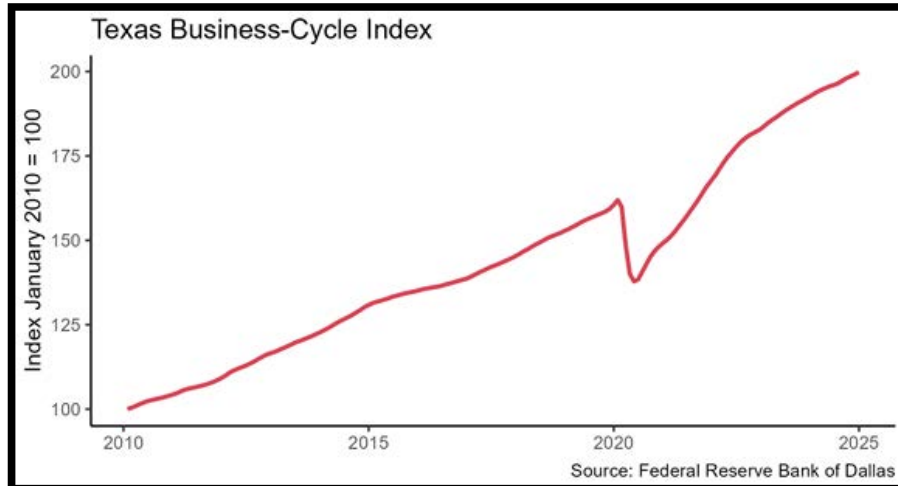
Texas Exports Decreased

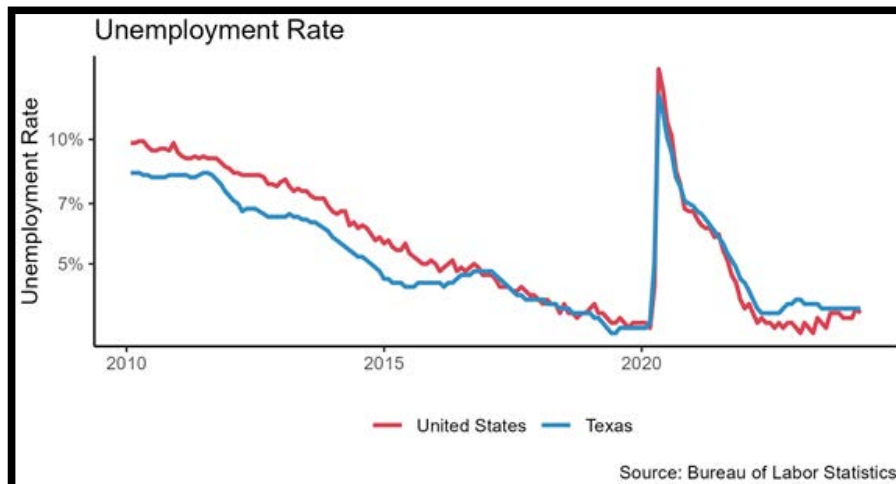
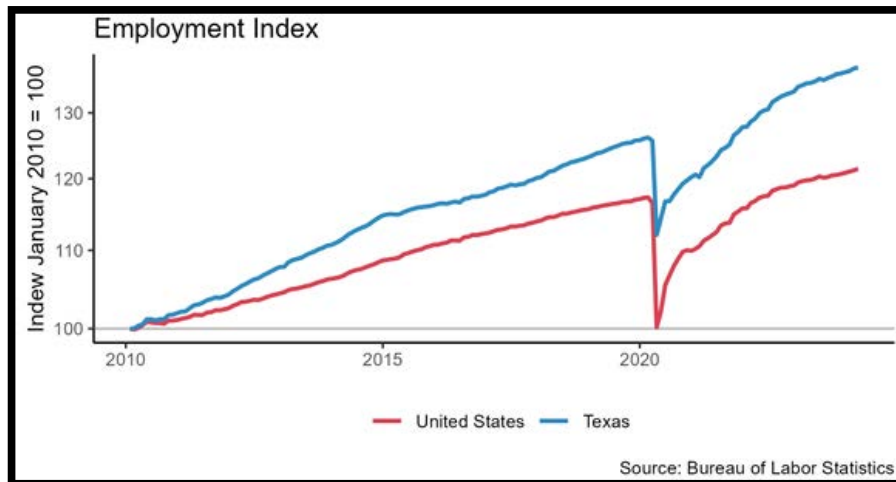
Texas, a key player in U.S. energy exports, experienced a moderate decline in total commodity exports in December, with a MoM decrease of 3.9% and a YoY decline of 2.2%. The state's leading exports—oil and natural gas—saw a notable YoY drop of 5.8%, while their MoM decrease was minimal at just 0.3%, indicating relative stability. Meanwhile, petroleum and coal product exports fell by 5.1% YoY and 4.1% MoM. Notably, November recorded a boost in exports across all categories, making December's decline appear more pronounced, though it remains within the typical range observed in earlier months.

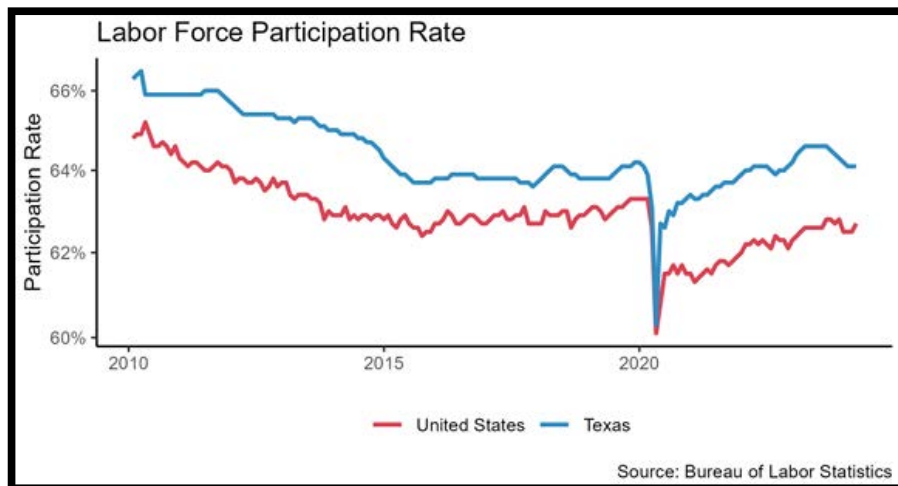
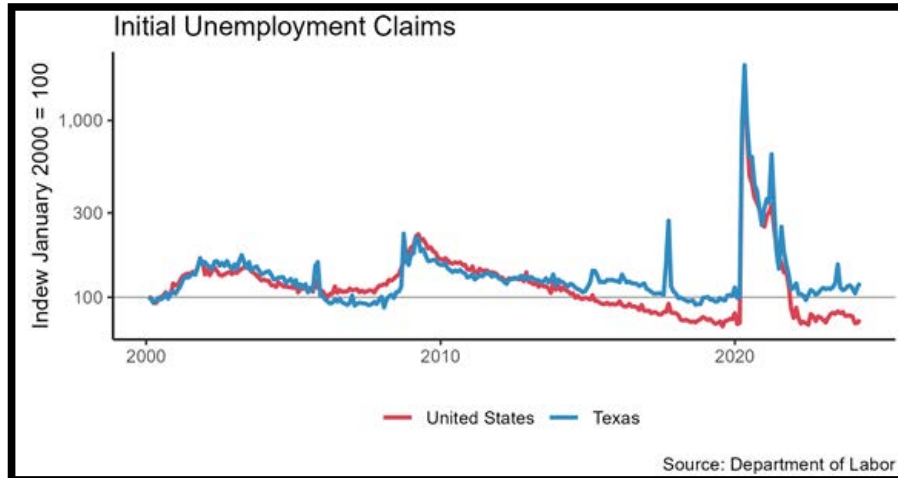


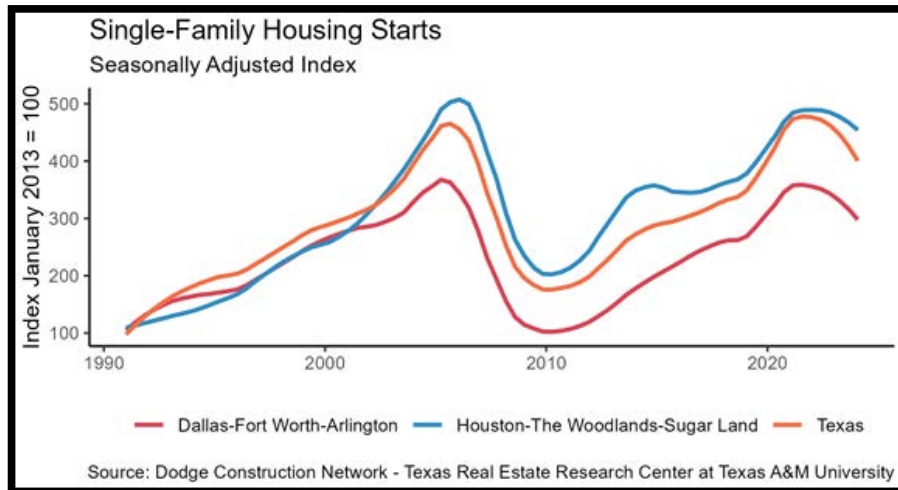
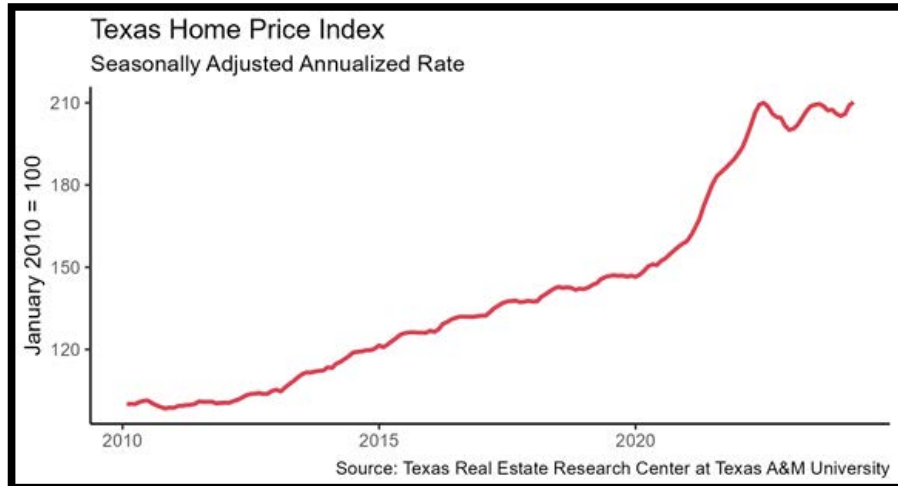
Select Economic Indicators

- In January, the Texas Leading Economic Index rose to 126.2, up from 126.1 in December, marking a 0.1 MoM increase.
- Nominal average hourly earnings increased to \$34.21 in January, reflecting a 4% YoY increase.
- Earnings rose across all four major metro areas in December, though Houston saw a decline of \$0.14 per hour. Dallas recorded a \$0.32 increase, while Austin and San Antonio saw gains of \$0.42 and \$0.21 per hour, respectively.
- Texas consumer confidence decreased by 11% MoM in January, reaching 118.7.
- The ten-year U.S. Treasury bond rose by 24 basis points, standing at 4.63%.
- The Federal Home Loan Mortgage Corporation's 30-year fixed-rate increased 24 basis points to 6.96%.
- The West Texas Intermediate (WTI) crude oil spot price increased by 8% MoM to \$75.74. The Henry Hub natural gas spot price increased by 37.2% MoM from \$3.01 to \$4.13 per million British thermal units (BTU).









TEXAS HOUSING INSIGHT (EXCERPTS)

Texas A&M University – Texas Real Estate Research Center
Joshua Roberson, Junqing Wu, and Yanling Mayer (March 17, 2025)



Summary

In a sign of stabilization, Texas' home sales rose significantly in December to deliver a strong fourth-quarter finish going into 2025. Rising sales were seen broadly across all major markets (Austin, Dallas-Fort Worth, Houston, and San Antonio) as well as in smaller markets outside the Big Four. 4Q2024 marks the first time since the beginning of the housing recession that home sales rebounded strongly to end the year with double-digit year-over-year (YoY) growth.

Home prices remained steady and ended the year higher than a year ago. Positive year-end trends also captured rising new listings and rising inventory amid strong fourth-quarter sales momentum. Mortgage rates remained high going into 2025 despite a third round of interest rate cuts by the Federal Reserve in December. Mortgage rates are likely to stay near where they are during persisting signs of market jitters over inflationary pressure.

December's Seasonality: Small Market Sales Up, Big Four Sales Down

In most years, sales rebound in December after a weak November, and this year is not any different. What was different was that December's seasonal rebound was driven by strong sales in markets outside the Big Four. Statewide, there were 28,868 home sales in December, up 1.6% from November. In the major metros, aggregate sales volume (19,066) declined by 9.4%, driven by a 21% drop in DFW and a 4.9% drop in Houston. Sales were up 4.9% in Austin and 0.5% San Antonio. Outside the major markets, total home sales (9,802) surged 33.5% from November (Table 1).

Table 1. Home Sales Volume			
	Nov	Dec	MOM Change
Austin-Round Rock-San Marcos	2,454	2,573	4.9%
Texas	28,399	28,868	1.6%
San Antonio-New Braunfels	3,003	3,018	0.5%
Houston-Pasadena-The Woodlands	7,153	6,804	-4.9%
Dallas-Fort Worth-Arlington	8,445	6,671	-21.0%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
Note: Data are seasonally adjusted

First Positive YoY Sales Since 2022

Total statewide home purchases were up 10.7% from a year ago, marking the first time since the 2022 housing recession that sales volumes came in higher than the year before. These strong fourth-quarter sales were broadly seen across various markets. In the Big Four, was Austin saw 7.6% sales growth, DFW 16.4%, Houston 16.5%, and San Antonio 8.2%. Home sales were up an average of 6.7% in smaller markets.

Positive Trends in New Listing and Inventory

Statewide new listings were up slightly in December on a month-over-month (MoM) basis. Among the Big Four, new listings rose 2.7% in Austin, 2.6% in San Antonio, and 1.6% in Dallas, but declined in Houston by 2.4%. On a YoY basis, new listings were up 7.6% statewide, 7% in Austin, 10.8% in DFW, 14.9% in Houston, and 8.4% in San Antonio.

During December, statewide average days on market (DoM) was 63 days, comparable to the pre-pandemic turnover pace. Average DoM was 58 days in DFW, 77 days in Austin, 53 days in Houston, and 75 days in San Antonio.

At year-end, statewide active listings totaled 123,364, slightly lower than the previous month. Austin's MoM decline (12.3%) was its slowest pace of MoM decline for a December since 2021. Active listings were down slightly in San Antonio (1.5%) and DFW (1.4%). Houston's active listings were relatively unchanged in December.

Interest Rates Remain High During Inflation Concerns

In December, the average yield on the ten-year U.S. Treasury bond increased by 3 basis points to 4.39% despite the Fed cutting its policy rate target by another 25 basis points. Inflation has remained persistently above the Fed's 2 percent target, and the December Consumer Price Index (CPI) data showed signs of re-acceleration. The Freddie Mac Primary Mortgage Market Survey's 30-year fixed-rate mortgage ended December at 6.85%, up 16 basis points higher than at the start of the month.

New-Home Start Increased

Statewide, building permits increased a sharp 17.7% MoM in December. Newly authorized permits surged 24.7% in DFW, while Houston and San Antonio maintained a modest upward trend, rising 5.8% and 2.5%, respectively. Building permits were relatively flat in Austin, down 1.7%.

Seasonally adjusted statewide single-family starts increased 9% MoM to 14,207 units. Houston and DFW had the highest increases at 14.4% (4,491) and 11.6% (3,670), respectively. New housing starts were up 8.4% (1,567) in Austin. Despite a small positive increase in building permits, San Antonio's new single-family starts (802) dropped 14.8 from the previous month.

The state's total value of single-family starts climbed from \$29.8 billion in December 2023 to \$40 billion in December 2024.

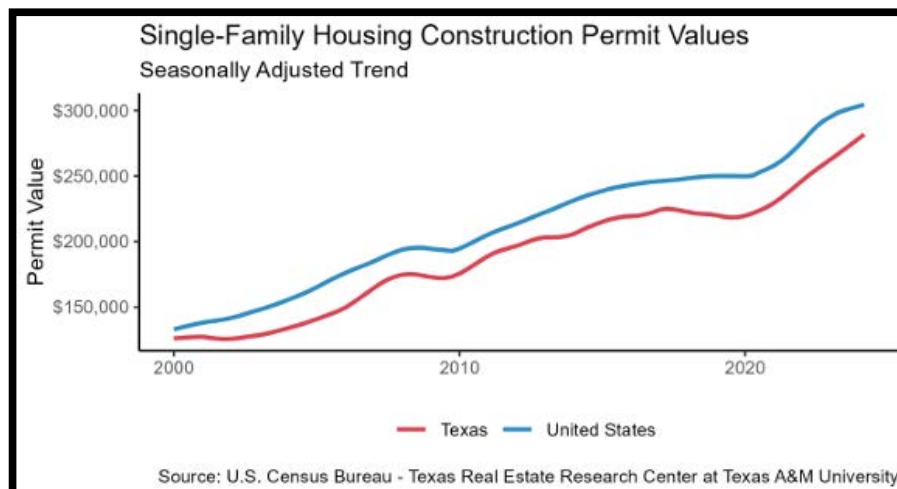
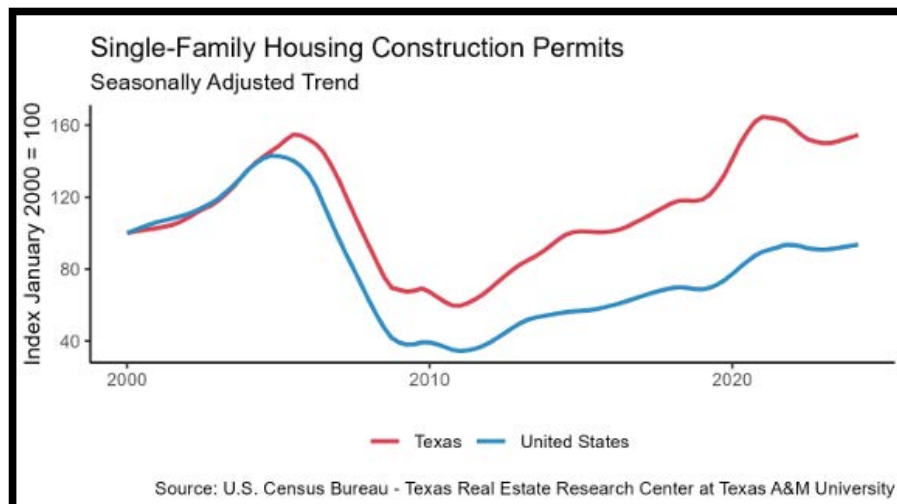
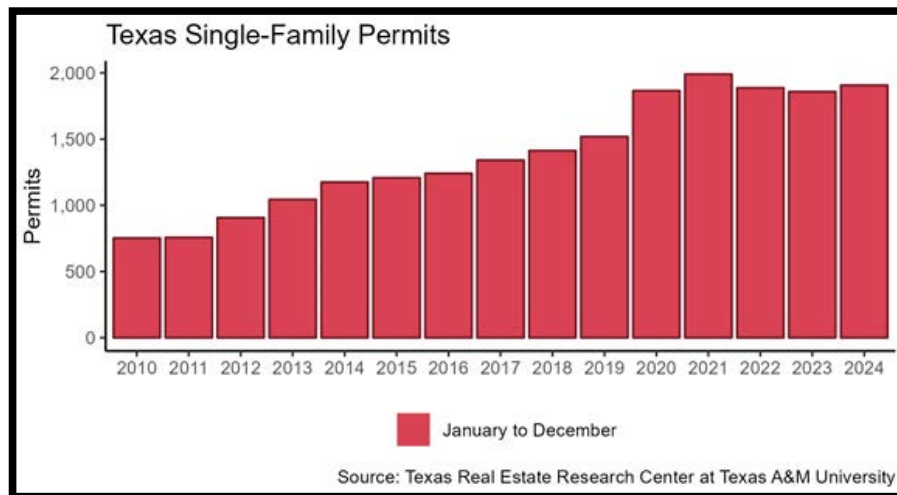
Texas HPI Up 2.1%

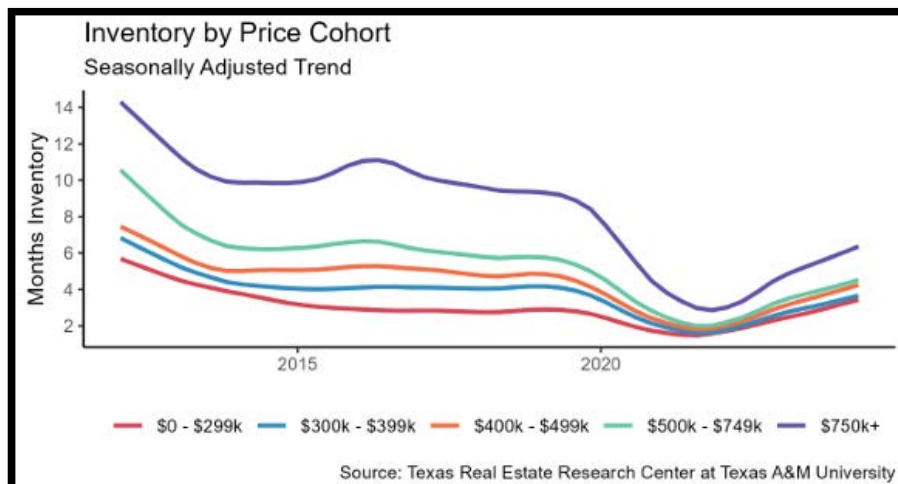
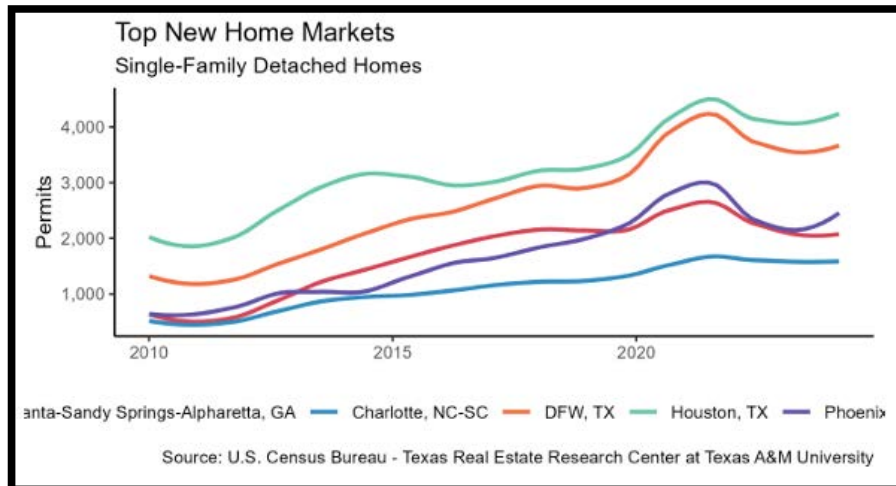
Texas' median sales price was \$335,971 in December, a 0.3% MoM drop (Table 2). San Antonio was up 4% to \$314,621, Austin 3.5% to \$454,916, DFW 0.9% to \$404,813, and Houston 0.7% to \$334,930.

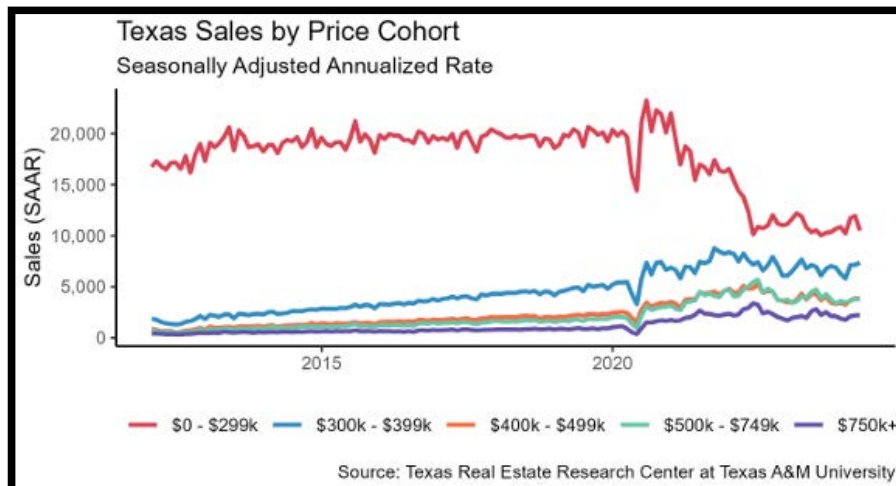
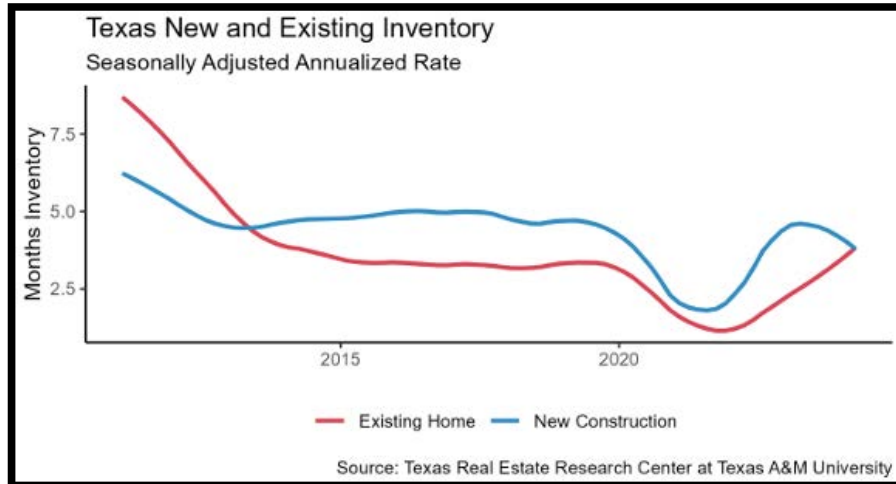
Table 2. Median Housing Prices			
	Nov	Dec	MOM Change
San Antonio-New Braunfels	\$302,400	\$314,621	4.0%
Austin-Round Rock-San Marcos	\$439,334	\$454,916	3.5%
Dallas-Fort Worth-Arlington	\$401,013	\$404,813	0.9%
Houston-Pasadena-The Woodlands	\$332,468	\$334,930	0.7%
Texas	\$337,106	\$335,971	-0.3%

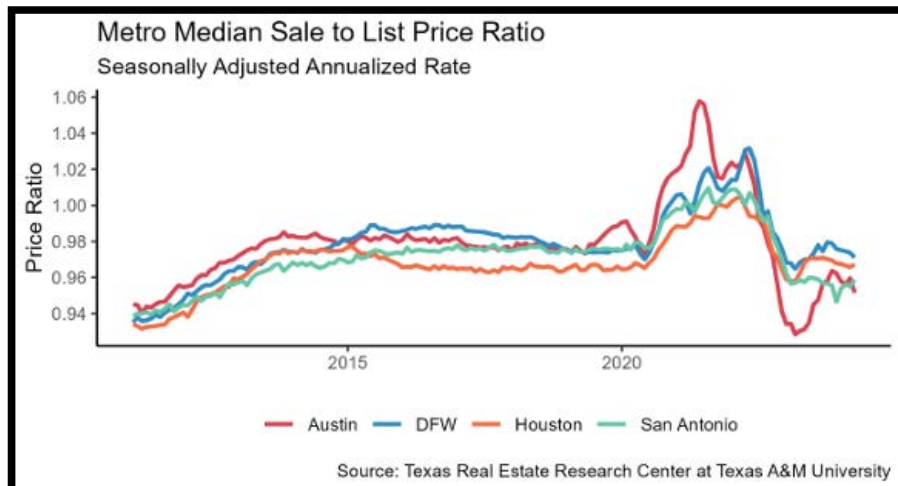
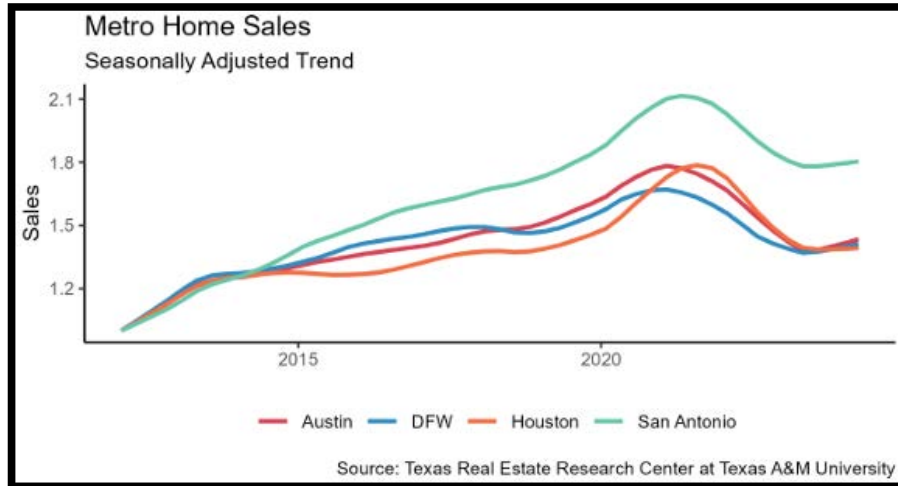
Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
Note: Data are seasonally adjusted

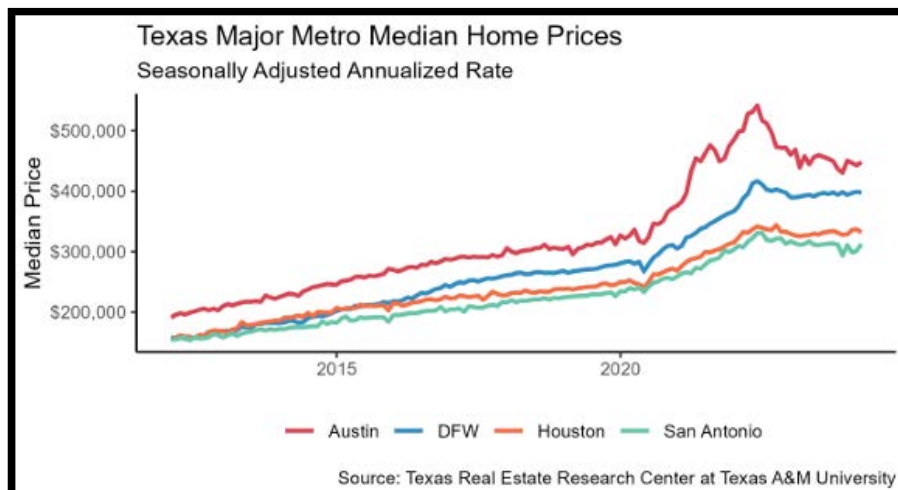
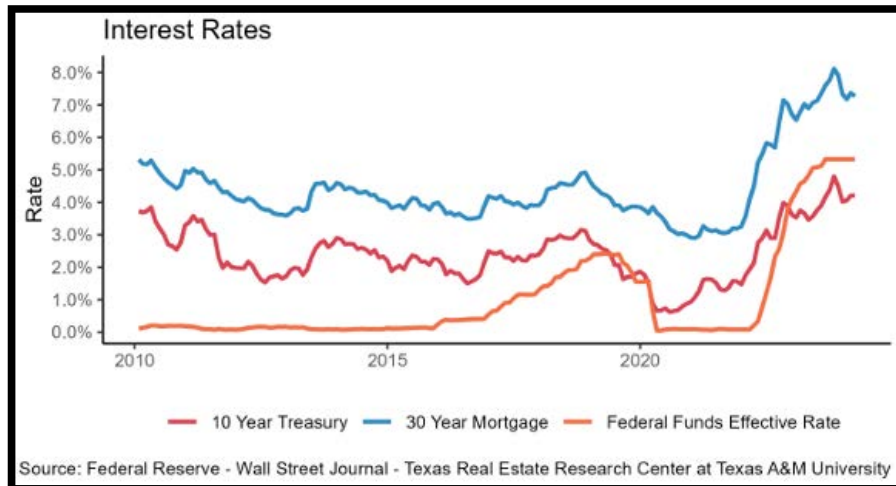
The Texas Repeat Sales Home Price Index, which more accurately captures home price change over time than median sales price, fell 0.1% month over month in December but increased 2.1% from a year ago.









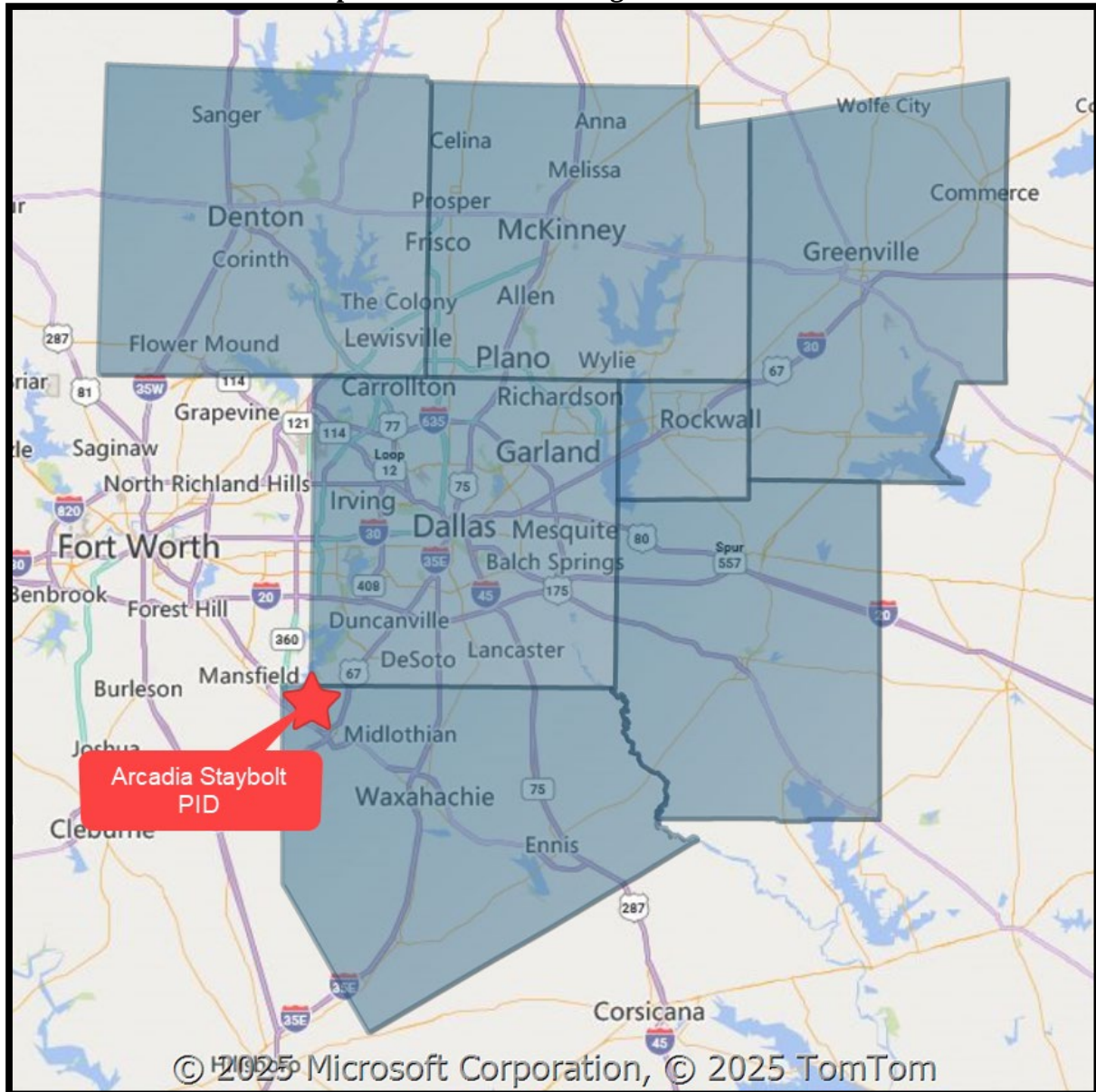


DALLAS-PLANO-IRVING METRO DIVISION QUARTERLY HOUSING REPORT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
(Fourth Quarter, 2024)

Executive Summary

- Metro area sales volume increased 14.9% to 14,780 transactions. Median price increased 1.5% year-over-year to \$419,000.
- 2024 Q4 months inventory for all residential properties rose 35.3% year-over-year to 3.3 months.
- Metro area residential property listings increased 39.4%-year over-year to 16,845 active listings.

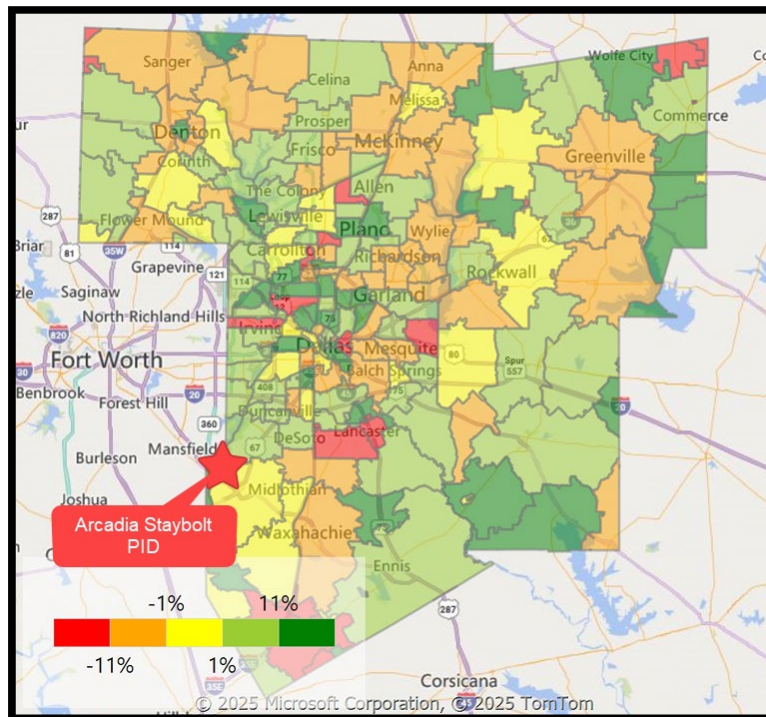
Map of Dallas-Plano-Irving Metro Division



Arcadia Staybolt Public Improvement District, Phase 1

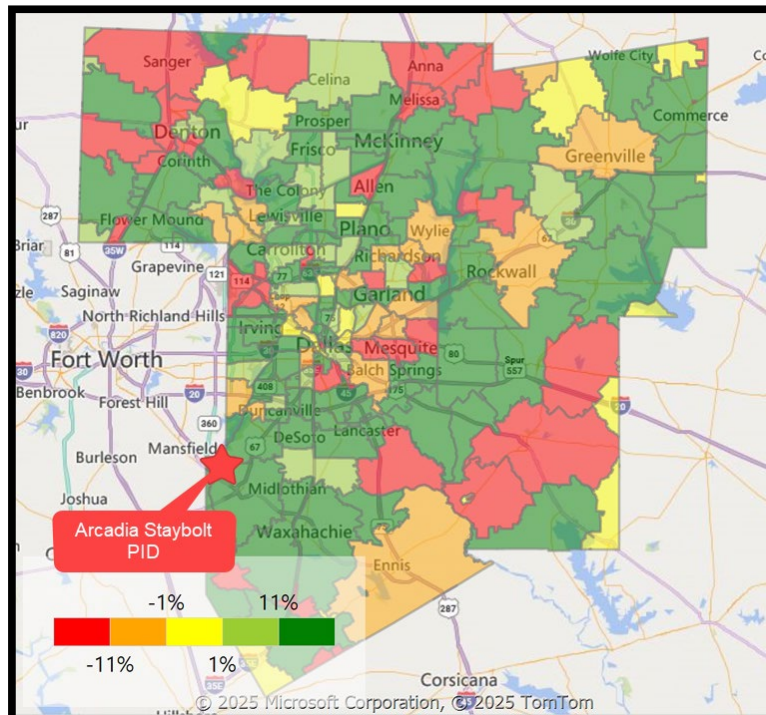
Median Price Change (YoY)

According to TREC, median sale price change year-over-year (YoY) near Arcadia Staybolt PID was stagnant between -1% >1%.



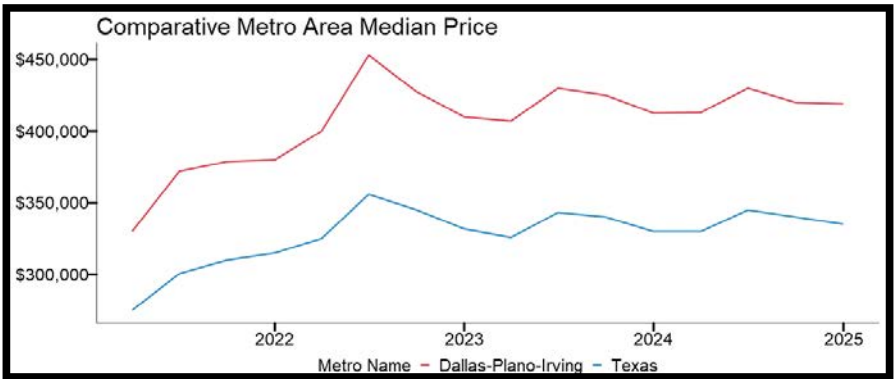
Sales Volume Change (YoY)

According to TREC, sales volume change year-over-year (YoY) in the subject's area near Arcadia Staybolt PID increased > 11%.

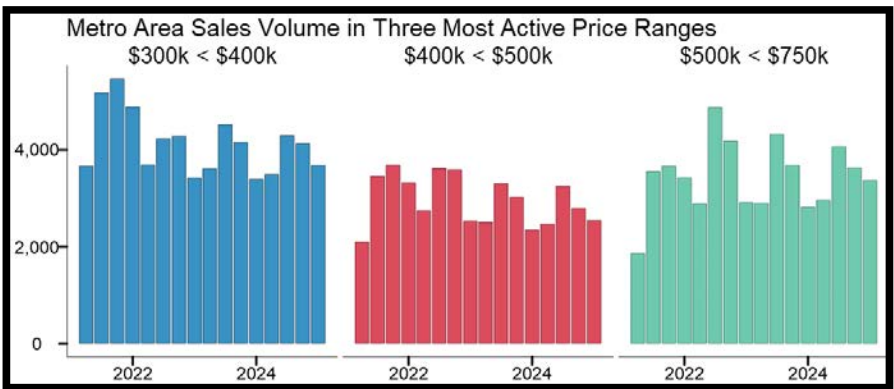


Arcadia Staybolt Public Improvement District, Phase 1

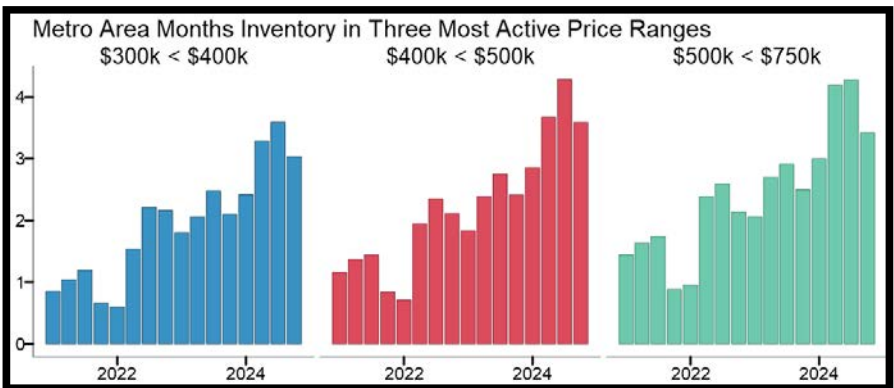
Median price in the Dallas-Plano Irving metro increased by approximately 1.5% year-over-year, from \$413,000 to \$419,000. Metro area price exceeded the statewide median price of \$335,100 by \$83,900 as shown in the following chart:



2024 Q4 total sales volume increased by approximately 14.9% year-over-year, from 12,864 to 14,780. Sales of homes between \$300k and \$400k rose from 3,391 to 3,682, while homes between \$500k and \$750k rose from 2,819 to 3,371, and homes between \$400k and \$500k rose from 2,345 to 2,543 as shown in the following graph:



Metro area months inventory increased year-over-year from 2.41 to 3.26 months. Homes between \$300k and \$400k rose year-over year, from 2.1 to 3.03 months, while homes between \$500k and \$750k rose year-over-year, from 2.49 to 3.42 months and homes between \$400k and \$500k rose year-over year, from 2.41 to 3.58 months as shown in the following graph:

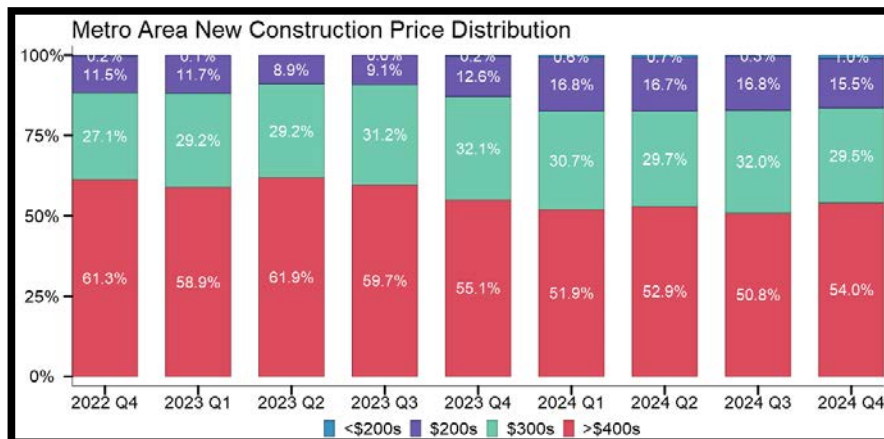


Arcadia Staybolt Public Improvement District, Phase 1

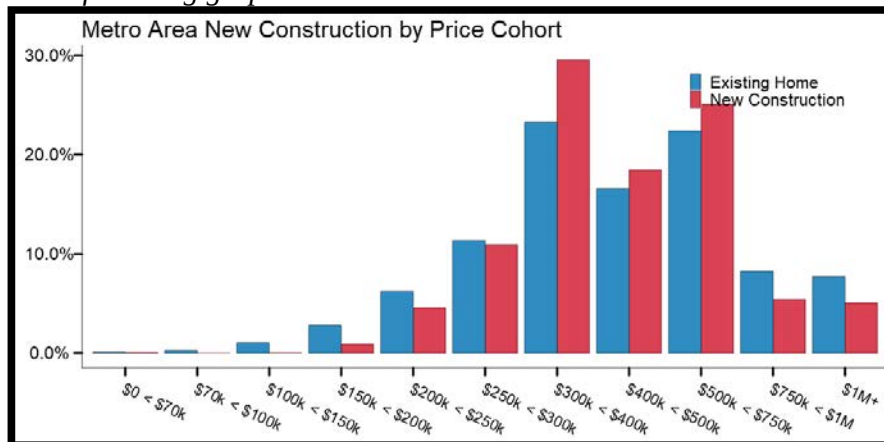
Average days to sell throughout the metro area increased from 82 to 93 days, an increase of 13.4%-year over-year. Average days to sell for homes between \$300k and \$400k increased from 79 to 89 days, a 12.7% increase year-over-year as shown in the following graph:



Homes in the \$400s and above fell to 54% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which fell from 32.1% to 29.5% year-over-year as shown in the following graph:



In the latest quarter, the average price was \$521,424 for new homes sold through the MLS, an increase over last year's figure of \$508,356. Average price for existing homes was \$552,648, an increase over last year's figure of \$526,902 as shown in the following graph:



Arcadia Staybolt Public Improvement District, Phase 1

The following chart shows the housing metrics for Ellis County:

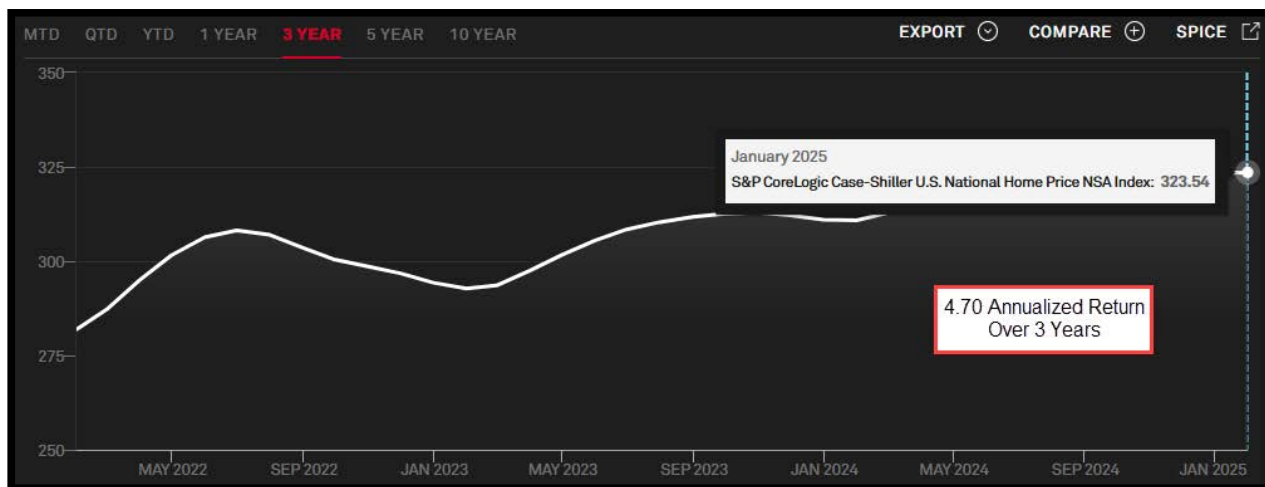
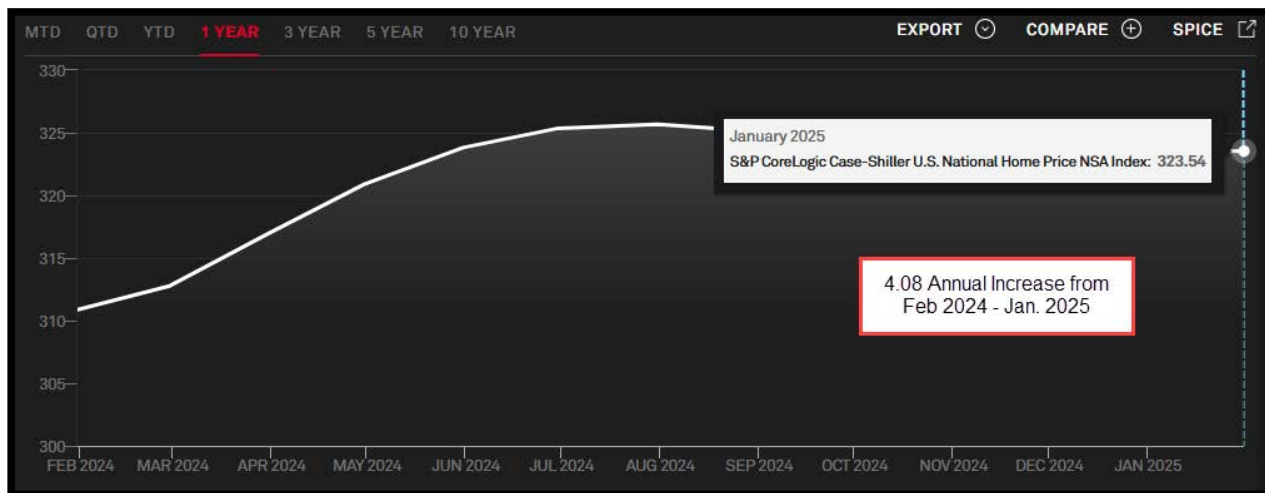
Ellis County											
Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	2	100%	0%	***	***	***	***	0	0.0	***	***
\$100k < \$150k	7	75%	1%	\$130,000	12%	\$86.09	16%	1	0.6	1,510	1955
\$150k < \$200k	11	0%	1%	\$175,000	-5%	\$144.51	21%	9	2.1	1,248	1957
\$200k < \$250k	38	-25%	5%	\$230,000	0%	\$176.09	4%	32	2.6	1,298	1982
\$250k < \$300k	77	-17%	9%	\$279,500	0%	\$175.90	-1%	67	2.0	1,596	2006
\$300k < \$400k	253	30%	30%	\$349,900	0%	\$178.74	2%	245	3.0	1,947	2018
\$400k < \$500k	204	19%	24%	\$449,990	1%	\$184.36	3%	295	4.3	2,500	2024
\$500k < \$750k	214	39%	25%	\$580,000	0%	\$191.06	-4%	442	6.5	2,996	2024
\$750k < \$1M	34	100%	4%	\$799,999	-1%	\$233.03	2%	73	7.8	3,399	2022
\$1M+	4	100%	0%	***	***	***	***	30	15.7	***	***

*** Not displayed when fewer than five sales

S&P CORELOGIC CASE-SHILLER INDEX

January 2025

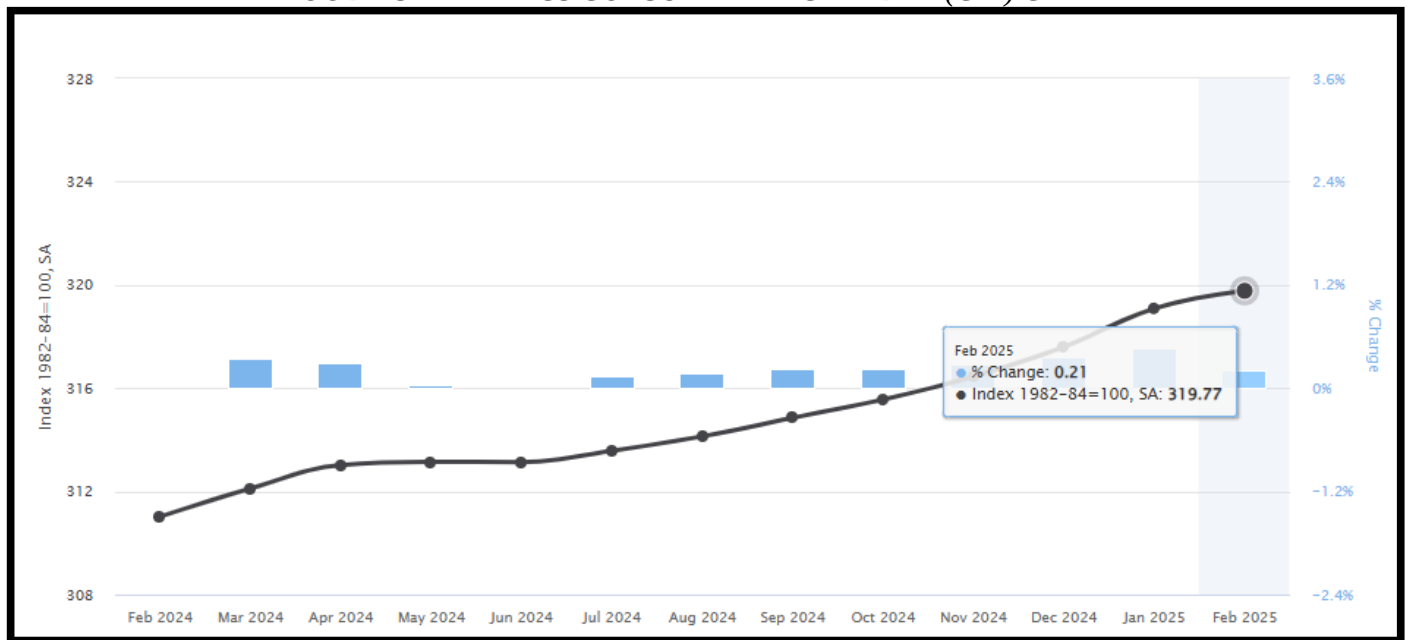
Data reported from the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) at the end of January 2025 showed that home prices nationally were up 4.08% YoY while the Dallas Metropolitan area also increased by 1.34%.



Metropolitan Area	January 2025 Level	January '25 /December '24 Change (%)	December/November Change (%)	1-Year Change (%)
Dallas	293.82	-0.46%	0.00%	1.34%
Composite-10	351.13	0.16%	-0.01%	5.31%
Composite-20	332.56	0.07%	-0.11%	4.67%
U.S. National	323.54	0.06%	-0.14%	4.08%

Sources: S&P Dow Jones Indices and CoreLogic
Data through January 2025

CONSUMER PRICE INDEX (CPI) **MOODY'S ANALYTICS CONSUMER PRICE INDEX (CPI) CHART**



Inflation showed some welcome moderation in February. The 0.2% increase in the consumer price index was a touch lower than expectations of a 0.3% rise. The latest monthly change follows a 0.5% jump in January and lowered the year-ago rate from 3% to 2.8%. Energy prices provided a mild boost, and food inflation eased. Excluding food and energy, the core CPI also rose 0.2%. The increase undershot expectations and lowered the 12-month rate from 3.3% to 3.1%. Though a rate cut at next week's Federal Open Market Committee meeting is off the table, cooling inflation will provide the Fed leeway to start easing policy if deteriorating economic conditions warrant.

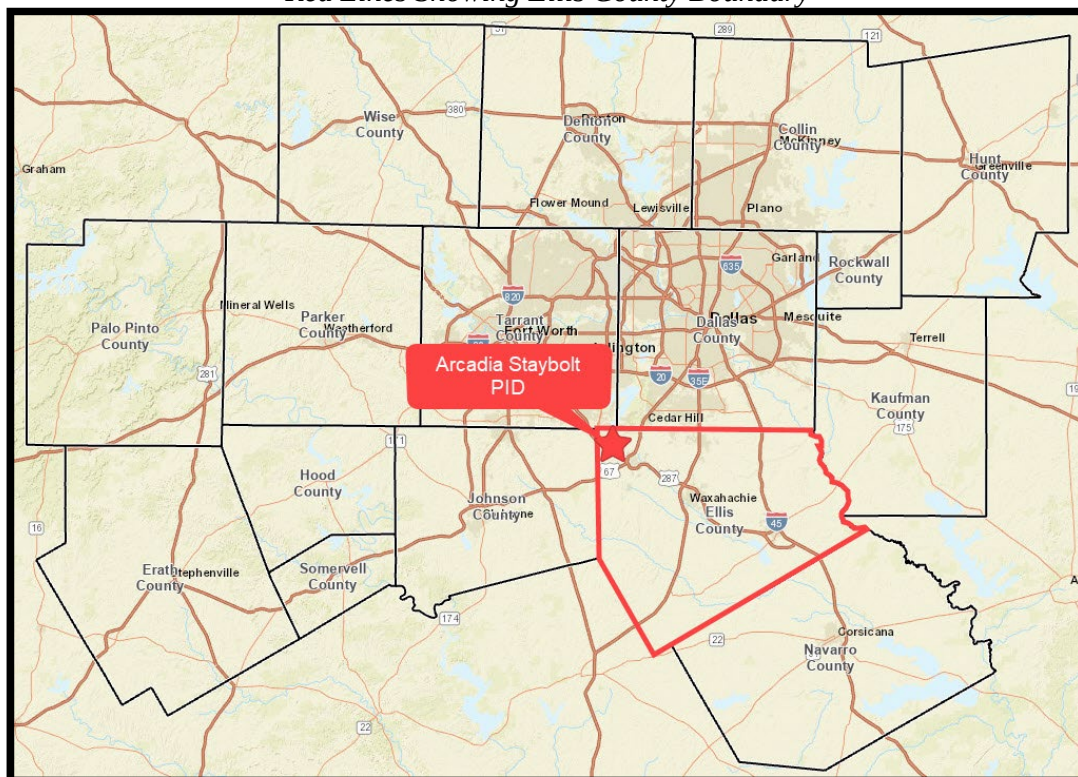
REGIONAL ANALYSIS

The subject is located in Ellis County within the Dallas-Plano-Irving Metropolitan Statistical Area (MSA), often combined with the Fort Worth-Arlington-Grapevine MSA, and more commonly referred to as the Metroplex (DFW), which encompasses parts of 16 counties and contains 23 cities with populations over 50,000 in North Central Texas. As reported by the North Central Texas Council of Governments (NCTCOG), the estimated January 1, 2024, population for the NCTCOG region is 8,481,512. Last year the region added just under 200,000 people, nearly 40,000 more residents than were added in 2022. Dallas (30,201) added more population than any other city, followed by Fort Worth with just under 27,000 and surpassing 1 million residents. Celina (10,826), Frisco (6,696), and Princeton (6,374) round out the top 5 growth cities. For the second straight year, Collin County added more than 53,000 new residents while Dallas County added almost 42,000 and Tarrant County added over 35,000 new people. Since 2020, 650,000 new residents now call north Texas home. Contributing about one-third of Texas' GDP, the economy is the most diverse in the state. DFW is home to many business and professional services from major financial institutions to international law firms. It is also home to one of the top ranked container ports in the US and an extensive infrastructure network that serves multiple hotbeds for e-commerce fulfillment.

The region is anchored by two major passenger airports: Dallas-Fort Worth International Airport (DFW), which is the second busiest airport in the world in terms of aircraft movements and the largest hub for American Airlines, and Dallas Love Field Airport (DAL), which is a city-owned airport and the largest hub for Southwest Airlines – the largest carrier in the nation in terms of passengers carried.

MAP OF DALLAS-FORT WORTH METROPLEX

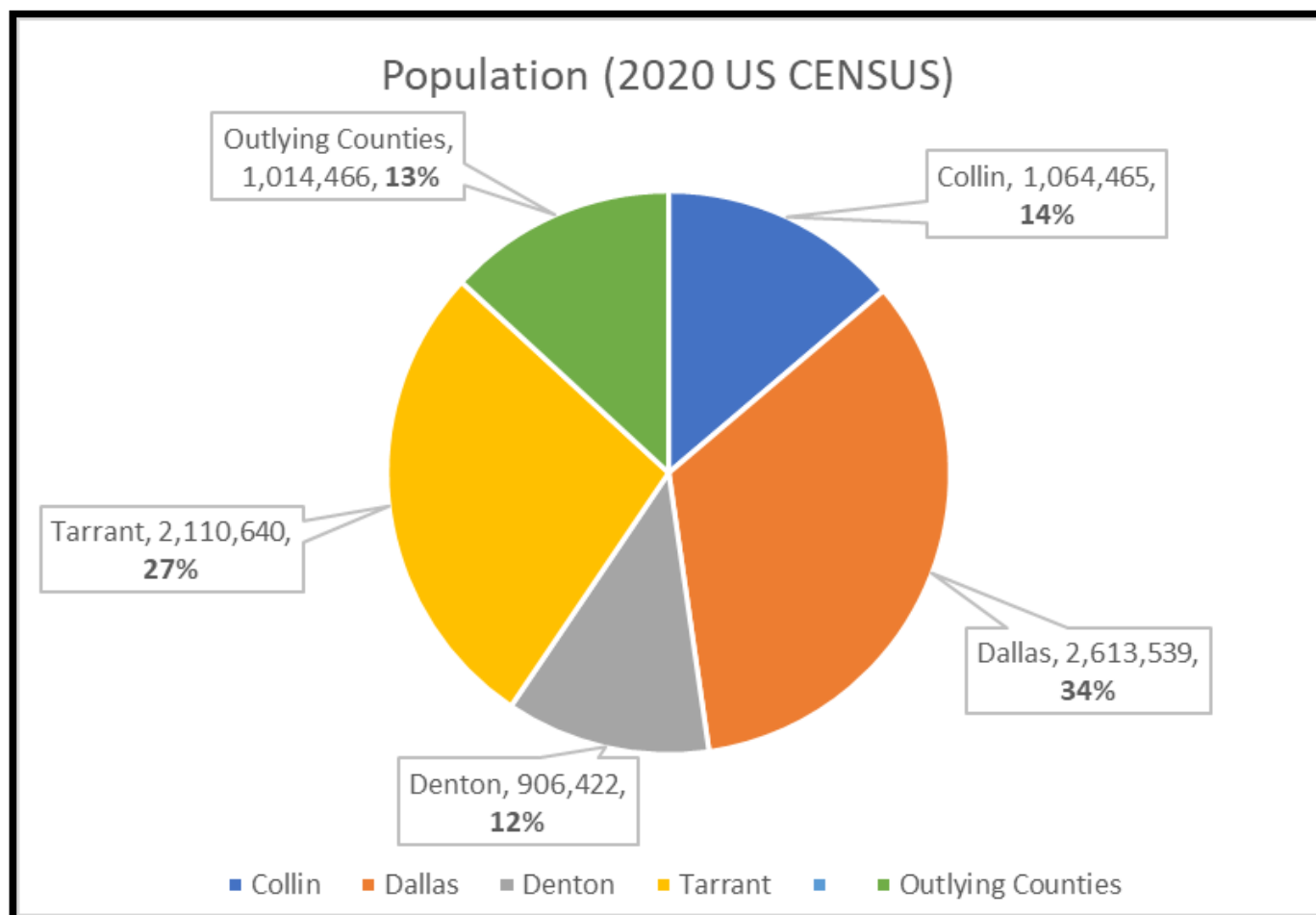
Red Lines Showing Ellis County Boundary



When compared to the national economy, the DFW Metroplex is expected to experience expansion arising from growth in a variety of sectors including construction, transportation, manufacturing, finance, healthcare, business services, science and technology, education, and real estate. The expansion is fueled by the region's strategic location in the center of the country and is located at the nexus of major roadways such as Interstates 35, 30, 20, and 45. It is predicted by most analysts that economic activity in the area will exceed the state and national growth averages across most indicators. The region is set for long-term development due in part to its transportation infrastructure, low cost-of-living, business friendly regulatory environment, mild weather, young population, and large work force.

A chart of the four counties in the Metroplex, with the highest populations is shown below. Dallas County is the most populated county in the region with 2,613,539 residents, followed closely by Tarrant County with 2,110,640, Collin County with 1,064,465, and Denton County with 906,422. Other outlying counties such as Ellis, Johnson, Parker, Kaufman, Rockwall, Wise etc. add up to another 1,014,476 residents. The subject property is in the northwest area of Ellis County.

PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX



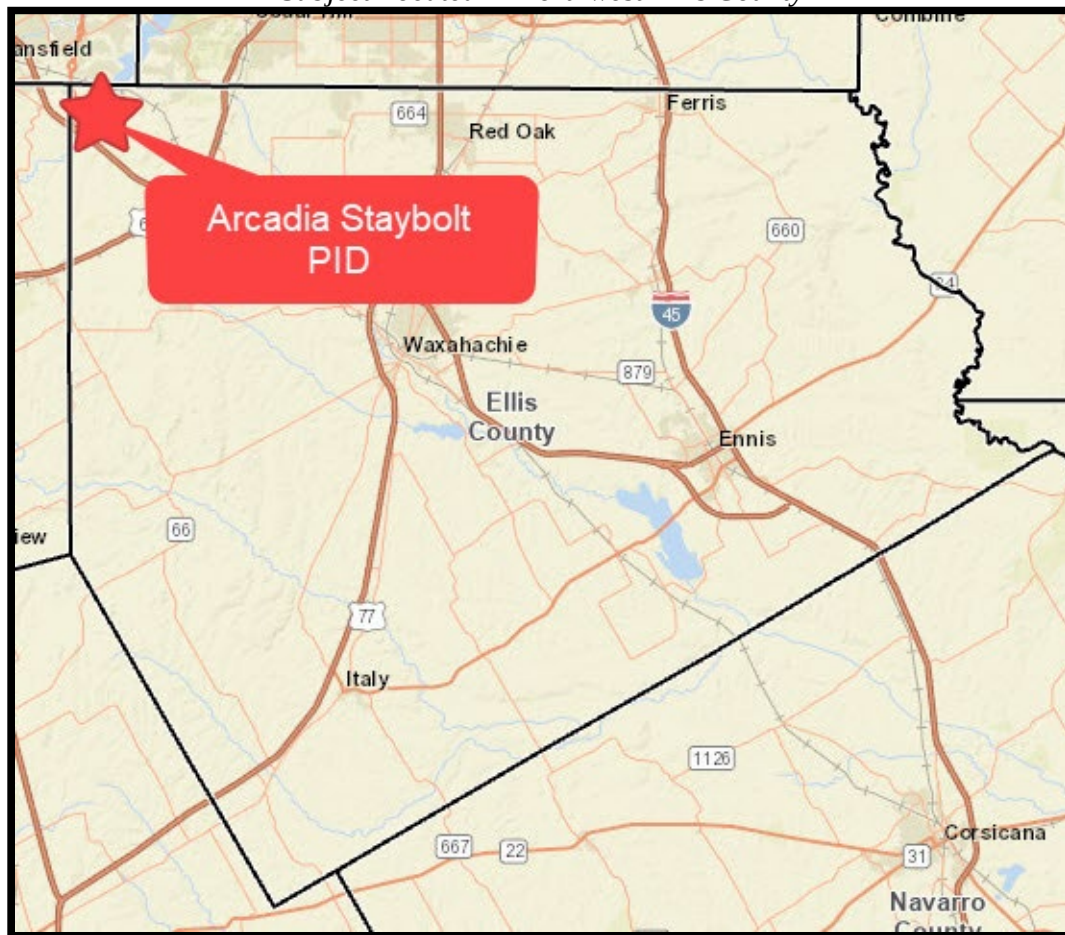
ELLIS COUNTY OVERVIEW

Ellis County, Texas, located in the Dallas-Fort Worth metropolitan area, is experiencing consistent population growth due to its proximity to major urban centers and the availability of affordable housing options. The county encompasses an area of approximately 952 square miles, featuring a mix of agricultural land, residential developments, and industrial properties. Its economy is supported by diverse industries, including manufacturing, logistics, and agriculture, with significant contributions from transportation networks like Interstate 35 and U.S. Highway 287, and State Highway 360. The growing population and business-friendly environment have prompted increased demand for commercial and residential properties, making Ellis County an attractive location for real estate investment.

Property values in Ellis County have shown steady appreciation over the past decade, driven by economic growth and infrastructure development. The housing market remains competitive, with a variety of property types ranging from single-family homes to larger rural tracts. Key municipalities like Waxahachie and Midlothian serve as economic hubs within the county, hosting both local businesses and regional employers. Additionally, new residential and commercial developments are under construction, further enhancing the county's appeal. These trends underscore the importance of a thorough analysis of comparable sales, market trends, and property-specific factors when determining accurate valuations for properties in Ellis County.

MAP OF ELLIS COUNTY

Subject Located in Northwest Ellis County



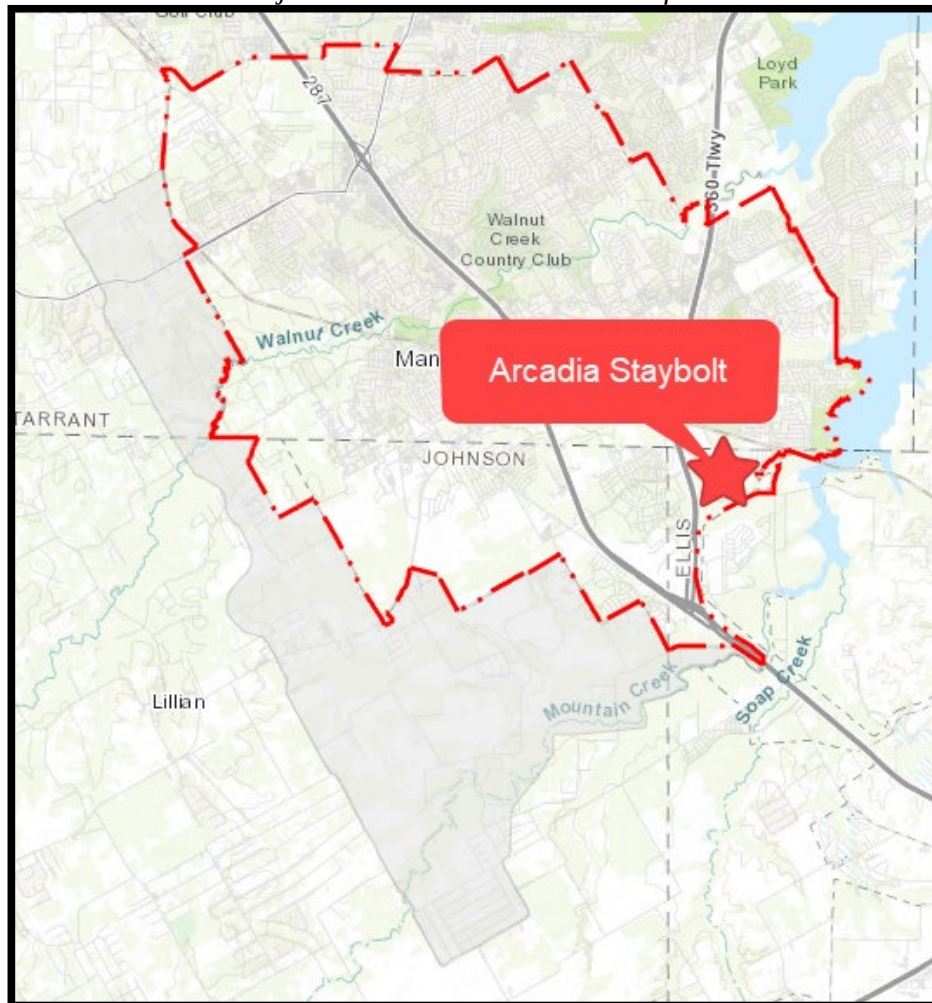
CITY OF MANSFIELD OVERVIEW

Mansfield, Texas, a rapidly growing suburban city in the Dallas-Fort Worth area, spans parts of Tarrant, Johnson, and Ellis counties. The city's advantageous location near major highways, such as U.S. Highway 287 and State Highway 360, contributes to its strong residential and commercial development. Mansfield is known for its high-performing school district, parks, and recreational amenities, which attract families and contribute to sustained population growth. The local economy is supported by a mix of retail, healthcare, education, and light industrial sectors, making it a well-rounded and appealing area for investors and residents alike.

Mansfield's real estate market demonstrates stable growth, with rising property values fueled by demand for residential housing and proximity to employment centers in the greater DFW metroplex. Residential properties range from entry-level homes to luxury developments, while commercial properties include retail centers and office spaces catering to the city's expanding population. Ongoing infrastructure improvements and new developments further solidify Mansfield as a desirable location for both residential and commercial real estate.

MAP OF THE CITY OF MANSFIELD

Subject Located in Southeast Mansfield

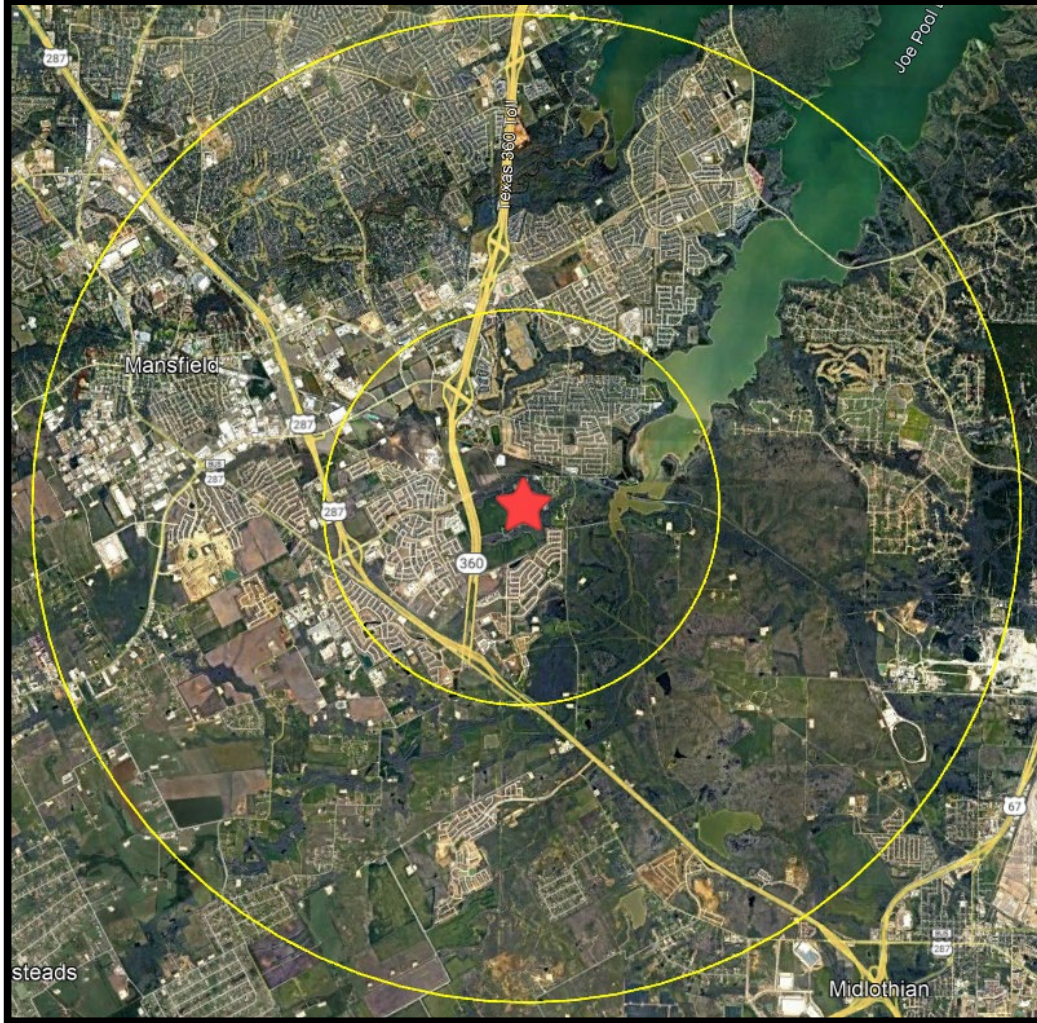


NEIGHBORHOOD ANALYSIS

A neighborhood may be defined as a section of a community or an entire community. It refers to relatively unified areas with definite boundaries which exhibit a fairly high degree of homogeneous uses – basically a group of complimentary land uses that exhibit a greater degree of commonality than the larger area. The boundaries of a neighborhood define the geographical area which exerts influence on the value of the subject property. Arcadia Staybolt PID Phase 1 is located within the City of Mansfield, Ellis County, Texas and is within the Dallas-Plano-Irving MSA.

NEIGHBORHOOD MAP

Geographic radii of 2 and 5 miles indicating the approximate neighborhood boundaries around the Subject

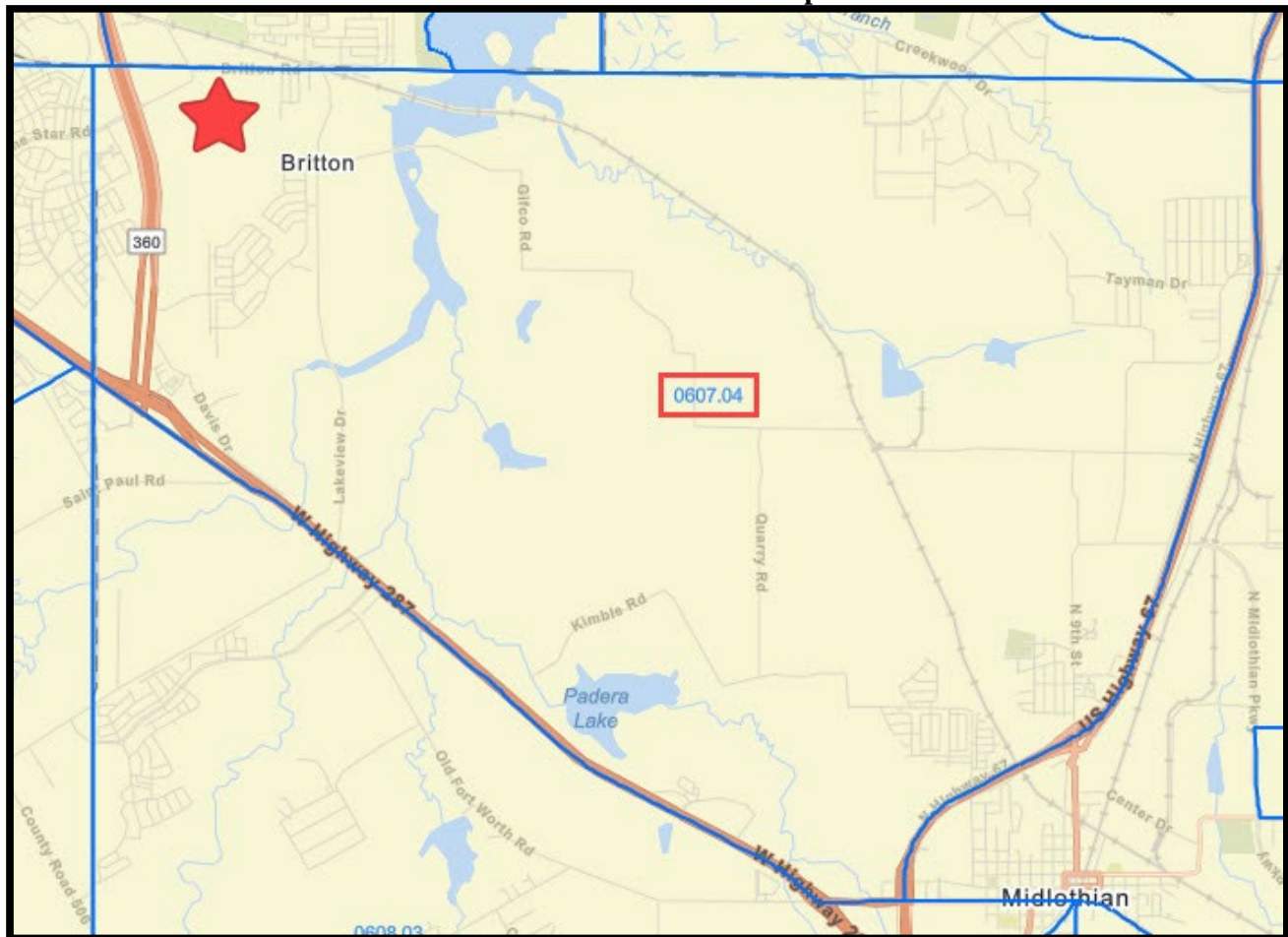


	2 Miles	5 Miles
North	Grand Meadow Boulevard	Bratcher Drive
East	Gifco Road	Lake Ridge Parkway
South	Saint Paul Road	Miller Road
West	US Highway 287	Jessica Drive

NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 0607.04 with the FFIEC Geocode Census Report shown on the following page. The census tract report for 0607.04 indicates that 4,815 people reside in the tract and family median income levels are in the middle tier with estimated median family incomes of \$98,575. Within census tract 0607.04, approximately 58% of housing units are owner-occupied with 40% being renter-occupied and 2% being vacant. These housing and demographics statistics indicate middle class residents who tend to live in single-family homes.

Census Tract 0607.04 Map



Tract 0607.04 Census Report



2024 FFIEC Geocode Census Report

Address: Selected Tract
 MSA: 19124 - DALLAS-PLANO-IRVING, TX
 State: 48 -
 County: 139 - ELLIS COUNTY
 Tract Code: 0607.04

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2024 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$110,300
2024 Estimated Tract Median Family Income	\$98,575
2020 Tract Median Family Income	\$78,929
Tract Median Family Income %	89.37
Tract Population	4815
Owner-Occupied Units	1004
1- to 4- Family Units	1293

Census Income Information

Tract Income Level	Middle
2020 MSA/MD/statewide non-MSA/MD Median Family Income	\$88,315
2024 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$110,300
% below Poverty Line	3.20
Tract Median Family Income %	89.37
2020 Tract Median Family Income	\$78,929
2024 Estimated Tract Median Family Income	\$98,575
2020 Tract Median Household Income	\$72,360

Census Population Information

Tract Population	4815
Number of Families	1296
Number of Households	1702

Census Housing Information

Total Housing Units	1744
1- to 4- Family Units	1293
Median House Age (Years)	18
Owner-Occupied Units	1004
Renter Occupied Units	698
Owner Occupied 1- to 4- Family Units	1004
Inside Principal City?	NO
Vacant Units	42

DEMOGRAPHIC SUMMARY

Analytics from CoStar of the area are provided below. Within a 10-mile radius of the subject there are 428,573 people which represents a 0.90% annual increase in population since 2020 and highlights the slow growth that has occurred in this portion of Ellis County. The population growth is expected to speed up in the coming years and grow another 1.5% annually over the next five years. Median household incomes in the 10-mile radius is \$91,716.

Population			
	2 miles	5 miles	10 miles
2020 Population	15,291	88,190	414,289
2024 Population	18,306	94,947	428,573
2029 Population Projection	20,569	102,766	460,472
Annual Growth 2020-2024	4.9%	1.9%	0.9%
Annual Growth 2024-2029	2.5%	1.6%	1.5%
Median Age	34.1	36.3	36.5
Bachelor's Degree or Higher	36%	39%	32%
U.S. Armed Forces	76	247	503

Income			
	2 miles	5 miles	10 miles
Avg Household Income	\$132,849	\$129,099	\$110,396
Median Household Income	\$111,798	\$108,460	\$91,716
< \$25,000	299	1,699	11,873
\$25,000 - 50,000	630	3,713	20,503
\$50,000 - 75,000	586	3,607	23,108
\$75,000 - 100,000	928	4,742	21,414
\$100,000 - 125,000	1,104	4,552	18,314
\$125,000 - 150,000	703	3,635	14,598
\$150,000 - 200,000	744	4,086	16,017
\$200,000+	934	4,569	13,778

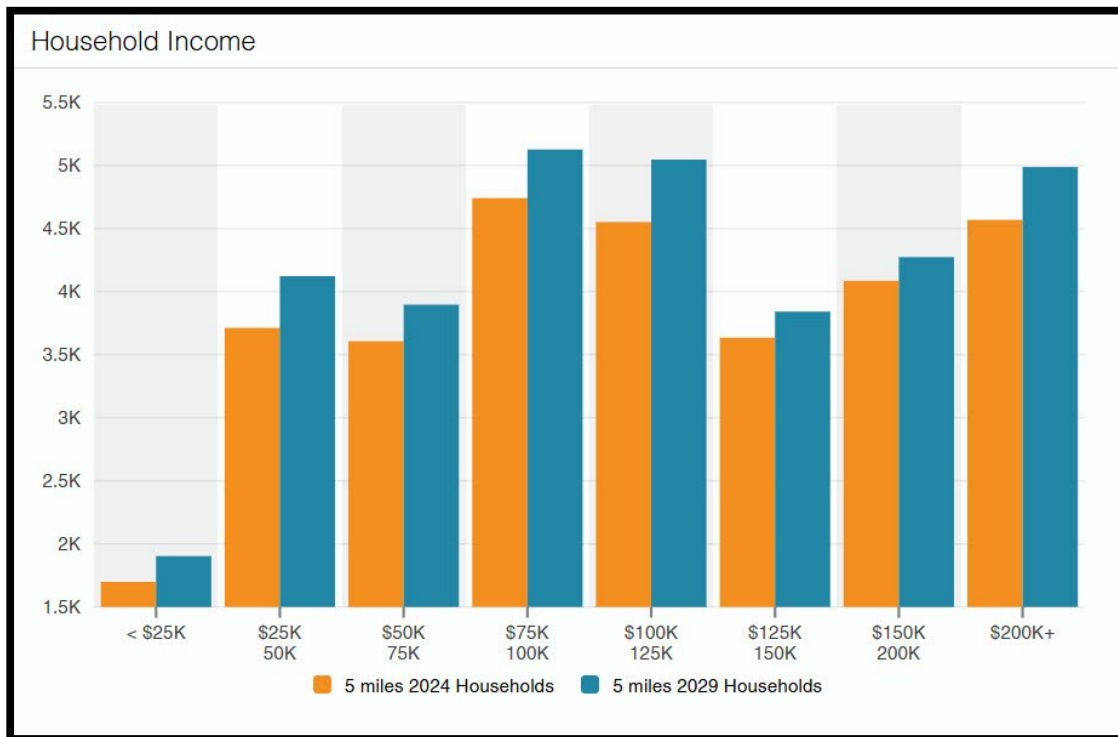
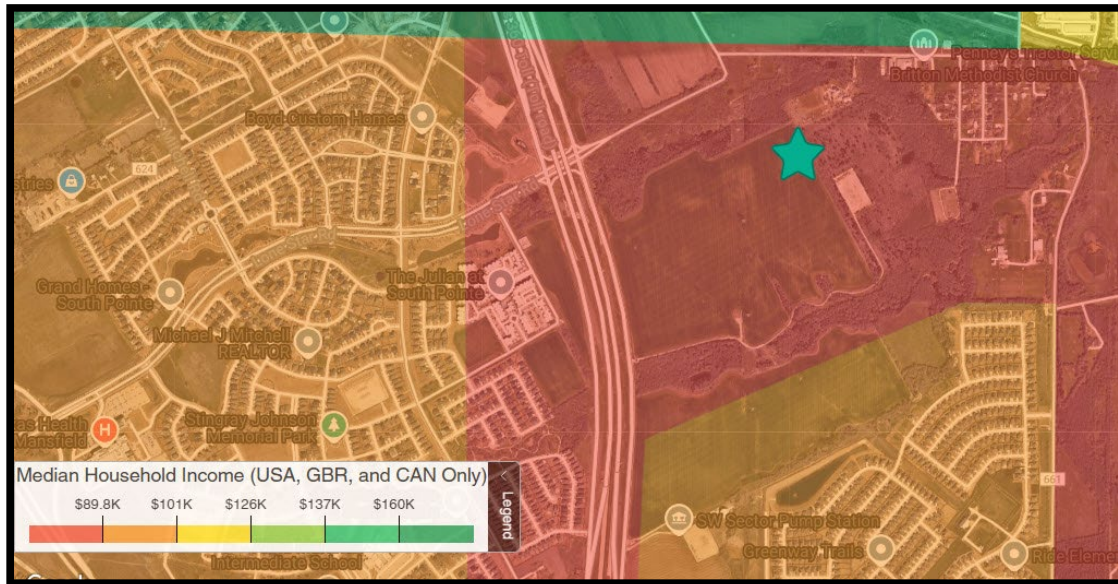
EMPLOYMENT DATA

A table of the 2, 5, and 10-mile radius employment figures are shown below. The numbers highlight the area's economy with most employees in the area surrounding the subject in service-producing industries.

Daytime Employment						
Radius	2 miles		5 miles		10 miles	
	Employees	Businesses	Employees	Businesses	Employees	Businesses
Service-Producing Industries	1,264	172	33,948	2,917	109,881	12,146
Trade Transportation & Utilit...	56	11	8,158	331	29,723	1,995
Information	20	1	323	28	1,356	158
Financial Activities	64	15	1,430	327	6,101	1,456
Professional & Business Se...	85	23	7,910	373	14,390	1,493
Education & Health Services	547	94	9,745	1,235	28,271	3,994
Leisure & Hospitality	316	10	3,363	254	19,026	1,217
Other Services	159	17	2,375	339	8,895	1,708
Public Administration	17	1	644	30	2,119	125
Goods-Producing Industries	193	22	4,325	321	13,377	1,340
Natural Resources & Mining	0	0	21	8	94	33
Construction	155	19	1,310	209	5,772	940
Manufacturing	38	3	2,994	104	7,511	367
Total	1,457	194	38,273	3,238	123,258	13,486

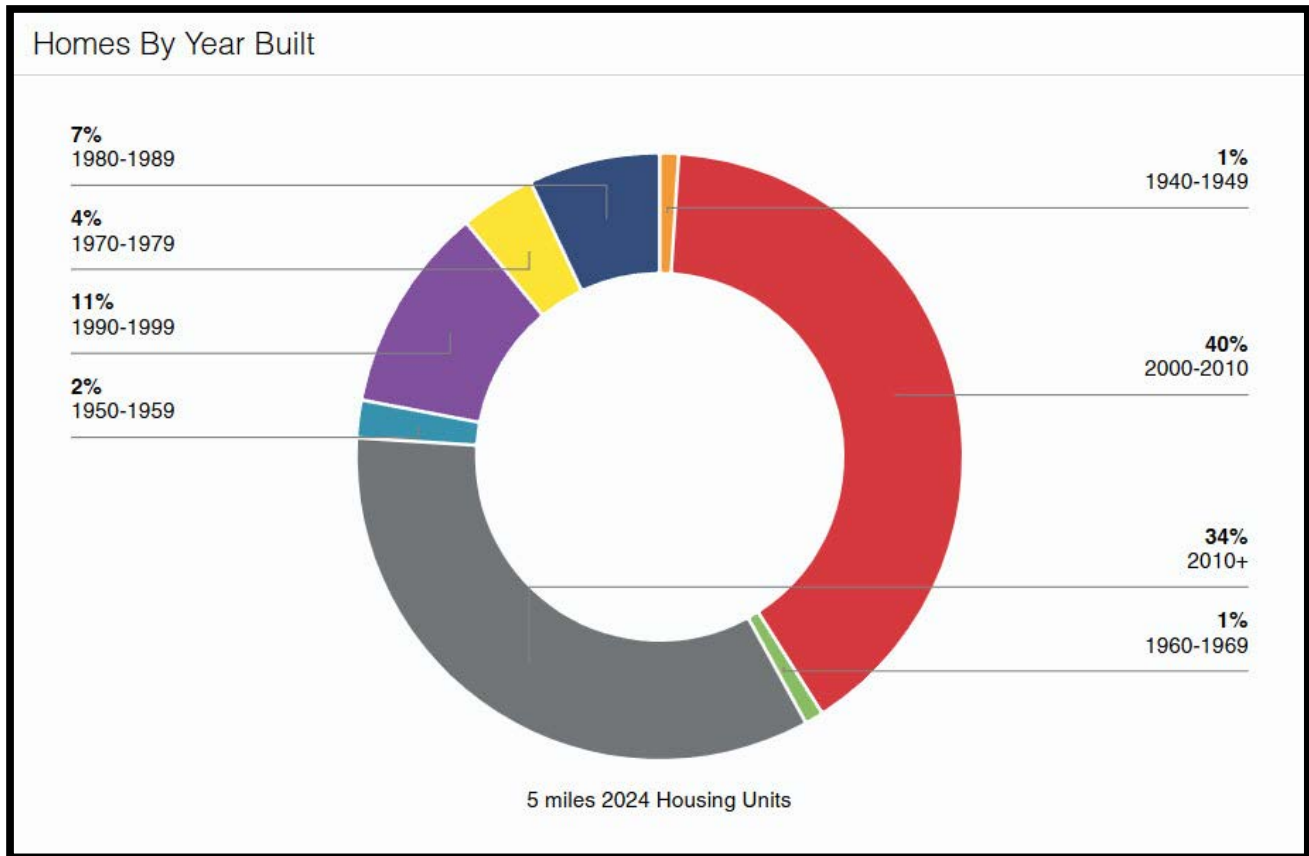
CoStar Analytics – Map of Median Household Income

As indicated by the map below, median incomes in the vicinity of the subject property are below \$89.8K. Median incomes south of the DFW metroplex tend to be higher in suburban areas outside the population centers in Dallas and Fort Worth. This is especially true in areas South of Dallas where affluent communities have concentrated for the past few decades.



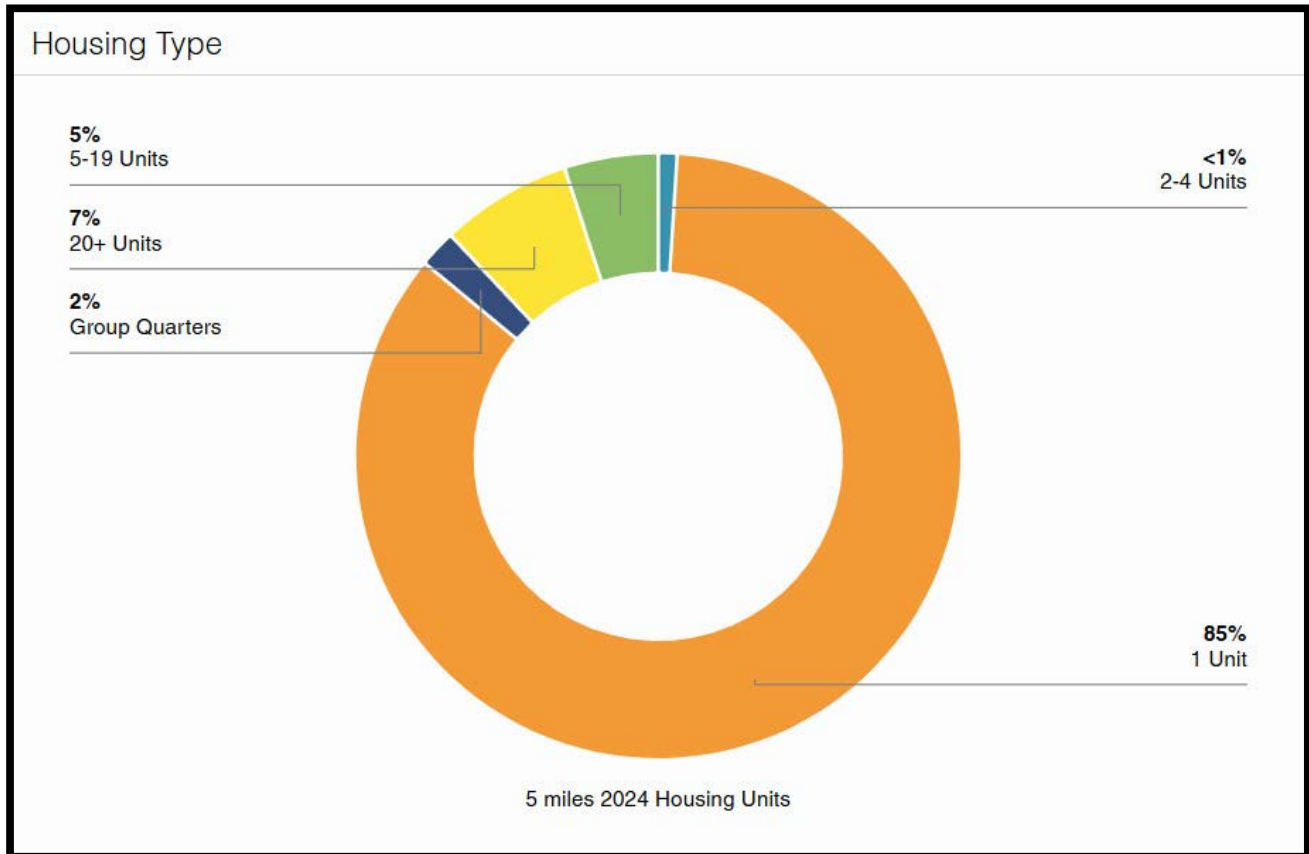
CoStar Analytics – Housing Statistics

Most housing in the area (74%) are homes that were built after 2000. This is consistent with the growth stage of the surrounding area which has experienced numerous residential subdivision developments in recent years.



CoStar Analytics – Housing Statistics

In addition, the vast majority (85%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with attached and detached single-family housing that is consistent with the surrounding area.



NEW MANSFIELD ENTERTAINMENT DISTRICT

The new entertainment district in Mansfield, known as Staybolt Street, is a transformative 100-acre development that promises to redefine entertainment, hospitality, and housing in the area. Anchored by a multi-sport stadium seating approximately 7,000, the district will host youth and elite athletics, concerts, and events. It will also feature a family-friendly High 5 Entertainment center with activities like bowling, laser tag, and a rooftop concert space.

The district is strategically located along Toll Road 360, ensuring easy access for visitors while minimizing congestion on city roads. Additional infrastructure upgrades will enhance traffic flow within the area. The development includes multiple hotels, a convention center, retail spaces, a boardwalk park, and housing options, including 700 new single-family homes.

Staybolt Street is expected to bring significant economic benefits to Mansfield, including new jobs, increased tourism, and higher sales tax revenue. The project is set to be completed by 2026.



ALIGNED DATA CENTERS

Just north of the subject, Aligned Data Centers is expanding its footprint in the Dallas-Fort Worth Metro Area with a new data center campus in Mansfield, Texas. Known as DFW-03, this facility is strategically located on a 27-acre site with an on-site substation to meet the growing demand for AI, cloud, and enterprise applications. The initial capacity is expected to be available by Q4 2025, offering rapid access to critical infrastructure.

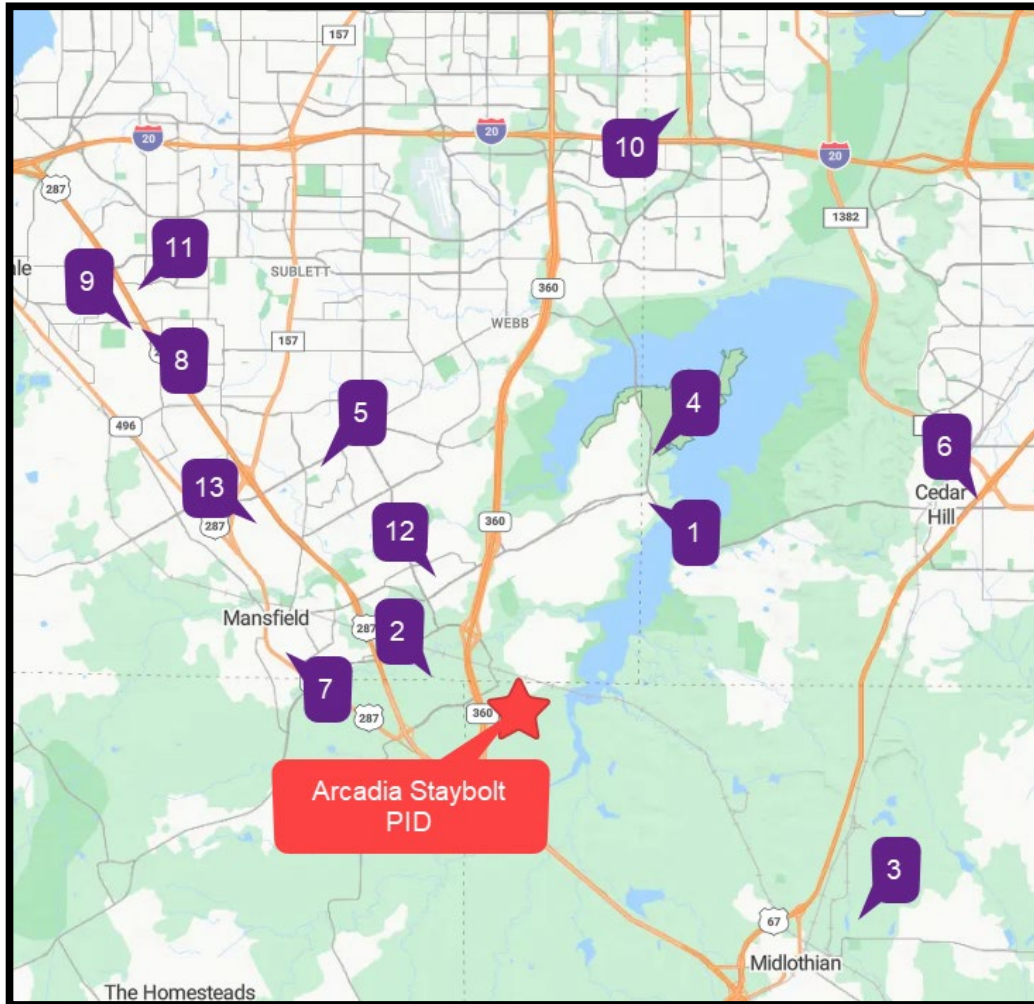
The data center features Aligned's adaptive modular infrastructure, which accelerates deployment through prefabrication and on-site delivery of components. It also incorporates award-winning air and liquid cooling technologies, enabling customers to transition between cooling systems or deploy hybrid solutions to accommodate high-density workloads.

Aligned has also established the "Roots for the Future Fund" in partnership with the City of Mansfield. This initiative supports city beautification and the planting of native trees, enhancing sustainability and community engagement.



Map of Notable Nearby Developing Residential Subdivisions

A map of notable built out, developing, and planning single-family residential subdivisions are shown below which highlights the similar and conforming uses around the subject property.



MAP KEY			
1	Mira Lagos Villas	8	Knights Landing Addition
2	Reserve Townhomes at Mansfield	9	Charleston
3	Mid Towne Brownstones	10	Midtown GP
4	Lake Ridge Commons Townhomes	11	Hogans Cottages
5	Parkside Estates	12	Colby Crossing
6	Broadmoor Village	13	Watson Branch
7	Main Street Village		

ABSORPTION ANALYSIS

RESIDENTIAL ANALYSIS

The subject property is Arcadia Staybolt PID Phase 1 which consists of approximately 47.095 acres in Ellis County being developed into attached and detached single-family lots for residential use. The property is owned by Arcadia Staybolt Land Investments, LLC, which will subsequently be conveyed to Arcadia Staybolt Phase 1, LLC prior to groundbreaking. According to the owner, there are no current purchase and sale contracts.

When analyzing the financially feasible and maximally productive use of the site, uses that are both physically possible and legally permissible must be considered. An important factor affecting the development of the subject is the surrounding land usage. For the subject property, the primary potential use is single-family residential development as that conforms to recent land development in the City of Mansfield. The neighborhood is best described as the area south of Lone Star Road, West of Noah Street, and East of State Highway 360. The neighborhood is a mix of residential development and a cemetery to the east, agricultural land to the south and west, and commercial uses and a church to the north. West of the subject property, State Highway 360 which runs north/south, has several community commercial uses located on this traffic carrier.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved, and the City of Mansfield has experienced this consistent population growth. Low interest rates persisted nationally in 2021, and the markets rose significantly, but from 2022-2024 and into the beginning of 2025 we have seen higher interest rates as the Fed seeks to combat inflation. Still, with large numbers of immigration from outside DFW from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate in growing communities like Mansfield is expected to remain strong. Those end-user homebuyers in Arcadia Staybolt PID Phase 1 are expected to be middle income earners as the average home price for finished single-family homes in the community is expected to average out to \$370,000 for the 22-FF Lots, and \$430,000 for the 35-FF Lots and \$447,500 for the 45-FF Lots.

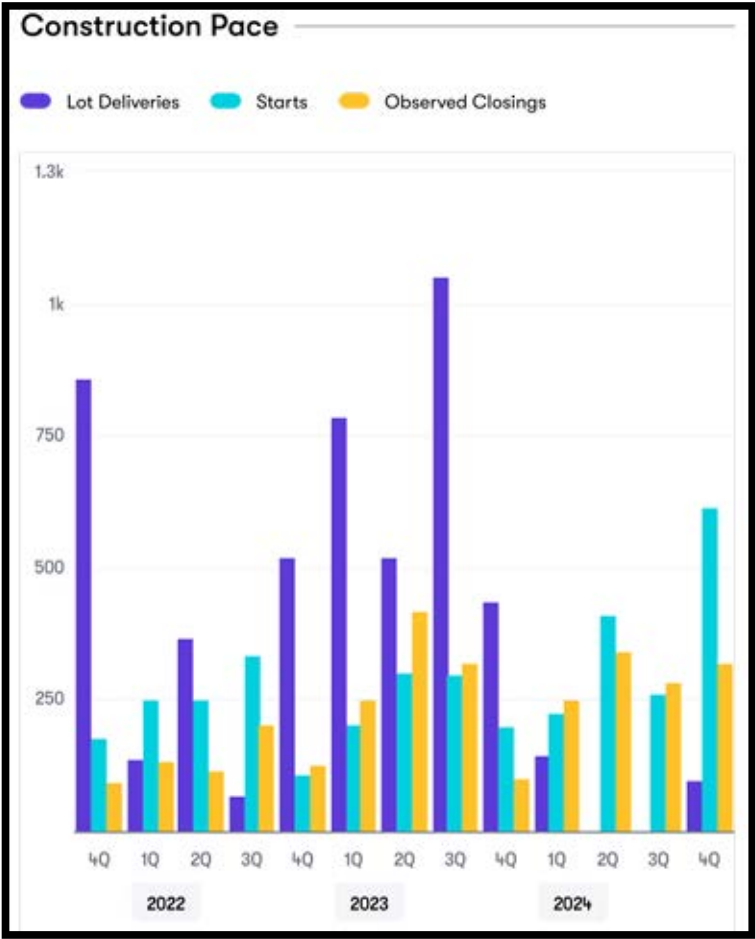
Demand for vacant developed lots (VDLs) for home builders is currently very high; however, material and labor shortages were well-publicized in 2021 and have continued to ease in late-2022 and in 2023 according to the Texas Real Estate Research Center. Developable residential land in DFW with good access to Fort Worth and Dallas is in high demand with developments moving ever further away from the Dallas and Fort Worth CBDs and highly developed areas south of Dallas and Fort Worth where vacant land is scarce after decades of growth. The subject property –Arcadia Staybolt PID Phase 1– is removed from the large Central Business Districts in the Metroplex but relatively near areas of Ellis, Johnson, and Tarrant Counties where many young families have migrated when searching for safe neighborhoods, good schools, relatively affordable new homes, and desirable residential amenities.

Based on the preceding, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends and current available data. Since the first residential lots are not scheduled to be complete until July 1, 2026, we will analyze the historical trends and attempt to forecast the absorption rates based off data, analytics, and our conversations with developers in the market.

We determined a 10-mile radius around the subject property is suitable for our absorption analysis as the competitive supply of lots is within this area. Further, we examined residential communities with lot widths between 20'- 50'.

Arcadia Staybolt Public Improvement District, Phase 1

The following charts reflect starts, deliveries, and closings in the market area from 4Q2021-4Q2024. Sales decreased from 4Q2021-1Q2022, then increased from 2Q2022-3Q2023 before once again decreasing from 4Q2023 to 4Q2024. As expected, the rate of annual starts has increased in the past year as homebuilders anticipated increased demand due to rising interest rates. The area has also seen consistency in the rate of closings in the previous year as reflected in the numbers reported by Zonda.

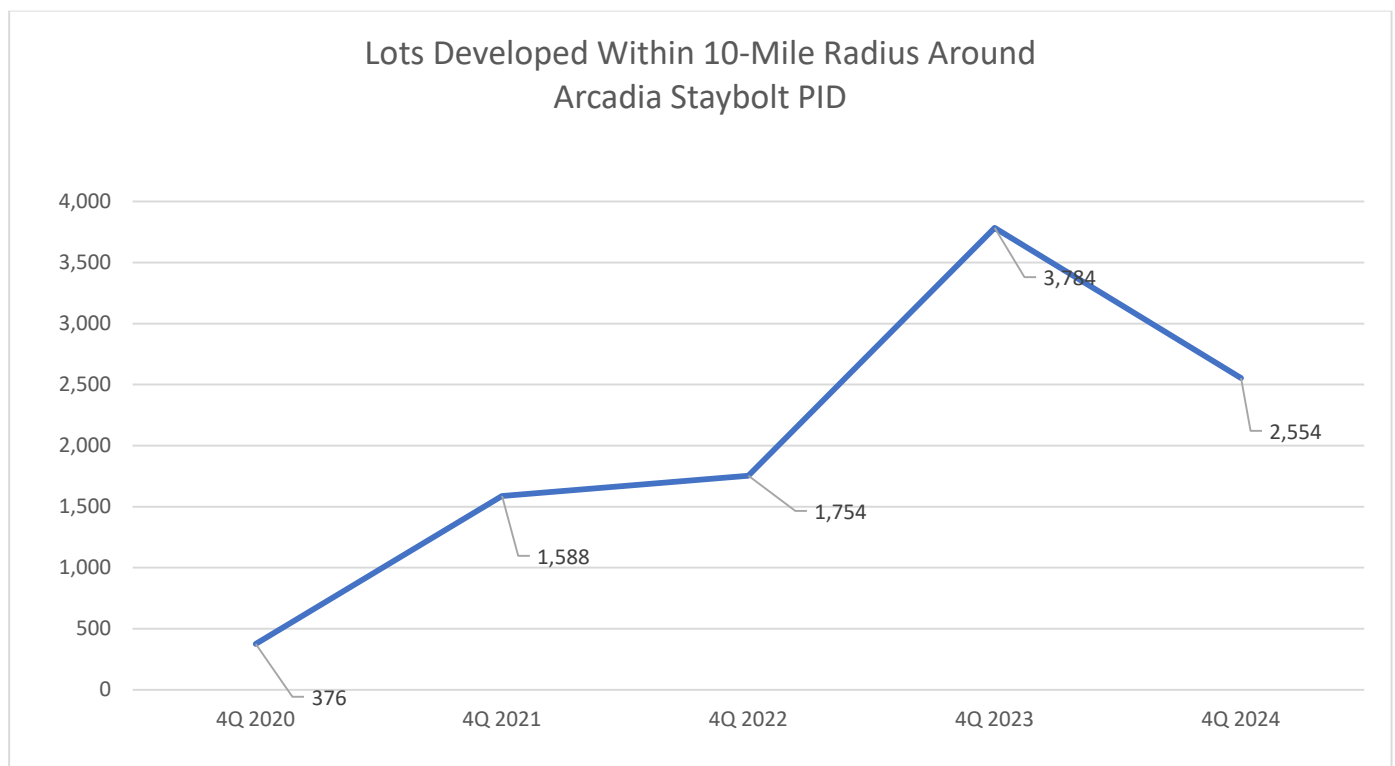


DEFINED SUBMARKET AREA

As shown in the previous chart, the absorption of lots (determined from home construction starts) within the selected area has increased from 4Q2023 to 4Q2024. According to Zonda, the selected area absorbed the following number of 20'-50' lots year-over-year from 4Q 2020 to 4Q 2024:

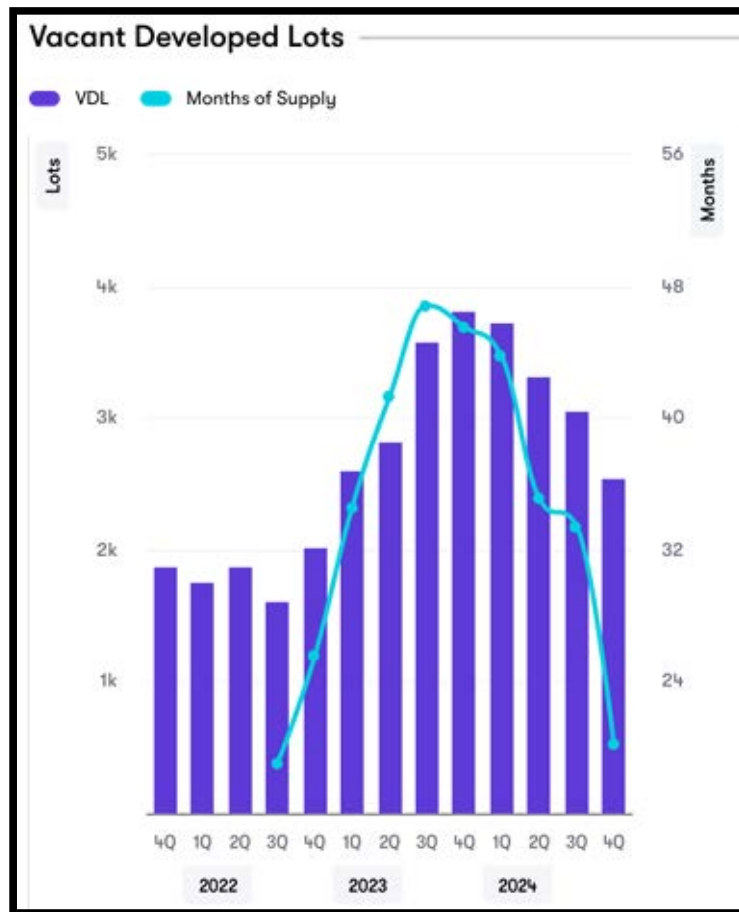
- 376 – lots absorbed
- 1,588 – lots absorbed
- 1,754 – lots absorbed
- 3,784 – lots absorbed
- 2,554 – lots absorbed

From 2020-2024, the *annual average* of lots absorbed was 2,011 ($10,056 \div 5$). Utilizing the more recent 24-month absorption of lots (3Q2022 to 3Q2024), the annual average of lots absorbed increases to 2,697 ($8,092 \div 3$) lots in the area.



COMPETITIVE SUPPLY (LOT INVENTORY)

According to Zonda, the existing supply of available housing is presently far below balanced levels in our selected submarket as the number of VDLs in the area decreased from 4Q2021 to 3Q2022 to a low of ~1,600 VDLs with ~12 months of supply. From there VDL counts rose from 4Q2022-4Q2023 to a high of just under ~4,000 with ~46 months of supply. **The present VDL count is near 2,500 with about a 12-month supply.** It should be noted that this is a large radius – 10 miles – for such a developed single-family residential area but we determined prospective buyers would search subdivisions throughout Ellis, Johnson, and Tarrant Counties and with a preference to be outside of the major infrastructure but close enough to commute for employment.



Thus, the total lot supply is considered to be considerably **below** the ideal supply levels for a significantly developing market. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, *with increasing demand and declining lot supply, it appears that additional lot product in the submarket is feasible and needed at the current time.* This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.

Having considered the supply of lots in the market, it is now prudent to examine the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption of the subject's proposed lots.

ABSORPTION ANALYSIS – 22’, 35’, AND 45’ LOTS

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject’s lots. All data is per Zonda as of 4Q2024.

22’ Lots

We included data for lots that were 21’-30’ lots within a 10-mile radius. Since data on townhome lots is relatively plentiful, we selected ten comparable absorption schedules we concluded are similar to the subject and considered some of these communities are smaller and some larger than Arcadia Staybolt PID Phase 1.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Mira Lagos Villas	21'	0	24	12	0.0	2.0
Reserve Townhomes at Mansfield	21'	0	254	12	0.0	21.2
Mid Towne Brownstones	21'-25'	27	4	12	81.0	0.3
Lake Ridge Commons Townhomes	22'	0	41	12	0.0	3.4
Parkside Estates	22'	85	43	12	23.7	3.6
Broadmoor Village	25'	98	28	12	42.0	2.3
Main Street Village	25'	42	27	12	18.7	2.3
Knights Landing Addition	28'-35'	93	21	12	53.1	1.8
Charleston	30'	59	15	12	47.2	1.3
Midtown GP	30'	96	46	12	25.0	3.8
AVERAGE		50.0	50.3	12.0	29.1	4.2

Our analysis indicates Starts/Month is between 0.3 and 21.2 with an average of 4.2 starts/month and a median of 2.3 starts/month. We similarly weighed and considered **the subject property’s 22’ lots would likely absorb 4 lots/month, or approximately 12 lots per quarter.**

35’ Lots

We included data for lots that were 30’-40’ lots within a 10-mile radius. Since data on 35’ lots is somewhat limited, we selected three comparable absorption schedules at nearby communities we concluded are similar to the subject and considered some of these communities are smaller and some larger than Arcadia Staybolt PID Phase 1.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Charleston	30'	59	15	12	47.2	1.3
Midtown GP	30'	96	46	12	25.0	3.8
Hogans Cottages	40'	5	9	12	6.7	0.8
AVERAGE		53.3	23.3	12.0	26.3	1.9

Arcadia Staybolt Public Improvement District, Phase 1

Our analysis indicates Starts/Month is between 0.8 and 3.8 with an average of 1.9 starts/month and a median of 1.3 starts/month. We similarly weighed and considered **the subject property's 35' lots would likely absorb higher than historical numbers due to the expected influx of demand with 3 lots/month, or approximately 9 lots per quarter.**

45' Lots

Again, for the 45' lots, we included data for lots within a 10-mile radius and included 40'-50' lots in our analysis. Data on 45' lots is still somewhat limited, so we selected three comparable absorption schedules at nearby communities which are shown as follows:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Hogans Cottages	40'	5	9	12	6.7	0.8
Colby Crossing	40'-50'	4	6	12	8.0	0.5
Watson Branch	45'	36	50	12	8.6	4.2
AVERAGE		19.0	21.4	12.0	29.3	1.8

Our analysis indicates Starts/Month is between 0.5 and 4.2 with an average of 1.8 starts/month with a median of 0.8 starts/month. We similarly weighted and considered **the subject property's 45' lots would likely absorb higher than historical numbers due to the expected influx of demand with 3 lots/month, or approximately 9 lots per quarter.**

Absorption Summary Projection: 22', 35', and 45' Lots

Based on the preceding, we estimate that lots in the subject property's development will sell 12 lots/quarter for 22' lots, 9 lots/quarter for 35' lots and 9 lots/quarter for 45' lots with absorption beginning June 2026. An Absorption Summary Projection for all lot sizes is shown in the table below for the 189 lots in Arcadia Staybolt PID Phase 1.

Projected Quarterly Absorption Summary - Arcadia Staybolt PID Phase 1								
Lot Type	Jul-2026	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	TOTAL
22-FF	12	12	12	12	12	12	5	77
50-FF	9	9	9	9	9	9	6	60
60-FF	9	9	9	9	9	7		52
Total	30	30	30	30	30	28	11	189

The total absorption period for the 22' townhome lots is expected to be ~19 months ($73 \div 4$ lots/month) and expected to sell out in January 2028. The total absorption period of the 35' lots is expected to be ~21 months ($61 \text{ lots} \div 3 \text{ lots/month}$), and lots are expected to sell out in March 2028. The total absorption period for the 45' lots is expected to be ~18 months ($52 \text{ lots} \div 3 \text{ lots/month}$), and lots are expected to be sold out in December 2027.

SUBJECT PROPERTY ANALYSIS

The entire development of Arcadia Staybolt PID Phase 1 represents a total of approximately 47.095 acres (2,051,458-SF) is currently being developed into one distinct area as follows:

- Arcadia Staybolt PID will consist of 77 22-FF townhome lots, 60 35-FF lots, and 52 45-FF lots with a total of 189 improved residential lots on approximately 47.095 acres.

The following chart shows the lot breakdown of Arcadia Staybolt PID Phase 1:

Arcadia Staybolt PID Phase 1					
Area Type	Size (Acres)	22' Lot Type	35' Lot Type	45' Lot Type	Total Lots Appraised
Residential Lots	47.095-AC	77	60	52	189

Arcadia Staybolt PID Phase 1 is owned by Arcadia Staybolt Land Investments, LLC, which will subsequently be conveyed to Arcadia Staybolt Phase 1, LLC prior to groundbreaking. Arcadia Staybolt PID Phase 1 is located in the southeastern portion of the City of Mansfield. This location is in the northwest portion of Ellis County and approximately 32 miles south of Dallas. The neighborhood is a mix of residential development and a cemetery to the east, agricultural land to the south and west, and commercial uses and a church to the north which is common in cities that are generally suitable for middle income households.

Access to the subject property is considered average as it is located along Lone Star Road which feeds into State Highway 360 and is where the main retail and commercial options near the subject site are found, which has been rapidly developing the past decade.

The subject property will have a mandatory homeowner's association (HOA) over residential portions of the subject property in order to maintain open spaces, common areas, detention areas, and other related improvements or appurtenances that are not dedicated or maintained by the City of Mansfield.

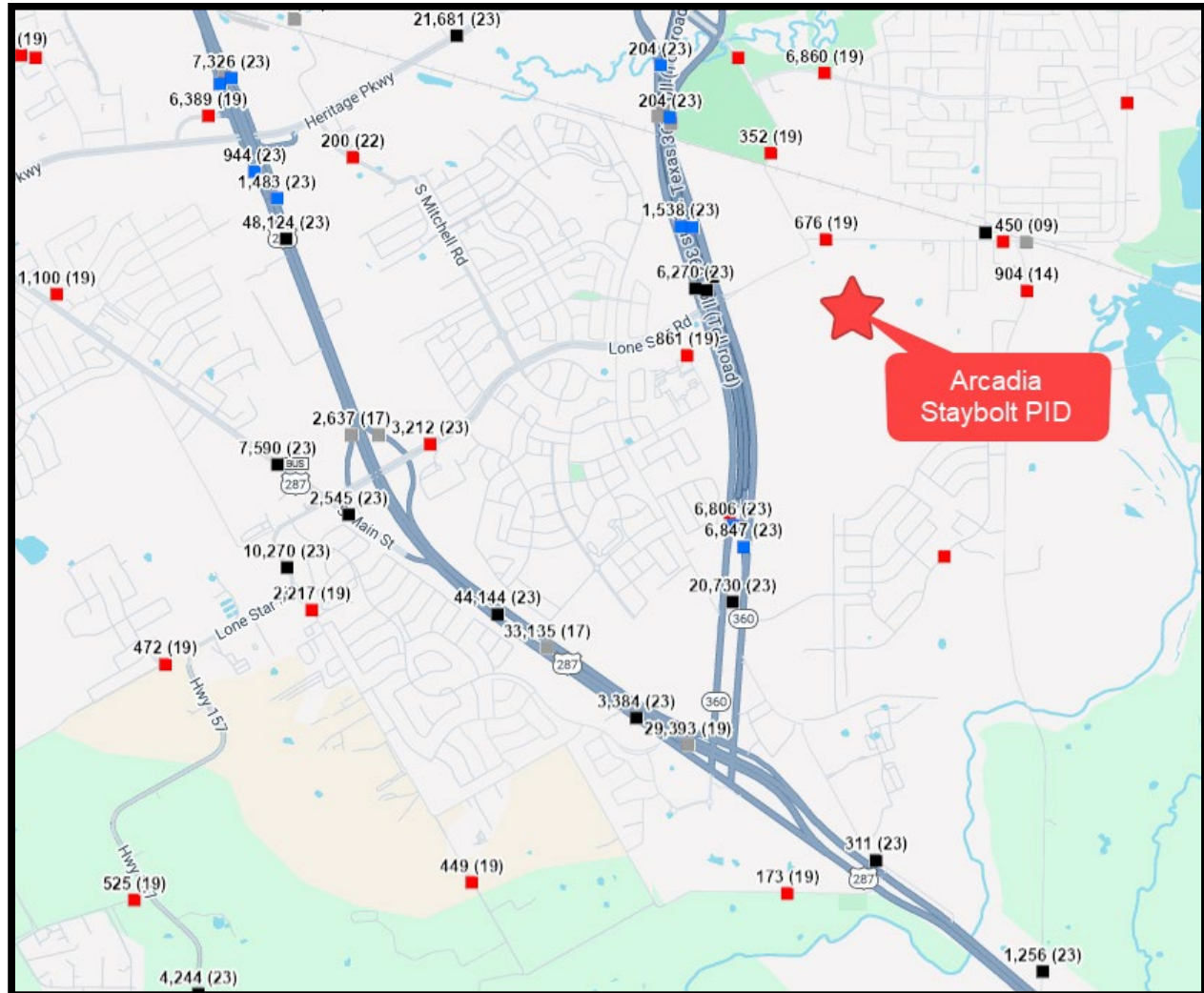
Based on research and discussion with the development team, the price point of homes in the subject's community will be around \$370,000 for the 22-FF Lots, \$430,000 for the 35-FF Lots and \$447,500 for the 45-FF Lots which should be a desirable price point for young families and first- and second-time homebuyers looking for a quiet community near the outskirts of the Dallas-Fort Worth Metroplex but with the amenities of a planned residential community.

ACCESSIBILITY, FRONTAGE, AND STREETS

The subject property is primarily accessed by Lone Star Road which is an east/west bound throughfare that runs through the City of Mansfield and transverses to the northern portion of the subject property. The subject site is approximately 0.7 miles east of State Highway 360, which is a state highway that transverses through Mansfield.

A map from TXDOT is shown below which highlight traffic counts in the vicinity shown on the following map. Notably, Lone Star Road runs to the north of the property and has over 650 average daily vehicles while the State Highway 360, which is 0.7 miles west of the property, carries approximately 20,730 vehicles per day.

TXDOT Traffic Web Viewer



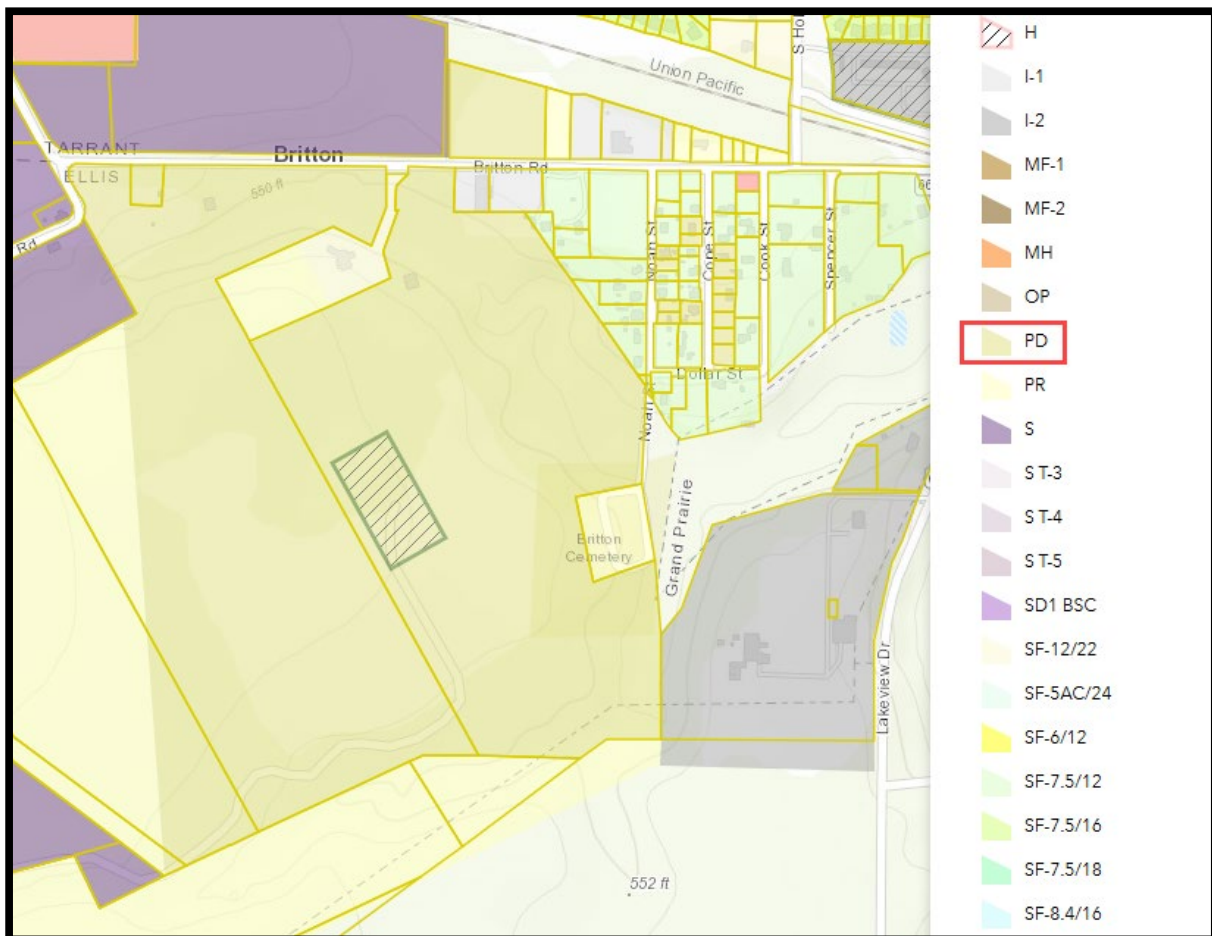
ZONING AND RESTRICTIONS

The Arcadia Staybolt PID was created by a resolution of the City Council. Development of the subject property is governed by a Zoning Ordinance, Ordinance No. OR-2368-24 adopted by the City of Mansfield on June 24, 2024, which covers the 47.095 contiguous acres within Phase 1.

The subject property is zoned Planned Development (PD) by the City of Mansfield. The Planned Development zoning in the City of Mansfield is intended to provide for combining and mixing of uses to permit flexibility in the use and design of land and buildings. The Zoning Ordinance will allow single-family development at the subject property.

The proposed lot construction appears to be a conforming land use. The City of Mansfield Zoning Map is shown below.

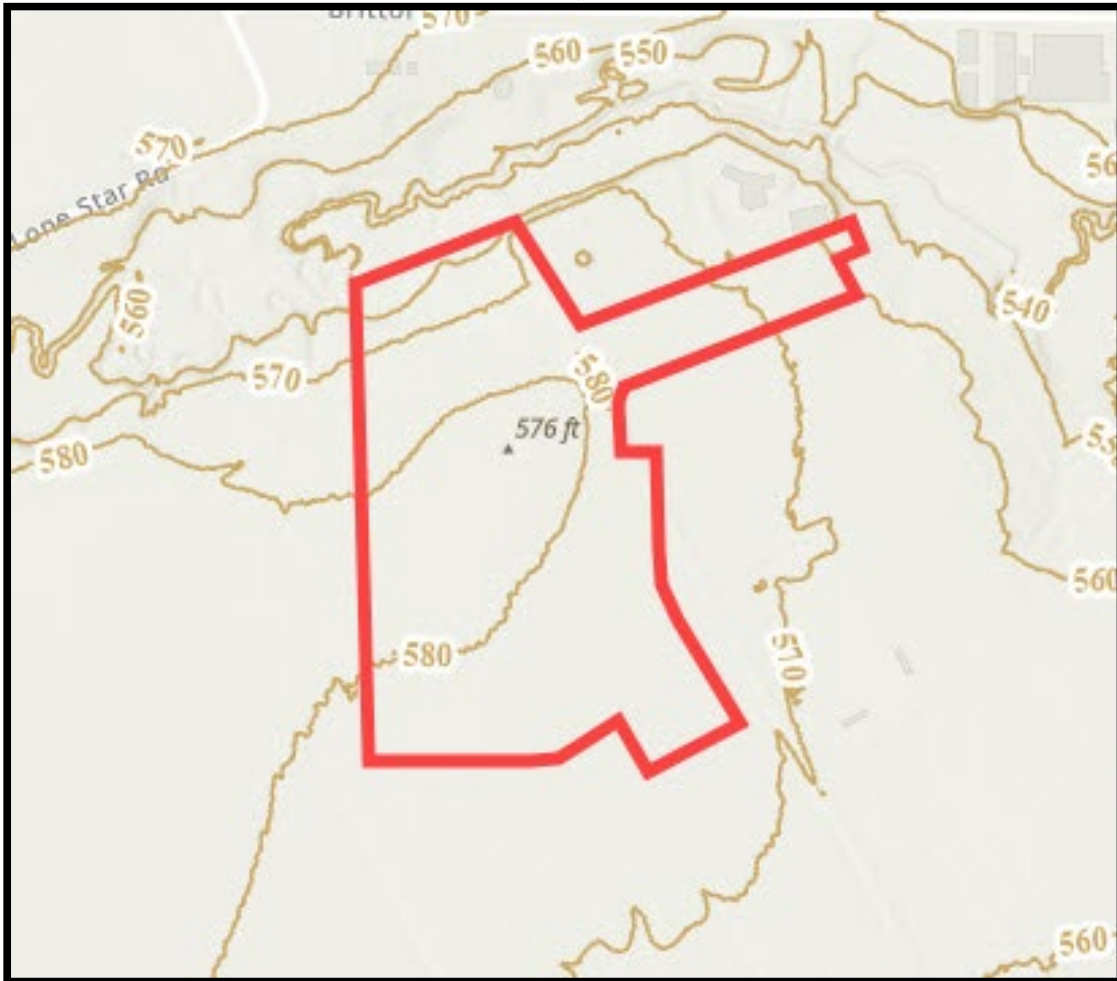
CITY OF MANSFIELD ZONING MAP



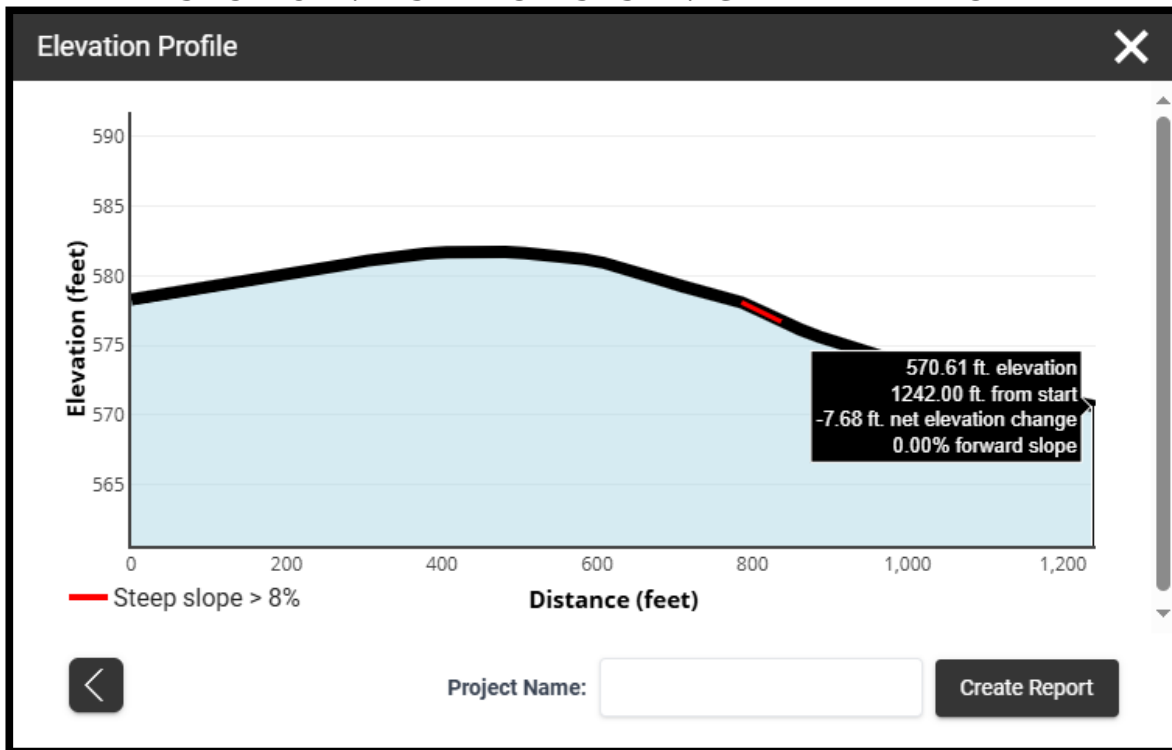
TOPOGRAPHY

The topography of the subject property is described as gently sloping. As of the substantial completion date, July 1, 2026, these topographic maps showing the contours will be slightly out-of-date as the site will be in the process of being improved for single-family lots with streets, storm sewer, and utilities in place. Topographic information is provided by the North Central Texas Council of Governments and Texas A&M Forest Service.

TOPOGRAPHIC MAP
Contours At 10'; Bold at 100'



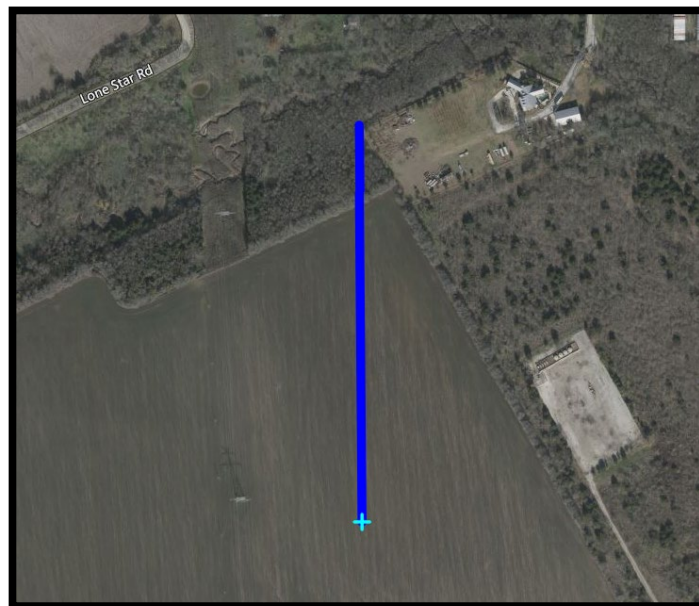
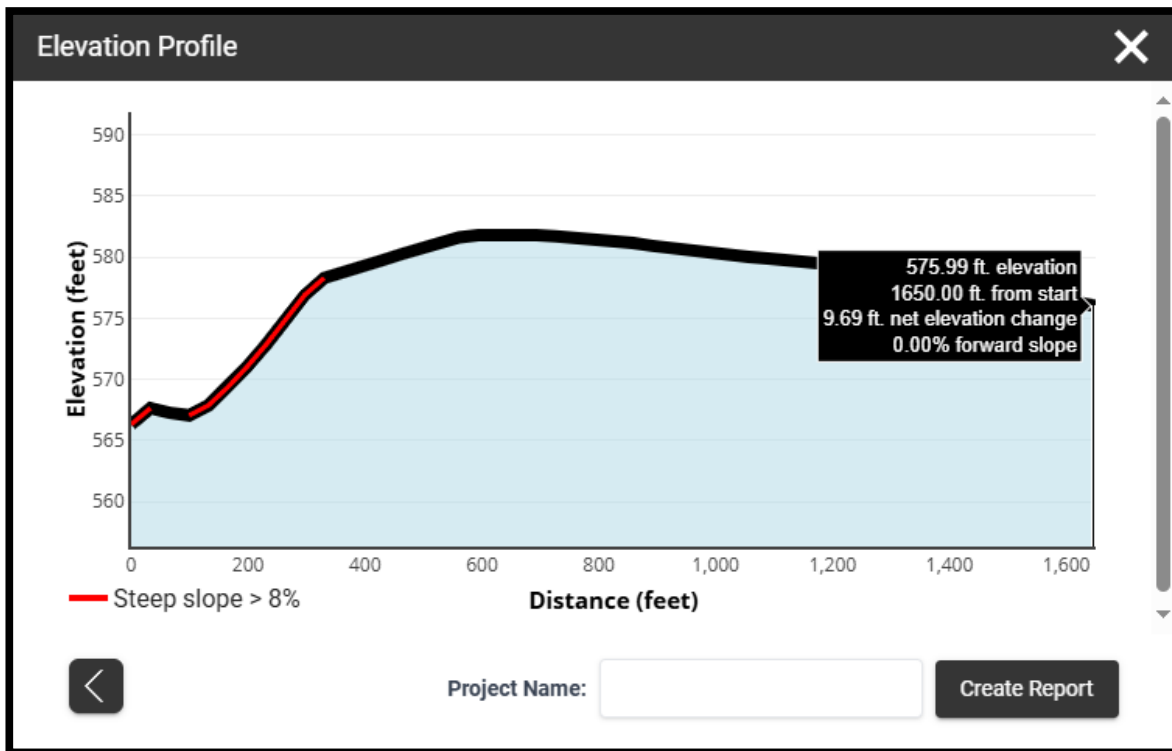
TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY



General Slope of the Property Moving from East to West

- Note that measurements are in feet
- Elevation profile is represented along illustrated axis
- Property slopes east to west with approximately 7.68 feet of variation over approximately 1,242 feet of run

TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY



General Slope of the Property Moving from South to North

- *Note that measurements are in feet*
- *Elevation profile is represented along illustrated axis*
- *Property slopes south to north with approximately 9.69 feet of variation over approximately 1,650 feet of run*

SOIL AND SUB-SOIL CONDITIONS

No soil engineer's report was available to the appraisers and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement to be constructed. As of the report date, the developer has not yet begun excavation and earthwork. Our value conclusions are subject to revision should assumptions that land is stable prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

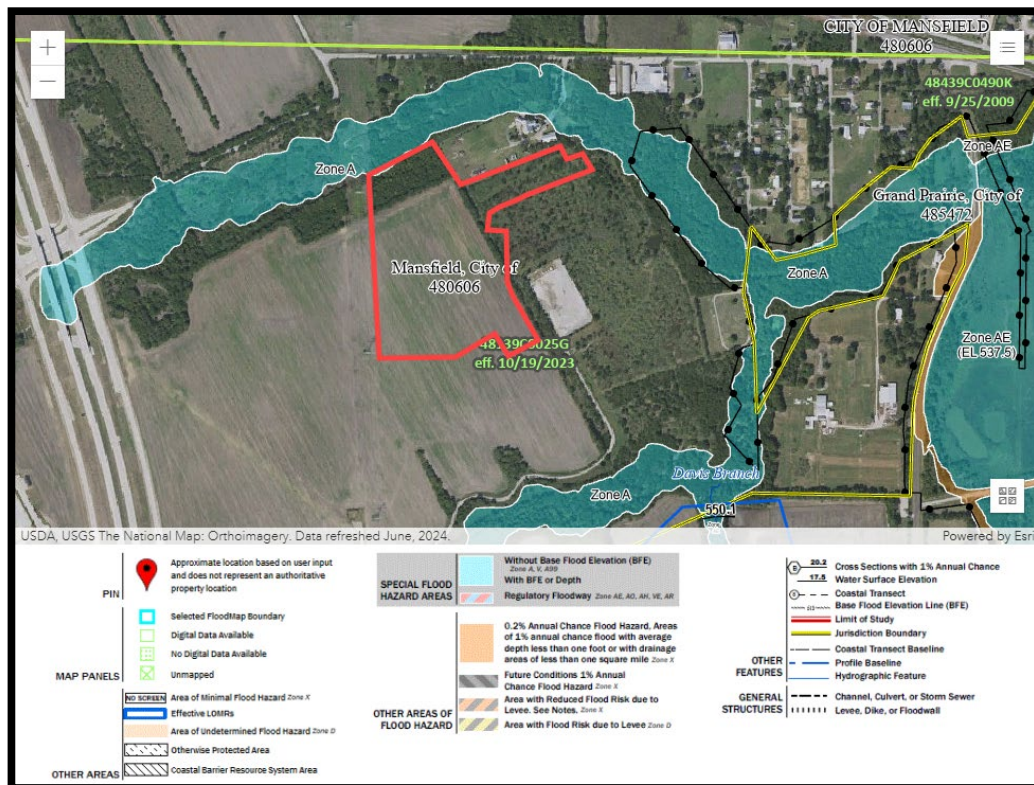
UTILITIES

Electricity to the property will be maintained by Oncor and natural gas will be maintained by Atmos. Water and sanitary sewer services are provided by the City of Mansfield. The subject property is served by the Mansfield Police Department and the Mansfield Fire Department for fire and emergency medical services. Telephone, fiber-optic, and internet are available through AT&T, Spectrum, T-Mobile, Optimum, and Nextlink.

FEMA FLOOD ZONE

Based on map panel 48139C0025G, dated October 19, 2023, the subject site appears to be located within unshaded Zone X, an area determined to be outside the 100-year and 500-year flood plains and is partially within Zone A, an area determined to be within the 100-year flood zone (1% annual chance of flood). This determination is made by graphic plotting only and is not guaranteed. We recommend that a surveyor be utilized to determine the precise floodplain status. Development within Unshaded Zone X does not appear to be detrimental to the development of the subject property. The areas within Zone A are undevelopable, however, those areas may provide areas of waterflow streams and ponds that may be aesthetically appealing in developed communities.

FLOODPLAIN MAP

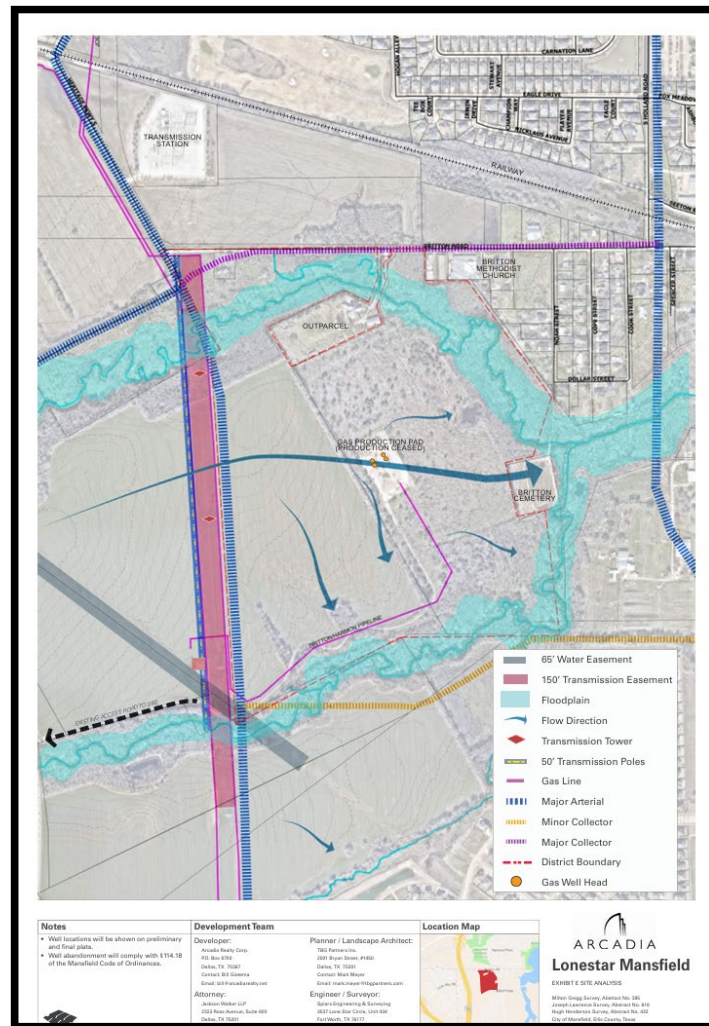


EASEMENTS/ENCROACHMENTS

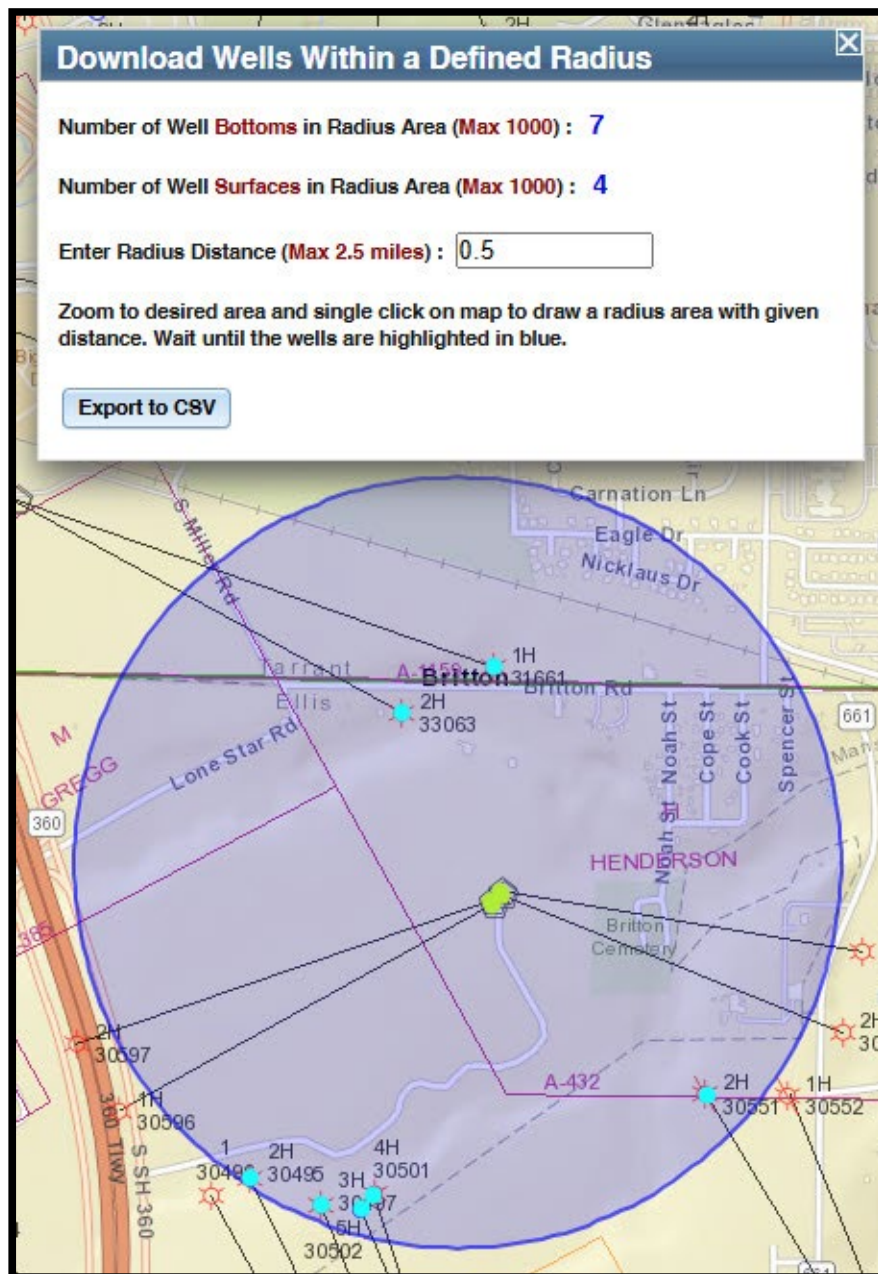
A site analysis by Spiars Engineering & Surveying, Professional Engineers and Surveyor, dated September 5, 2024, was provided to the appraisers by the client. Based on a review of GIS online maps, our physical site visit, warranty deeds, and review of available maps there are no easements or gas wells within phase 1 of the development. The appraisers assume the property is free from any detrimental easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.

Subject Site Analysis to Show Easements and Gas Wells

By Spiars Engineering & Surveying, Professional Engineers and Surveyor Dated September 5, 2024

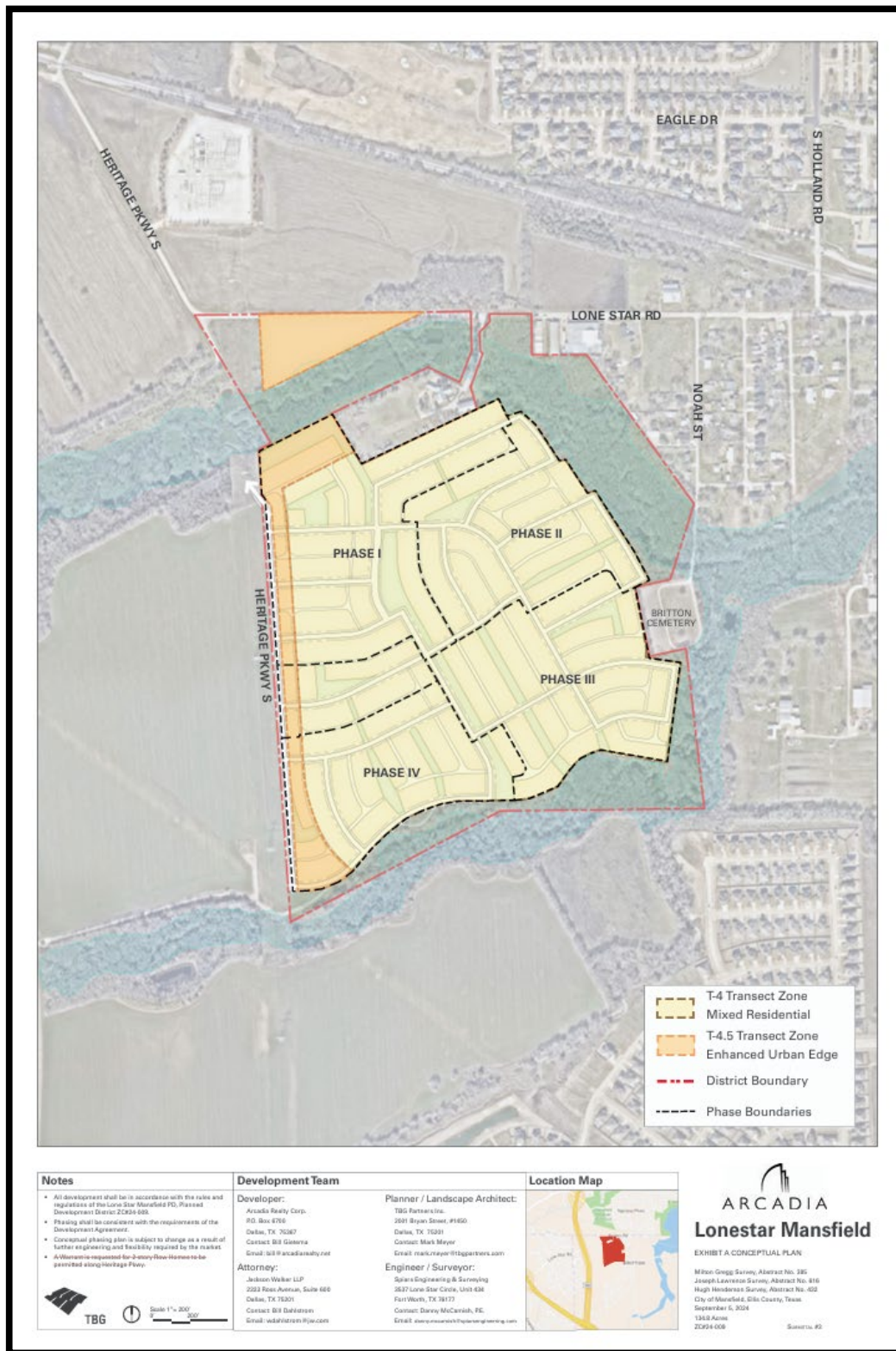


OIL AND GAS WELLS
Texas Railroad Commission

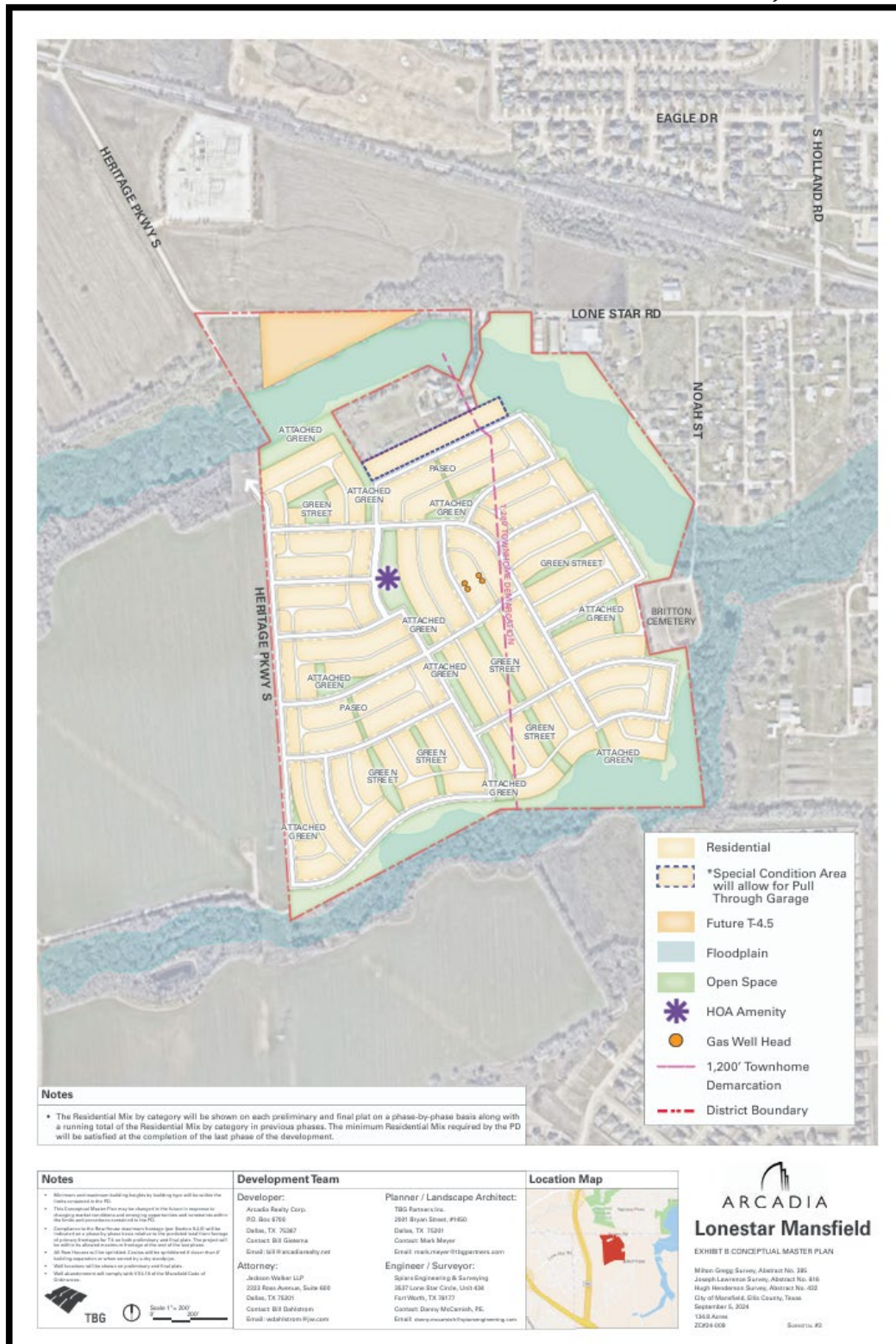


There are 7 well bottom sites and 4 well surface sites within 0.5 miles from the subject property according to the above referenced map from the Texas Railroad Commission. The subject site does not appear to be encumbered by any detrimental restrictions due to the proximity to surface or subsurface well locations because this area is minimally active in mineral extraction.

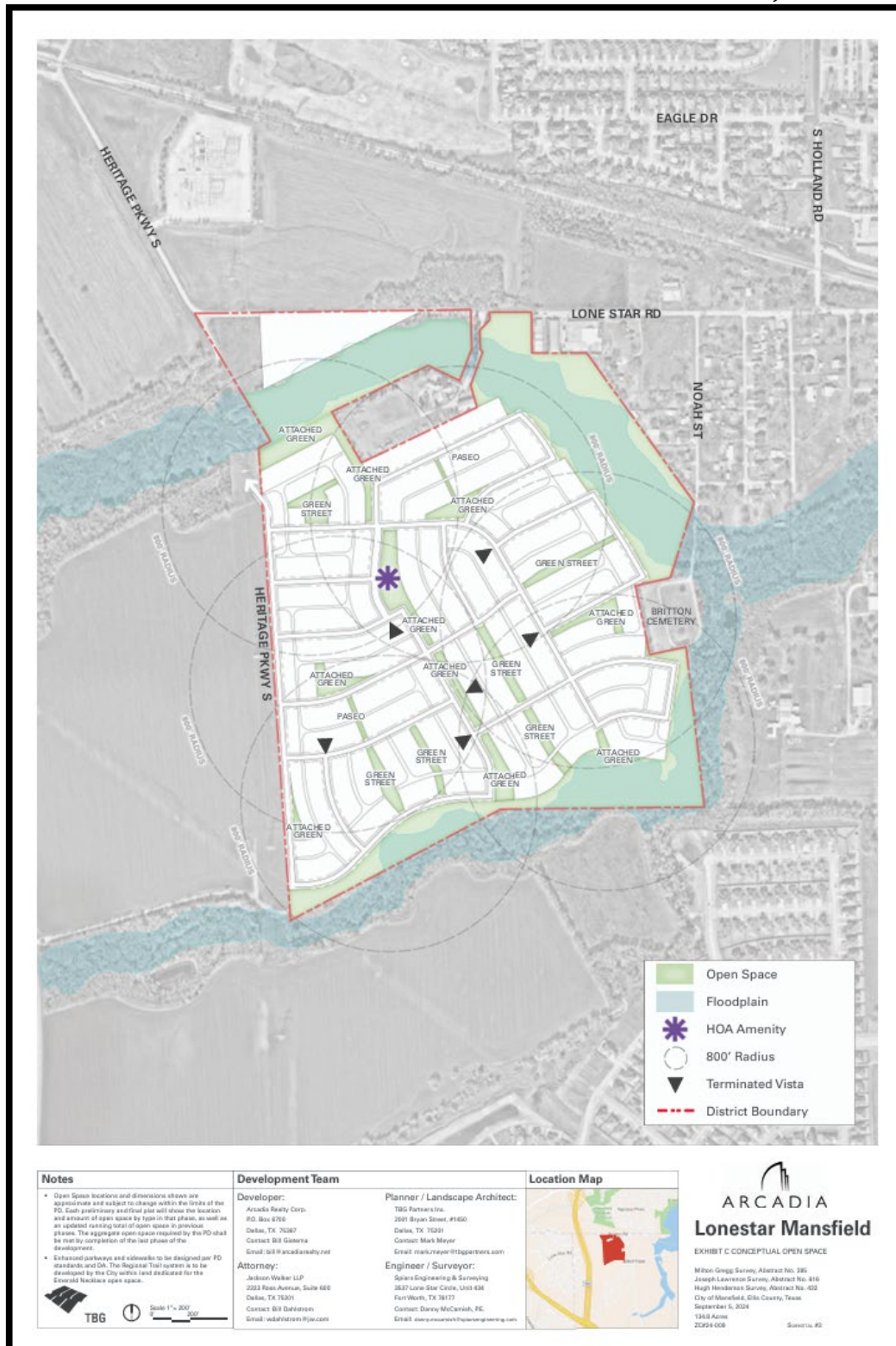
ARCADIA STAYBOLT PID CONCEPT PLAN **SPIARS ENGINEERING & SURVEYING – SEPTEMBER 5, 2024**



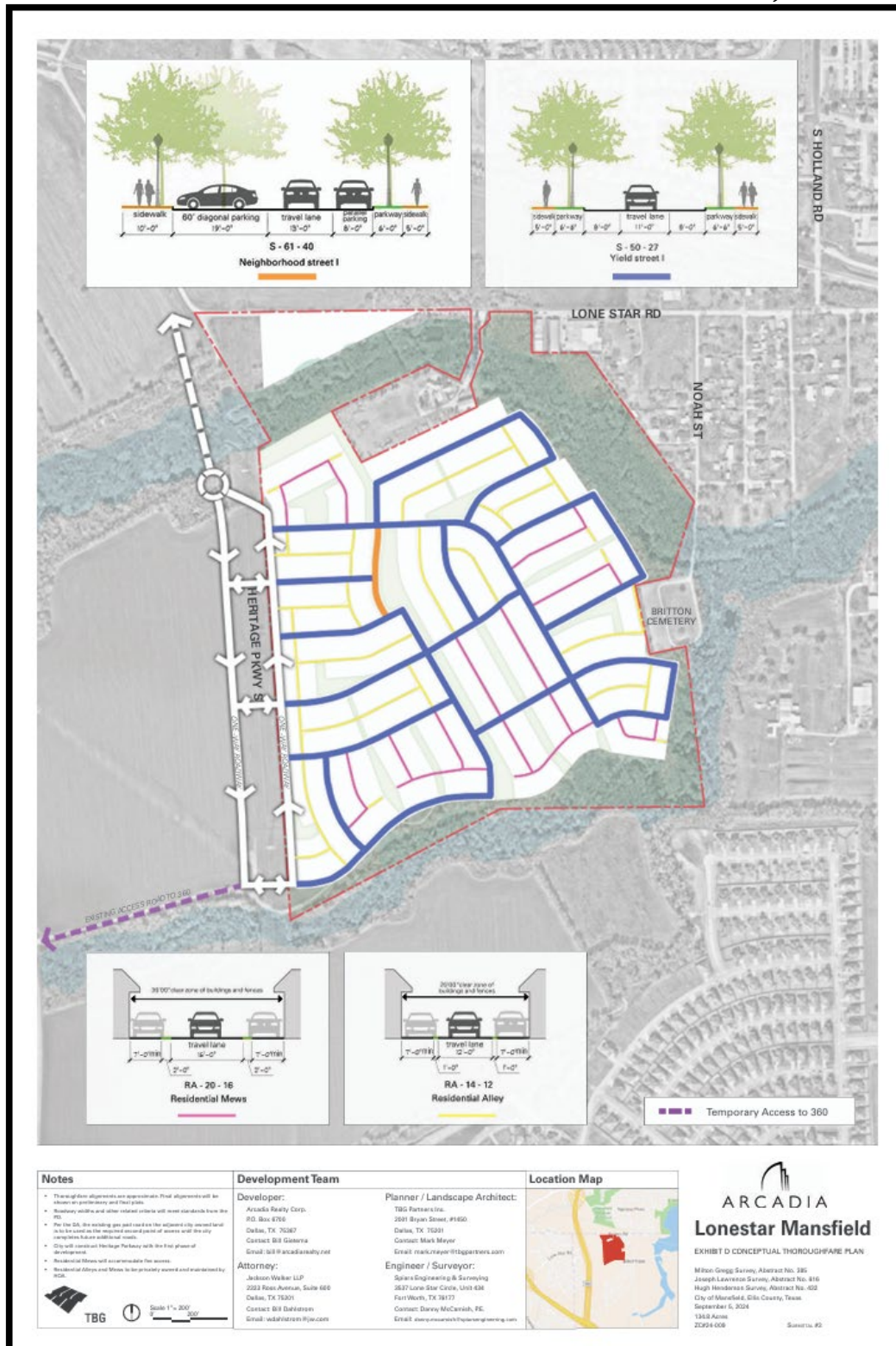
ARCADIA STAYBOLT PID CONCEPTUAL MASTER PLAN SPIARS ENGINEERING & SURVEYING – SEPTEMBER 5, 2024



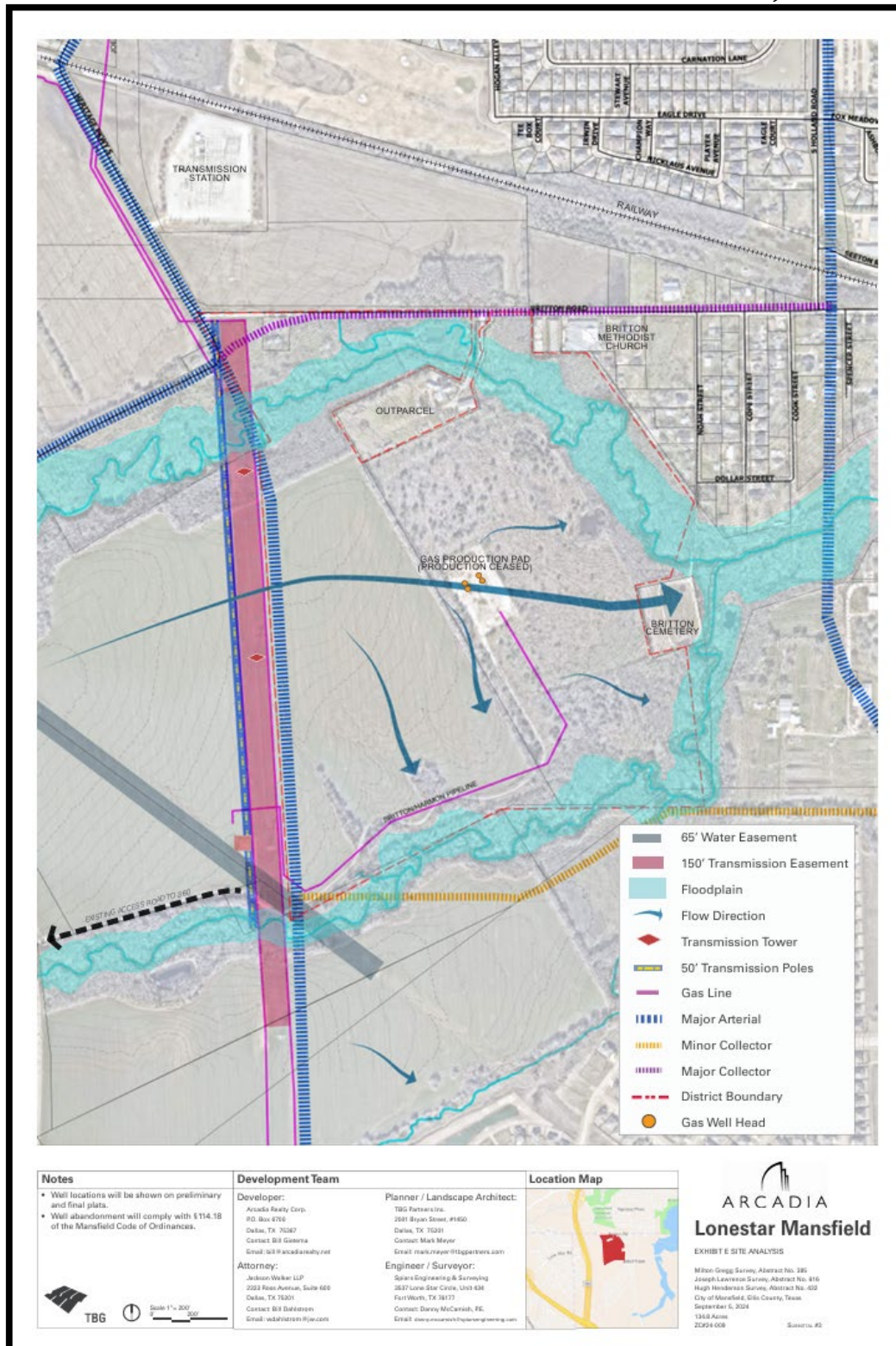
ARCADIA STAYBOLT PID CONCEPTUAL OPEN SPACE SPIARS ENGINEERING & SURVEYING – SEPTEMBER 5, 2024



ARCADIA STAYBOLT PID CONCEPTUAL THROUGHFARE PLAN SPIARS ENGINEERING & SURVEYING – SEPTEMBER 5, 2024



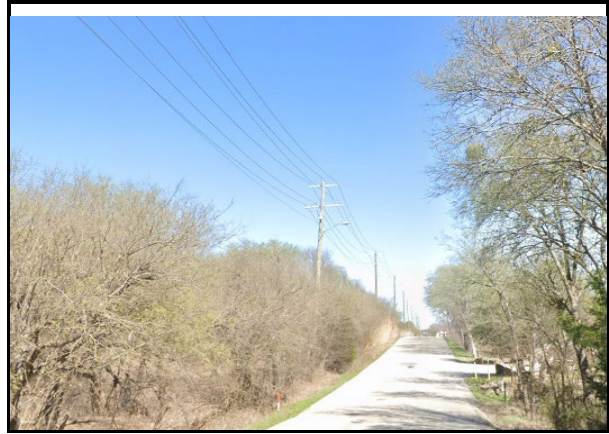
ARCADIA STAYBOLT PID SITE ANALYSIS **SPIARS ENGINEERING & SURVEYING – SEPTEMBER 5, 2024**



PROPERTY PHOTOGRAPHS



Lone Star Road Facing West



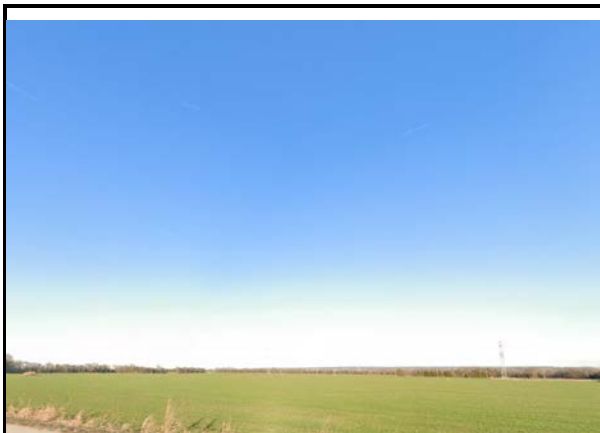
Lone Star Road Facing East



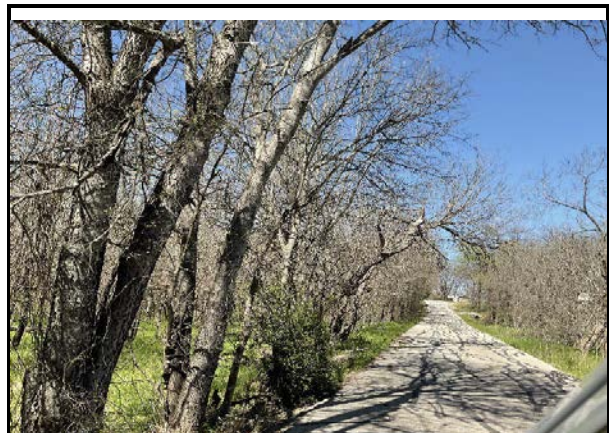
Easement that Runs West of Subject



Wooded Area to the East of Phase 1



Crop Field to East of Subject (Phase 1
Comprises Part of the Crop Field)



Noah Street Facing North

SUBJECT PHOTOGRAPHS



Cemetery to the East of Property



Creek on the Eastern Side of the Whole Property

HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Also, that reasonable and probable use that will support the highest present value, as defined, as of the Prospective Effective Date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

a. Legally Permissible	c. Financially Feasible
b. Physically Possible	d. Maximally Productive

The definition, immediately above, applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use “As-Vacant”

Legally Permissible

The subject property is within the City of Mansfield which created a resolution for the development of Arcadia Staybolt PID by the City Council. Development of the subject property is governed by a Zoning Ordinance, Ordinance No. OR-2368-24 adopted by the City of Mansfield on June 24, 2024, which covers the 47.095 acres within Phase 1. The subject property is zoned Planned Development (PD), which is a residential PD that allows for attached and detached single-family residential uses and sets forth requirements and standards for residential development for the subject property.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

The proposed development of residential townhomes and single-family homes on the subject property is legally permissible. Given surrounding land use patterns in the area, only attached and detached single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

Physically Possible

Considering the subject’s physical characteristics including jurisdiction, location, size, shape, and availability of utilities, the site is capable of numerous uses which are physically possible without being constrained by the property itself.

Financially Feasible

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a net return over a reasonable period of time. The area surrounding the subject property is a mix of single-family residential homes, agricultural land, and commercial uses and development of the surrounding area has accelerated considerably over the past decade as development south of Dallas and Fort Worth has shown almost endless demand. Developers and home builders have moved further away from the center of the Metroplex and into areas of Ellis County and are being developed with middle class housing stock. Based on review of homes on the market, we would expect home prices in the \$300,000s to mid \$400,000s would be in demand in Arcadia Staybolt PID Phase 1.

Based on our analysis of the market, it is reasonable to expect a rise in demand for vacant developed lots (VDLs) in 2025 as homebuilders sell more homes when mortgage rates begin to fall precipitously as they did in 2024; Along with this, due to the lack of supply for VDLs and the long-term prospects of the subject's area, we expect ample demand for single-family lots in the next 2-5 years. When looking at the longer time horizon, it appears that a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the subject property that would generate a higher residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential use, developed to the normal market density allowed by the Planned Development, is the maximally productive use of the property.

The resilient business climate in North Texas, the addition of new jobs to the area, and the continual development of neighborhoods similar to Mansfield and Ellis County has created increased demand for homes in the area. Coupled with increasing movement into DFW, and south of the Metroplex in particular, it is our opinion that the highest and best use of the property "As-Vacant" would be for the development of single-family residential community. Thus, the highest and best use of the property "As-Vacant" is for development of single-family residential use.

Highest and Best Use "As-Improved"

Development of the subject property, as proposed utilizing our extraordinary assumptions, is the only use that meets the four tests of highest and best use. Therefore, we conclude that the highest and best use of the property "As-Improved" is similar to our conclusion "As-Vacant" which is for single-family residential use.

We believe that the **most probable buyers** would be a developer of large single-family communities or a large homebuilder who is active in the DFW Metroplex market.

VALUATION – IMPROVED RESIDENTIAL LOTS

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. Use of the approaches in this assignment is summarized as follows:

Approach	Applicability to Subject	Use in Assignment
Cost Approach	<i>Appropriate Since the Subject Property is Developed in One Phase</i>	<i>Utilized</i>
Income (Subdivision Development) Approach	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
Sales Comparison Approach	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the Vacant Developed Lots</i>	<i>Partially Utilized</i>

Residential Subdivision 189 (Improved Lots)

Cost Approach

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. The subject property is being developed in one phase and there are no major improvements in place, therefore, *the Cost Approach is appropriate and thus was utilized.*

Income (Subdivision Development) Approach

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 189 improved lots, as of the Prospective Effective Date of July 1, 2026, which is based on the Substantial Completion Date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

COST APPROACH: RESIDENTIAL LOTS IN ARCADIA STAYBOLT PID PHASE 1

The Cost Approach is based on the principle of substitution, which states that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct the equivalent improvements without undue delay. This approach is most beneficial when appraising a proposed or recently developed project. The methodology provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction.

The Cost Approach include three basic elements:

1. Land Value – Raw Land Sales
2. Reproduction Cost – Engineering, Platting, Zoning, Major Improvements/Development Costs
3. Accrued Depreciation

Arcadia Staybolt PID Phase 1 has a total of 47.095-AC in size.

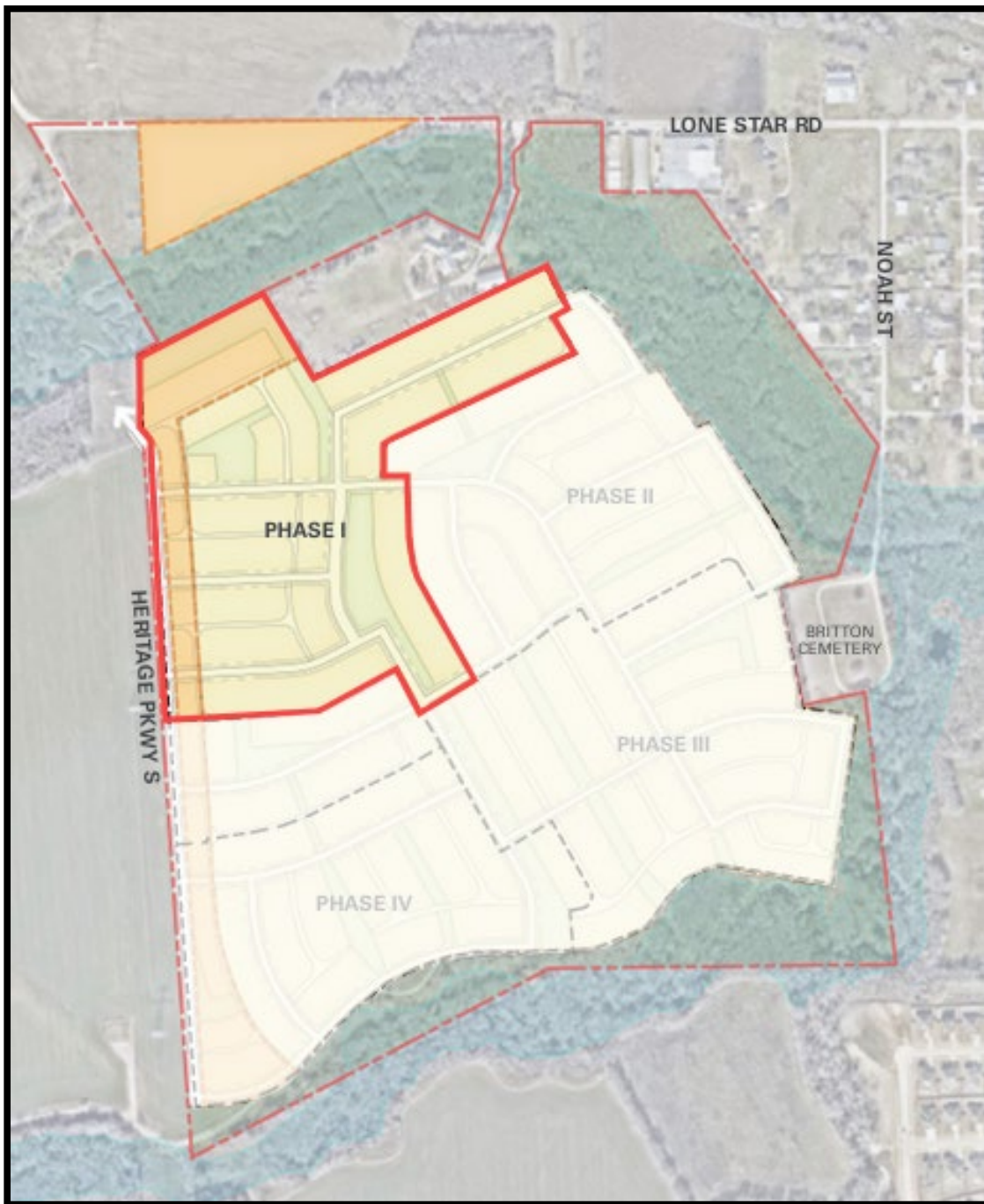
The first step in the Cost Approach is to develop a value opinion of the underlying land involved. The land valuation is really a separate appraisal of the land of the subject property, under the assumption that no improvement has been performed. Therefore, we have elected to treat the site valuation as a separate component of the appraisal process. After we reach an opinion of value for the subject site, that value will be transferred to the calculation of the Cost Approach in the following section of this report.

We have utilized the Sales Comparison Approach to determine the market value of the land. Based on research, buyers in the market typically rely heavily on the following unit of comparison for land valuation of over 15 acres:

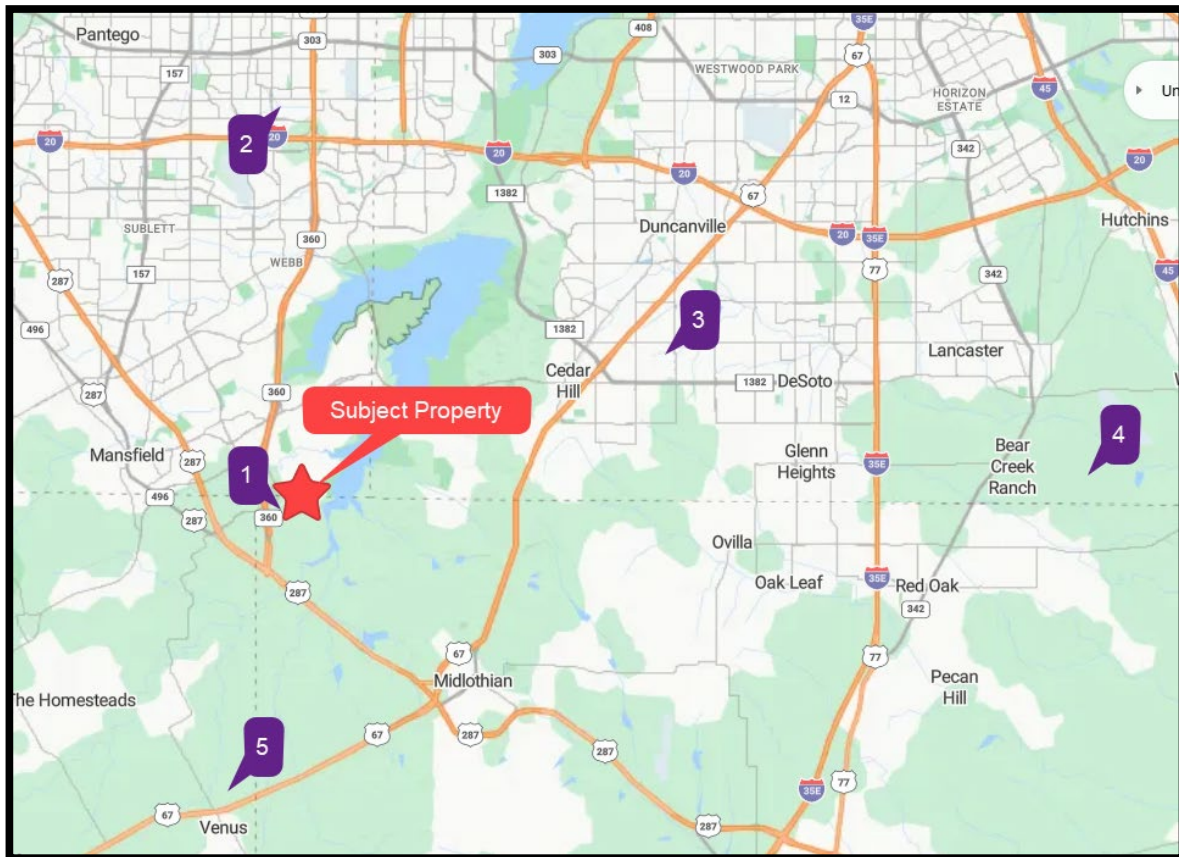
Sales Price Per Acre - This number is obtained by dividing the sale price by the overall acreage of the land

An exhibit of the Residential Lots is shown on the following page followed by a map of the subject property with similar, nearby, recent comparable sales is shown below, in addition to a summary of the land sales. Following the map and table there is an adjustment grid as well as an analysis explaining how we adjusted the comparable sales to arrive at a value indication for the subject site's land. Comparable sale data sheets follow the comparable sale map.

ARCADIA STAYBOLT PID CONCEPT PLAN
SPIARS ENGINEERING & SURVEYING – SEPTEMBER 5, 2024



COMPARABLE LAND SALES MAP; RESIDENTIAL LAND



Subject: Arcadia Staybolt PID Phase 1, Mansfield, TX 76065

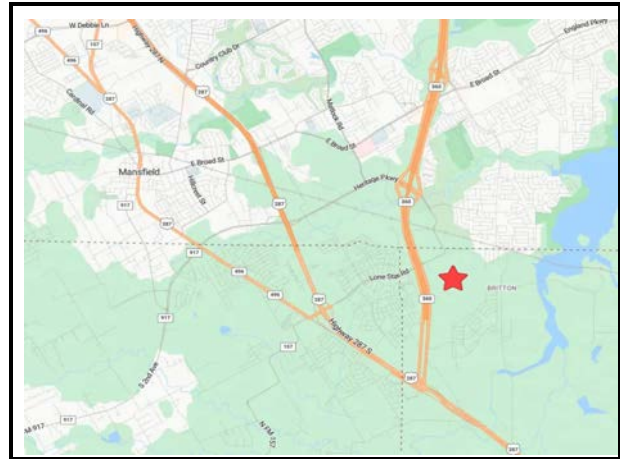
The land sales incorporated in this analysis occurred since 5/20/2022. A sufficient number of recent sales of comparable tracts were available near the subject's market area. Data on each of the sales, including sales price, was confirmed with sources considered to be reliable. Our five comparable sales are shown below:

SUMMARY OF VACANT LAND SALES - ARCADIA STAYBOLT PID LAND							
Sale	Location	City	Sale Date	Zoning	Sale Price	Size (AC)	\$/AC
1	36.93-AC at 3600 Lone Star Road	Mansfield	5/15/2024	PR	\$3,100,000	36.930	\$83,943
2	14.94- AC on East Mayfield Road	Arlington	5/18/2022	RMF-22	\$1,350,000	14.940	\$90,361
3	12.09-AC at 539 North Duncanville Road	Cedar Hill	5/31/2024	SF-10	\$865,000	12.090	\$71,547
4	45.17- AC at 2651 Nokomis Road	Lancaster	1/15/2025	No City Zoning	\$3,154,000	45.170	\$69,825
5	38.00-AC at 18329 Country Road 620	Venus	5/20/2022	AG	\$2,000,000	38.000	\$52,632
Subject	Arcadia Staybolt PID, Phase 1	Mansfield	N/A	PD	N/A	47.095	N/A

LAND SALE COMPARABLE 1



Comparable 1 Aerial



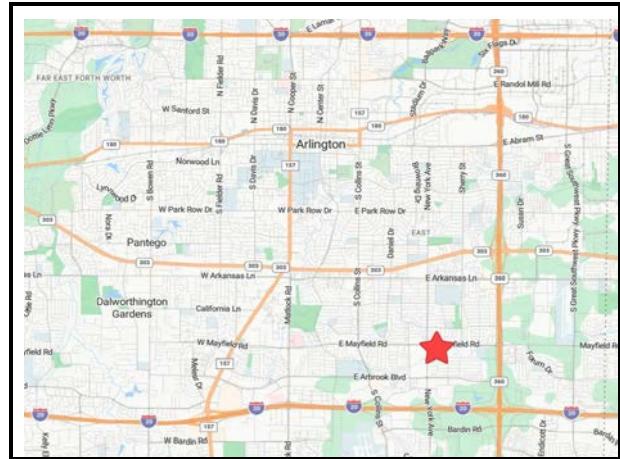
Comparable 1 Map

Land Sale Comparable 1				
Property Information				
Property Name	36.93-AC at 3600 Lone Star Road			
Property Class	Land			
County	Ellis			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	3,875,969	SF	36.93	Acres
Zoning Code	Pre-Development District			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X & A; Cleared			
Available Utilities	No Utilities			
Transaction Information				
Sale Status	Closed			
Sale Date	5/15/2024			
Seller	Phillips Family Living Trust			
Buyer	City of Mansfield Texas			
Sale Price	\$3,100,000			
Price per SF Land	\$0.80			
Price per Acre	\$83,943			
Comments:	None			

LAND SALE COMPARABLE 2



Comparable 2 Aerial



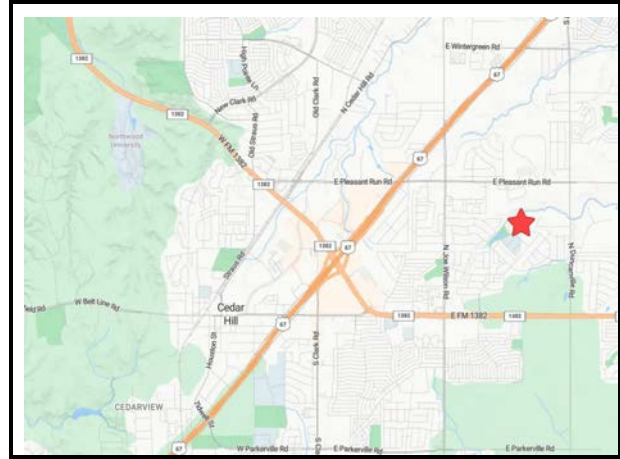
Comparable 2 Map

Land Sale Comparable 2				
Property Information				
Property Name	14.94-AC on East Mayfield Road			
Property Class	Land			
County	Tarrant			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	650,786	SF	14.94	Acres
Zoning Code	Residential Multi-Family - 22			
Shape	Irregular			
Topography	Gently Sloping; Floodplain AE & X; Moderately Wooded			
Available Utilities	No Utilities			
Transaction Information				
Sale Status	Closed			
Sale Date	5/18/2022			
Seller	Reserve at Mayfield, LLC			
Buyer	Arlington Housing Finance Corporation			
Sale Price	\$1,350,000			
Price per SF Land	\$2.07			
Price per Acre	\$90,361			
Comments:	None			

LAND SALE COMPARABLE 3



Comparable 3 Aerial



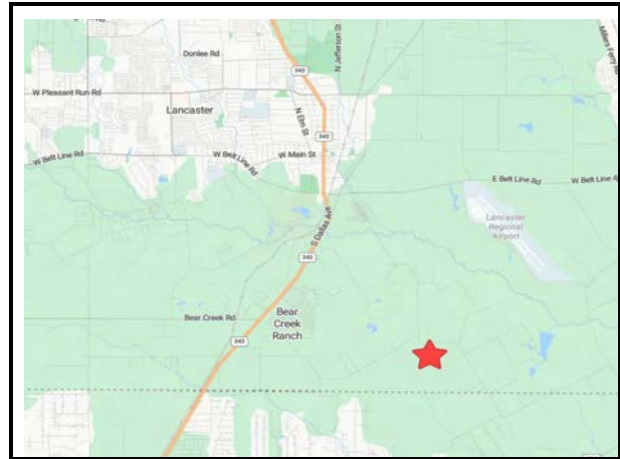
Comparable 3 Map

Land Sale Comparable 3				
Property Information				
Property Name	12.09-AC at 539 North Duncanville Road			
Property Class	Land			
County	Dallas			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	526,640	SF	12.09	Acres
Zoning Code	Single-Family 10			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X; Heavily Wooded			
Available Utilities	All Utilities			
Transaction Information				
Sale Status	Closed			
Sale Date	5/31/2024			
Seller	David J Hageman Trust			
Buyer	Vu David Michael			
Sale Price	\$865,000			
Price per SF Land	\$1.64			
Price per Acre	\$71,547			
Comment	None			

LAND SALE COMPARABLE 4



Comparable 4 Aerial



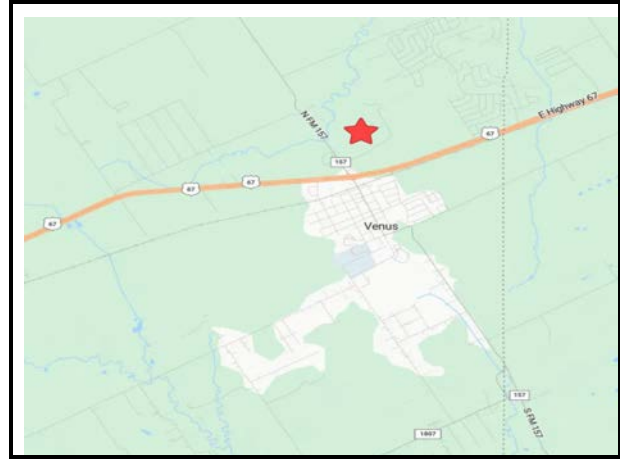
Comparable 4 Map

Land Sale Comparable 4				
Property Information				
Property Name	45.17-AC at 2651 Nokomis Road			
Property Class	Land			
County	Dallas			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	1,967,605	SF	45.17	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X; Cleared			
Available Utilities	No Utilities			
Transaction Information				
Sale Status	Closed			
Sale Date	1/15/2025			
Seller	Susan BB Bainum			
Buyer	Knox Street Partners No 33, LTD			
Sale Price	\$3,154,000			
Price per SF Land	\$1.60			
Price per Acre	\$69,825			
Comments:	Overhead Powerline Easement			

LAND SALE COMPARABLE 5



Comparable 5 Aerial



Comparable 5 Map

Land Sale Comparable 5				
Property Information				
Property Name	38.00-AC at 18329 Country Road 620			
Property Class	Land			
County	Johnson			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	1,655,280	SF	38.00	Acres
Zoning Code	Agricultural			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X; Home on Site			
Available Utilities	Electric, City Water, Sewer, No Gas			
Transaction Information				
Sale Status	Closed			
Sale Date	5/20/2022			
Seller	Wilson C E Life Estate			
Buyer	Westside Venus, LLC			
Sale Price	\$2,000,000			
Price per SF Land	\$1.21			
Price per Acre	\$52,632			
Comments:	Sold for Land Value			

LAND SALES ADJUSTMENT COMPARISON GRID

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	<u>Arcadia Staybolt PID, Phase 1</u>	36.93-AC at 3600 Lone Star Road	14.94-AC on East Mayfield Road	12.09-AC at 539 North Duncanville Road	45.17-AC at 2651 Nokomis Road	38.00-AC at 18329 Country Road 620
	<u>Mansfield</u>	Mansfield	Arlington	Cedar Hill	Lancaster	Venus
<i>Transactional Adjustments</i>						
Sales Price/AC		\$83,943	\$90,361	\$71,547	\$69,825	\$52,632
Property Rights		0%	0%	0%	0%	0%
Sales Price/AC		\$83,943	\$90,361	\$71,547	\$69,825	\$52,632
Financing Terms		0%	0%	0%	0%	0%
Sales Price/AC		\$83,943	\$90,361	\$71,547	\$69,825	\$52,632
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/AC		\$83,943	\$90,361	\$71,547	\$69,825	\$52,632
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/AC		\$83,943	\$90,361	\$71,547	\$69,825	\$52,632
Market Conditions		+6%	+12%	+6%	+4%	+12%
ADJUSTED Price/AC:		\$88,979	\$101,205	\$75,840	\$72,618	\$58,947
<i>Physical Adjustments</i>						
Location/Access	Southeast Mansfield; South of Lone Star Road, East of State Highway 360	0%	+5%	+5%	+10%	+10%
Size	47.095-AC	0%	-5%	-6%	0%	0%
Topography/Floodplain	Gently Sloping; Flood Zone X & A	-2%	+4%	+2%	-2%	+2%
Utilities	All in Vicinity	+8%	+8%	0%	+8%	+2%
Easements/Encumbrances	None	0%	0%	0%	+5%	0%
Land Use/Zoning	Planned Development	0%	+5%	+2%	0%	+5%
Total Net Physical Adj. After Financial Adj.		+6%	+17%	+3%	+21%	+19%
ADJUSTED Price/AC:		\$94,318	\$118,410	\$78,115	\$87,868	\$70,147
SUMMARY OF COMPARABLE VALUES						
Value Range/AC		\$70,147	to	\$118,410		
Mean			\$89,772/AC			
Median			\$87,868/AC			
Unit Value/SF		\$2.07/SF				
Value Indication/AC		\$90,000/AC				
Conclusion (Rounded)		4,238,500 (\$90,000/AC, \$2.07/SF)				

ANALYSIS OF THE SALES – RESIDENTIAL LAND

Our research of sales comparables leads us to the determination that there are ample comparable sales within the last three years involving similar land sales within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property's land that are utilized had unadjusted sales prices ranging from \$52,632 to \$90,361 per acre, and sizes ranging from approximately 12.090-AC to 45.170-AC.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Financial Adjustments

Property Rights Conveyed

This adjustment considers the difference in sales price of properties sold in Fee Simple estate or in Leased Fee estate and the effect of any existing leases on the sales price of the property. All the sales involved Fee Simple interests being transferred. Thus, no adjustments were applicable for this factor.

Cash Equivalency

All sales were cash or equivalent, thus an adjustment for this item was not necessary.

Conditions of Sale

This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress sale, reduced prices from family purchase, or purchase by adjacent landowners. All the sales were considered arms-length transactions, with no conditions perceived which would indicate a sale without profit motive, and no adjustments for Conditions of Sale were considered necessary.

Changing Market Conditions

This adjustment accounts for changing market conditions over a period. These adjustments are necessary to correct for changes in value over time due to market factors such as supply and demand, and economic factors such as inflation. We have applied an adjustment of +3% year-over-year (YoY), which is a 0.25% month-over-month (MoM) positive adjustment for Market Conditions to Sales 1-5, which resulted in adjustments ranging from +4% to +12%.

Physical Adjustments

Location

The type and density of surrounding development were analyzed for each sale. Additionally, proximity to business and retail centers was considered. Properties near densely developed areas tend to sell for higher prices compared to those in less developed locations. Arcadia Staybolt PID Phase 1 is situated in the southeastern area of Mansfield, located in northwest Ellis County, within the DFW Metroplex. Recently, many areas in Ellis County have seen the development of large master-planned communities, typically suitable for middle-income households. The neighborhood is currently a mix of residential development and a cemetery to the east, agricultural land to the south and west, and commercial uses and a church to the north. However, the City of Mansfield is in the process of developing an entertainment district on the western line of the subject which will

Arcadia Staybolt Public Improvement District, Phase 1

house various commercial and entertainment facilities. Most commercial activities are concentrated on State Highway 287 and State Highway 360, which is favorable for residential subdivision development. We have made the following adjustments for Location:

- Sale 1: Similar; located in Mansfield and located on the western border of the subject; Adjusted 0%
- Sale 2: Inferior; located in Arlington with similar access to commercial uses and DFW Metroplex, but does not neighbor an entertainment district; Adjusted +5%
- Sale 3: Inferior; located in Cedar Hill with similar access to commercial uses and DFW Metroplex, but does not neighbor an entertainment district; Adjusted +5%
- Sale 4: Inferior; located in the Lancaster with inferior access to commercial uses and DFW Metroplex and does not neighbor an entertainment district; Adjusted +10%
- Sale 5: Inferior; located in Venus, with inferior access to commercial uses and DFW Metroplex and does not neighbor an entertainment district; Adjusted +10%

Size

Typically, the larger the tract the lower the unit price. The converse also tends to be true. Land sales analyzed on an area-wide basis tend to indicate a $\pm 2\%$ to $\pm 10\%$ price premium for each halving/doubling of size, for tracts within the size range of those compared herein. A +3% doubling factor would appear reasonable for the size range of the sales utilized in this analysis. We have made the following adjustments for Size:

- Sale 1: Similar; 36.930 acres; Adjusted 0%
- Sale 2: Smaller; 14.940 acres; Adjusted -5%
- Sale 3: Smaller; 12.090 acres; Adjusted -6%
- Sale 4: Similar; 45.170 acres; Adjusted 0%
- Sale 5: Similar; 38.000 acres; Adjusted 0%

Topography/Floodplain

Topography conditions included are land contours, grades, drainage adequacies, and general physical usability. Land that is heavily wooded would likely be more costly to develop than a site that was cleared and ready for development. Arcadia Staybolt PID Phase 1 has gently sloping topography, is partially wooded, and is within Unshaded Zone X and Shaded Zone A according to Map 48139C0025G, effective October 19, 2023. The subject property has ample space in Unshaded Zone X that would not be detrimental to the development of the subject property. We have made the following adjustments for Topography/Floodplain:

- Sale 1: Superior; has gently sloping topography, cleared, and mostly within Unshaded Zone X, with a small section in the northern part of the property within Floodplain A that would have minimal impact on development; Adjusted -2%
- Sale 2: Inferior; has gently sloping topography, moderately wooded, and within Unshaded Zone X and AE; Adjusted +4%
- Sale 3: Inferior; has gently sloping topography, heavily wooded, and within Unshaded Zone X; Adjusted +2%
- Sale 4: Superior; has gently sloping topography, cleared, and entirely within Unshaded Zone X; Adjusted -2%
- Sale 5: Inferior; has gently sloping topography, home on site that will need to be razed, and entirely within Unshaded Zone X; Adjusted +2%

Utilities

The availability of utilities is a major factor in the development of any property. If a site has no utility service or cannot acquire access, it is virtually impossible to develop. All utilities are available for the subject. We have made the following adjustments for Utilities:

- Sale 1: Inferior; has access to no utilities; Adjusted +8%
- Sale 2: Inferior; has access to no utilities; Adjusted +8%
- Sale 3: Similar; access to all utilities; Adjusted 0%
- Sale 4: Inferior; has access to no utilities; Adjusted +8%
- Sale 5: Inferior; access to electric, city water, city sewer, but no gas; Adjusted +2%

Easements/Encumbrances

Properties with easements and encumbrances, such as overhead powerlines or gas pipelines, restrict parcels from development. Phase 1 of the subject property does not contain any easements or gas wells. We have made the following adjustments for Easement/Encumbrances:

- Sale 1: Similar; does not have any easements or encumbrances; Adjusted 0%
- Sale 2: Similar; does not have any easements or encumbrances; Adjusted; 0%
- Sale 3: Similar; does not have any easements or encumbrances; Adjusted; 0%
- Sale 4: Inferior; has an overhead powerline easement bisecting the property; Adjusted; +5%
- Sale 5: Similar; does not have any easements or encumbrances; Adjusted 0%

Land Use/Zoning

According to our due diligence, the subject property is zoned Planned Development (PD) by the City of Mansfield which is a single-family PD. At this stage, the land will possess entitlement rights for development, increasing its value compared to vacant agricultural land not within the city with no zoning. We have made the following adjustments for Land Use/Zoning:

- Sale 1: Similar; Zoned PR (Pre-Development District) by the City of Mansfield, which allows residential uses similar to the subject property; Adjusted 0%
- Sale 2: Inferior; Zoned RMF-22 (Residential Multi-Family – 22) by the City of Arlington, which has more restrictions for development compared to the subject; Adjusted +5%
- Sale 3: Inferior; Zoned SF-10 (Single Family - 10) by the City of Cedar Hill, which has more restrictions for development compared to the subject; Adjusted +2%
- Sale 4: Similar; Within the Unincorporated Area of Dallas County, therefore, does not have city zoning, which would allow for uses similar to the subject; Adjusted 0%
- Sale 5: Inferior; Zoned AG (Agricultural) by the City of Venus, which is for agricultural uses, thus must be rezoned to allow for residential uses; Adjusted +5%

LAND VALUE CONCLUSION FOR 47.095-AC

After adjustments, the land sales indicate a range of values for the subject site from \$70,147 to \$118,410 per acre, with an average of \$89,772/AC and a median of \$87,868/AC. Similar emphasis was given to all sales. Thus, the value of the subject is correlated in the middle portion of the ranges. **The subject site is valued at \$90,000/AC, totaling \$4,238,550, rounded to \$4,239,000** for the land as shown in the following chart:

LAND VALUE SUMMARY ARCADIA STAYBOLT PID		
Land Area (Acres)	Land Value/Acre	Land Value
47.095	\$90,000	\$4,238,550
Rounded:		\$4,238,500 (\$90,000/AC, \$2.07/SF)

Next, we will continue the Cost Approach to analyze the Development Costs associated within the residential development.

COST APPROACH – RESIDENTIAL LOTS IN ARCADIA STAYBOLT PID PHASE 1 (CONTINUED)

The Cost Approach is based on the principle of substitution, which states that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct the equivalent improvements without undue delay. This approach is most beneficial when appraising a proposed or recently developed project. The methodology provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction.

The Cost Approach include three basic elements:

1. Land Value – Raw Land Sales
2. Reproduction Cost – Engineering, Platting, Zoning, Major Improvements/Development Costs
3. Accrued Depreciation

NOTE: The appraisers have been provided with detailed construction development costs provided by Spiars Engineering & Surveying (Professional Engineer) who have worked with the developer on development costs necessary for the Water System, Wastewater System, Storm Drain System, Earthwork, Erosion Control, and Roadway & Street Paving. We have confirmed the utilized cost through discussions with the client and concluded they are reasonable and credible for developing Arcadia Staybolt PID Phase 1 based on our experience reviewing costs from other PIDs. Further, we have utilized an extraordinary assumption that the development costs are accurate as of the effective date of the report. Use of this extraordinary assumption has affected assignment results.

Detailed costs for each area were provided by Spiars Engineering & Surveying for Arcadia Staybolt PID Phase 1. The portion concerning the Residential Lots totals **\$9,180,380** as shown on the chart below:

SPIARS ENGINEERING & SURVEYING			City of Mansfield - Staybolt Residential Opinion of Probable Cost Summary	
SEI No. 24-133			Total	% of Cost
Date: 3/5/2025				
SINGLE FAMILY				
PHASE 1	(186 Lots, 25.4 Acres) - See 02.28.25 Phase 1 OPC for Detail			
	Erosion Control	\$	44,107.38	0.48%
	Excavation	\$	676,755.00	7.37%
	Paving	\$	3,526,332.30	38.41%
	Water	\$	844,478.90	9.20%
	Sanitary Sewer	\$	641,248.00	6.98%
	Storm Sewer	\$	1,069,787.40	11.65%
	Street Lights	\$	-	
	Street Signs	\$	5,170.00	0.06%
	Mailboxes	\$	55,500.00	0.60%
	Landscaping	\$	-	
	Retaining Walls	\$	200,000.00	2.18%
	PHASE 1 CONSTRUCTION COST	\$	7,769,716.88	
	CONSTRUCTION CONTINGENCY (10%)	\$	706,337.90	
	SOFT COSTS	\$	1,410,663.30	
	TOTAL PHASE 1 COST	\$	9,180,380.17	
	COST/ACRE	\$	195,327.24	
	COST/LOT	\$	49,623.68	

Depreciation is defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are:

Physical Deterioration

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or, is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Note: As the subject property is a newly proposed development, there is no physical deterioration to consider.

Functional Obsolescence

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

Note: The proposed development is considered to be of desirable size and functional design for demand from typical users in this market. There is no indication of functional obsolescence for this property.

External Obsolescence

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is “*an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.*”

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized.

Note: As the proposed subdivision is in an area in the growth cycle with demand for residential development spurred by high demand, there is no depreciation for external obsolescence.

As indicated earlier, the proposed improvements represent the current Highest and Best Use of the site "as proposed." As such, the following is a discussion of cost and depreciation components used in arriving at a value for the subject via the Cost Approach.

Development Cost Estimate

Base costs for the major building improvements are estimated from the owner's cost estimate and compared to the Marshal Valuation Service (MVS) Cost Guide.

Base Building Cost

The client provided the appraisers with the contractor's construction cost estimate. The base building cost is broken down into two categories, hard cost and soft cost. Hard cost refers to the direct expenses related to the physical construction of a building or infrastructure. These costs typically include materials (such as concrete, steel, lumber, and roofing), labor (wages for construction workers, subcontractors, and site supervisors), and the use of equipment and machinery. The estimated hard cost amount is 7,769,717. Soft costs in construction refer to the expenses that are not directly tied to the physical building process but are essential for the overall project. These costs include fees and services associated with design, planning, and administration. Examples of soft costs are architectural and engineering fees, permit and inspection fees, legal fees, and the costs for project management. Additionally, they can encompass expenses like financing charges, insurance, marketing, and utility setup. The estimated soft cost amount is 1,410,663. The total estimated building costs is **\$9,180,380** which includes hard cost and soft cost.

*Note: According to the purchase and sale contracts, upon the closing of each lot, there will be a \$4,500 per lot Amenity Fee and \$750 Architectural Compliance Fee, which the builder is required to pay at the time of lot closing. Additionally, under the Development Agreement, the city has waived its plat review fees, plan review and permit fees, inspection fees, park and reforestation fees and impact fees, otherwise known as "Development Fees." Accordingly, at the Closing of the purchase of each Lot, the Purchaser shall pay to the Seller, for each Lot purchased at such Closing, a recovery fee in an amount equal to the total of all Development Fees that would have customarily been charged to the Purchaser for such Lot by the City absent this waiver included in the EDA. According to the developer, this fee is approximately \$10,000 per lot but may be subject to future increases. Therefore, the developer will be reimbursed for these cost within the contractor's construction cost estimate. The amount that will be reimbursed for the amenity fee will be \$837,000 (\$4,500 x 189 Lots), the amount reimbursed for the architectural compliance fee will be \$139,500 (\$750 x 189 lots), and the amount reimbursed for the utility fee will be \$1,860,000 (10,000 x 189 Lots). These combine to equal **\$2,836,500**.*

Entrepreneurial Incentive

According to The Dictionary of Real Estate Appraisal, Fifth Edition, entrepreneurial incentive is defined as "the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement." Typically, the range of 10-20% of cost is used for this category with higher percentages are typical when a development involves more risk. In general, subdivision developers are categorized as higher risk than other real estate endeavors due to the high degree coordination that takes place over several years. Within the span of those years numerous market changes are likely to occur. We are using 15% for the purpose of this analysis as residential development tends to be riskier and thus a higher profit is expected from participants totaling **\$1,377,057**.

Depreciation: defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are as follows:

Physical Deterioration

This is a loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by

virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Short-Life Physical Deterioration

The depreciation estimate for short-life items can be divided into two categories; "Curable" and "Incurable." *Curable physical deterioration*, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance. The subject property has no deferred maintenance. Therefore, no charge will be considered in our analyses. *Incurable Short-Life deterioration* is also attributable to normal wear and tear but is generally unfeasible or uneconomical to repair. Typically, this charge is estimated on an age/life method and is based on observed condition. The subject buildings are proposed and are considered to be in new condition with no physical deterioration.

Physical Deterioration: Incurable Long-Life

Prior to calculating incurable long-life depreciation, the replacement cost new of short-life items is subtracted. The subject buildings are proposed and are considered to be in new condition with no physical deterioration.

External Obsolescence

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is "*an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.*"

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized. There is not considered to be any measurable external obsolescence present.

Cost Approach Assumptions

The following assumptions will affect our Cost Approach value conclusions:

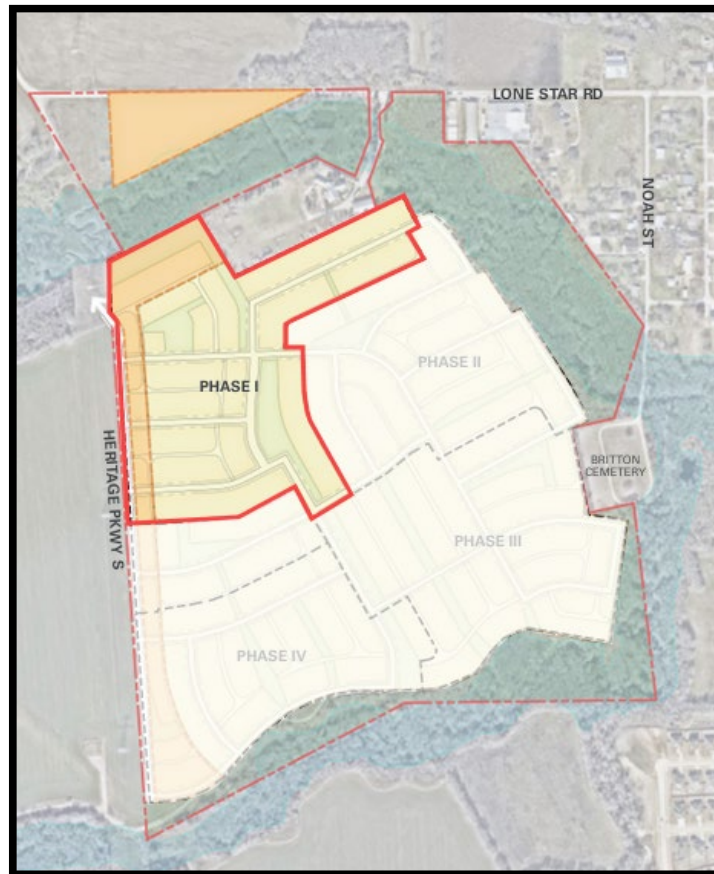
1. Developer construction cost estimates provided by Spiars Engineering & Surveying are accurate and reflect all associated costs (as of the Effective Date) to construct the development – Utilizing Extraordinary Assumption
2. Entrepreneurial incentive is considered to be 15% which is the market rate entrepreneurial incentive a developer would expect to undertake the risk associated with a subdivision development such as the subject property. Typically, developers budget 30-40% for entrepreneurial incentive; however, after unexpected contingencies entrepreneurial incentive are often 15-25%.
3. The value of the underlying land as of the report date is \$4,239,000. We are not factoring in any increases prior to the Effective Date of July 1, 2026, for the Arcadia Staybolt PID Phase 1.

Based on the forgoing analysis, the following chart recaps and illustrates the calculations used in forming an opinion of value via the Cost Approach. **Thus, the value conclusion utilizing the Cost Approach for Arcadia Staybolt PID Phase 1 is \$17,632,937, rounded to \$17,633,000 (\$93,000/Lot Rounded).**

Cost Approach - Arcadia Staybolt PID Phase 1 (189 Improved Lots)	
Total Build Cost	
Development Costs	\$ 9,180,380
Plus: Entrepreneurial Incentive (15%)	\$ 1,377,057
Plus: Fee Reimbursements	\$ 2,836,500
Less Depreciation	
Physical Curable/Incurable	\$ -
Functional Obsolescence	\$ -
External Obsolescence	\$ -
Total Accrued Depreciation	\$ -
Plus: Land (47.095 Acres)	\$ 4,239,000
Indicated Total Value	\$ 17,632,937
Total Value Rounded	\$ 17,633,000

Next, we will analyze the retail market value of the 22-FF (1,980-SF), 35-FF (3,150-SF), and 45-FF (4,950-SF) improved lots in Arcadia Staybolt PID Phase 1 utilizing the Income (Subdivision Development) Approach.

INCOME (SUBDIVISION DEVELOPMENT) APPROACH - IMPROVED RESIDENTIAL LOTS



NOTE: Arcadia Staybolt PID Phase 1 comprises 189 improved residential lots completed as vacant developed lots (VDLs) with a Prospective Effective Date of July 1, 2026.

Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. The income methodology applied in subdivision analysis has been adapted to simulate what occurs in a bulk sale where one buyer purchases a group of lots at a discount. It provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

In order to complete the analysis, the appraisers:

- Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- Analyzed the effect of appreciation, taxes, and sales costs over the absorption period
- Estimated the appropriate discount rate necessary to undertake the risks associate with the project
- Utilized discount cash flow (DCF) analysis to determine the present value of future cash flows realized by selling the lots at market prices over time

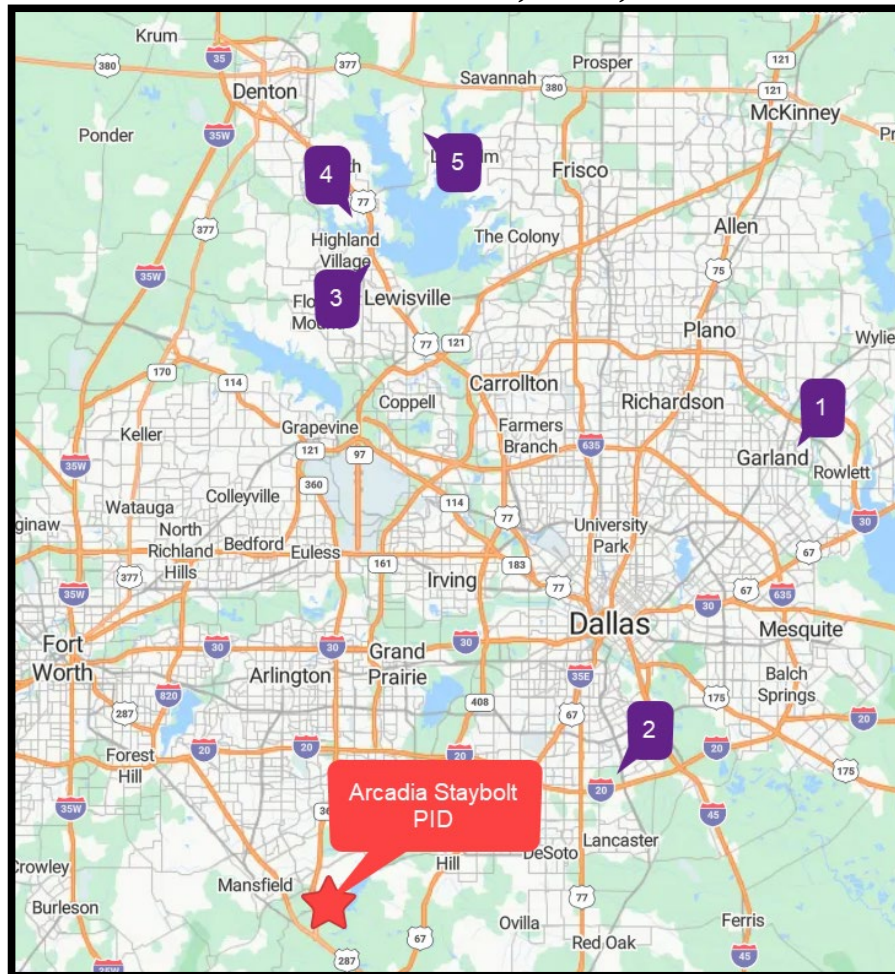
Arcadia Staybolt Public Improvement District, Phase 1

Typically for this type of development we would utilize frontage feet as the unit of comparison. However, there is a shortage of comparables in the subject's market area when utilizing this unit for 35-FF and 45-FF lot types. Because of this, the appraiser utilized square feet as the unit of comparison which is a measure commonly found in the market:

Sales Price Per Square Foot – *Obtained by dividing sale price by the square footage of the lot*

Following is our analysis of the 22-FF (1,980-SF), 35-FF (3,150-SF), and 45-FF (4,950-SF) lots in Arcadia Staybolt PID Phase 1. *First, we will analyze the retail market value of the 22-FF (1,980-SF) improved townhome lots in Arcadia Staybolt PID Phase 1.*

MAP OF COMPARABLE LOT SALES – 1,980-SF; 22’ TOWNHOME LOTS

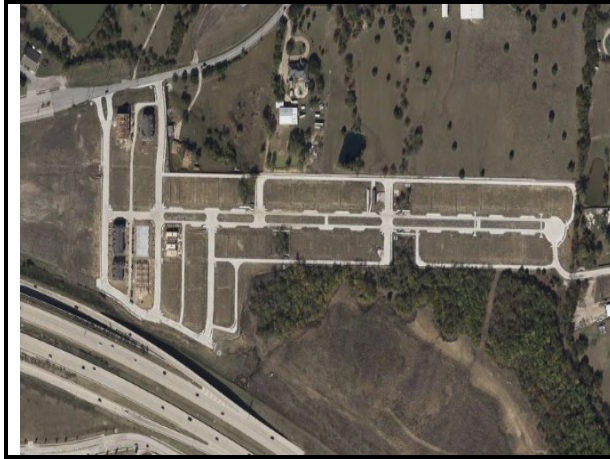


Subject: Arcadia Staybolt PID Phase 1, Mansfield, TX 76065

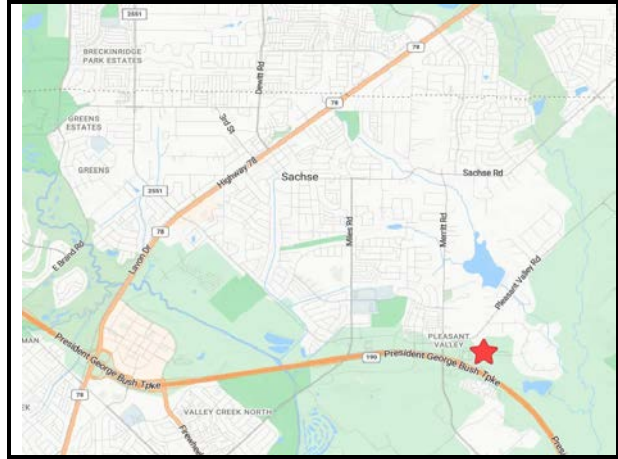
We selected the best and most recent comparable lot sales for our analysis of the 1,980-SF (22-FF) townhome lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 1,980-SF TOWNHOME LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Square Feet (SF)	\$/SF
1	Aria	Sachse	Garland	Aug-2023	Closed	\$70,000	2,200	\$ 31.82
2	University Hills	Dallas	Dallas	Oct-2023	In-Contract	\$50,000	2,160	\$ 23.15
3	Lakeside Crossing	Lewisville	Lewisville	Mar-2023	In-Contract	\$72,000	1,320	\$ 54.55
4	The Reserve at Hickory Creek	Hickory Creek	Lake Dallas	Aug-2023	In-Contract	\$92,000	2,200	\$ 41.82
5	Oak Point 720	Oak Point	Denton	Mar-2023	In-Contract	\$80,000	1,980	\$ 40.40
Subject	Arcadia Staybolt PID, Phase 1	Mansfield	Midlothian	-	-	-	1,980	-

SALE COMPARABLE 1 – 1,980-SF; 22’ TOWNHOME LOTS



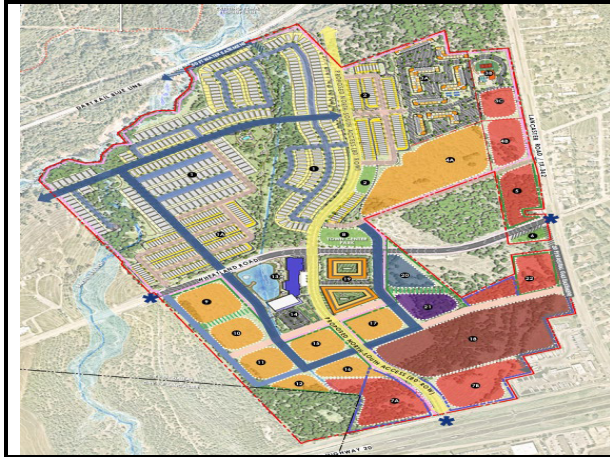
Comparable 1 Aerial



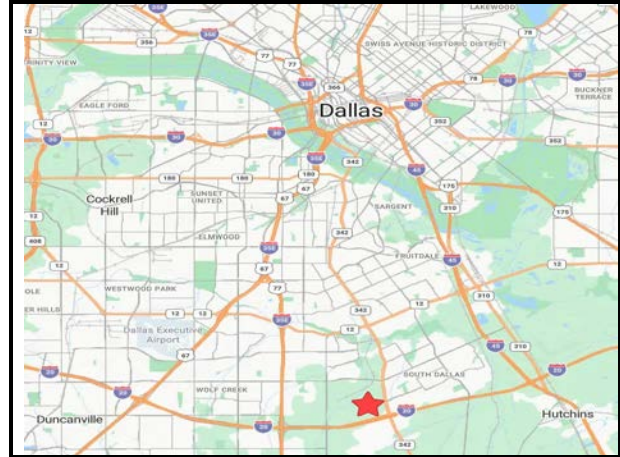
Comparable 1 Map

1,980-SF Sale Comparable 1				
Property Information				
Address	Aria			
Property Class	Residential Townhome Lot			
Address	Southwest corner of Hensley Lane and Woodbridge Parkway, Sachse			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	2,200	SF	0.05	Acres
Zoning Code	Turnpike Mixed Use			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	August-2023			
Seller	Woodbridge Townhomes I, LTD			
Buyer	Frenadier Homes			
Sale Price	\$70,000			
Price per SF Land	\$31.82			

SALE COMPARABLE 2 – 1,980-SF; 22' TOWNHOME LOTS



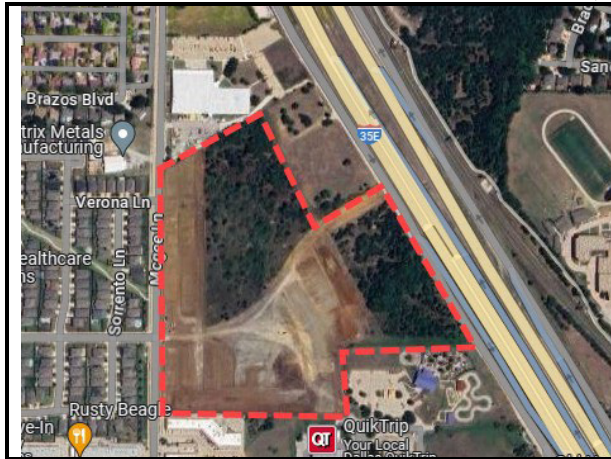
Comparable 2 Aerial



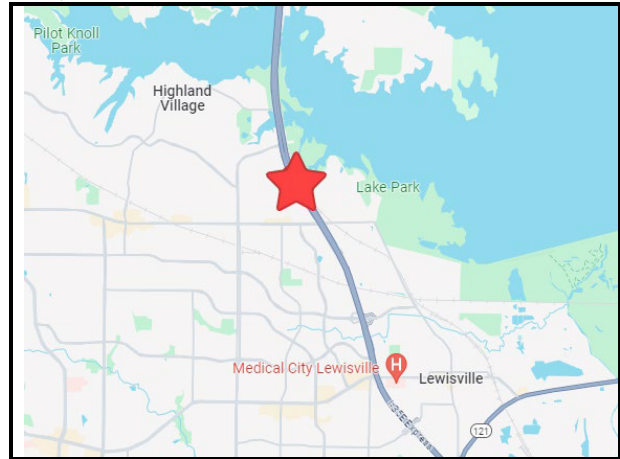
Comparable 2 Map

1,980-SF Sale Comparable 2				
Property Information				
Subdivision	University Hills			
Property Class	Residential Lot			
Address	North of Wheatland Road and West of Lancaster Road, Dallas			
County	Dallas			
Property Type	Residential / Single Family			
Site Information				
Site Size	2,160	SF	0.05	Acres
Zoning Code	Townhome-2			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In Contract			
Sale/Contract Date	October-2023			
Seller	Centurion American Development Group			
Buyer	DR Horton			
Sale Price	\$50,000			
Price per SF Land	\$23.15			

SALE COMPARABLE 3 – 1,980-SF; 22’ TOWNHOME LOTS



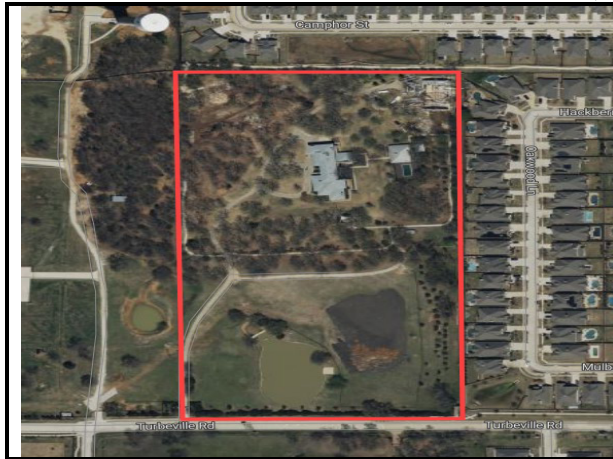
Comparable 3 Aerial



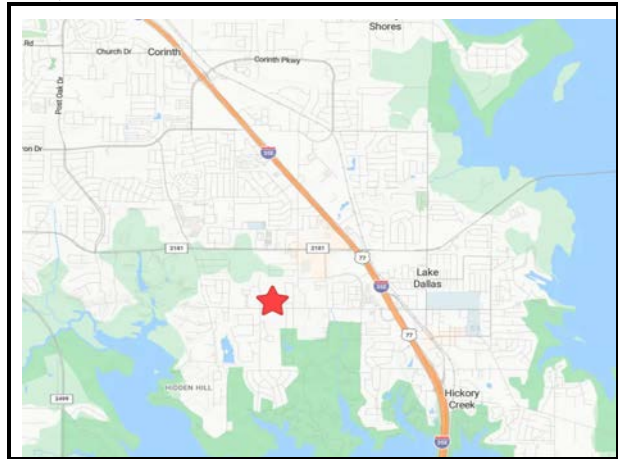
Comparable 3 Map

1,980-SF Sale Comparable 3				
Property Information				
Subdivision	Lakeside Crossing			
Property Class	Residential Townhome Lot			
Address	West of Interstate Highway 35E and east of McGee Lane			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	1,320	SF	0.03	Acres
Zoning Code	Planned Development - Mixed Use District			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	March - 2023			
Seller	MM Fronterra 35, LLC			
Buyer	Crescent Estates Custom Homes, LP			
Sale Price	\$72,000			
Price per SF Land	\$54.55			

SALE COMPARABLE 4 – 1,980-SF; 22’ TOWNHOME LOTS



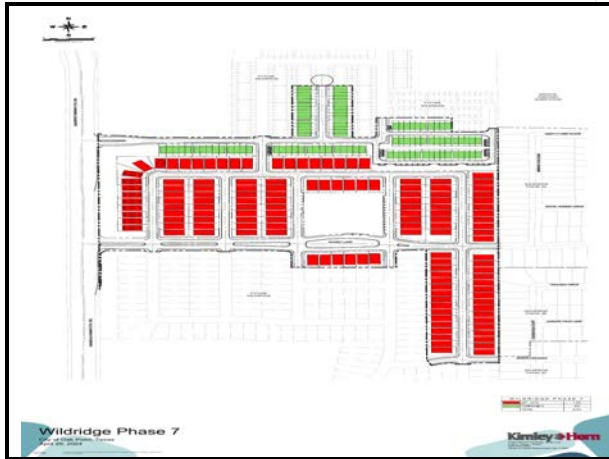
Comparable 4 Aerial



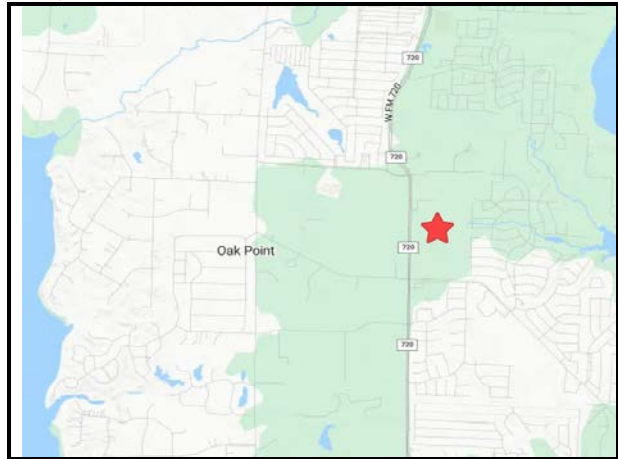
Comparable 4 Map

1,980-SF Sale Comparable 4				
Property Information				
Subdivision	The Reserve at Hickory Creek			
Property Class	Residential Townhome Lot			
Address	North of Tuberville Road, East of Ronald Regan Avenue, and South of Camphor Street			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	2,200	SF	0.05	Acres
Zoning Code	Townhome-1			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	August-2023			
Seller	Reserve at Hickory Creek, LLC			
Buyer	Blue River Development Acquisitions			
Sale Price	\$92,000			
Price per SF Land	\$41.82			

SALE COMPARABLE 5 – 1,980-SF; 22' TOWNHOME LOTS



Comparable 5 Aerial



Comparable 5 Map

1,980-SF Sale Comparable 5				
Property Information				
Subdivision Name	Oak Point 720			
Property Class	Residential Townhome Lot			
Address	East of West FM 720, North of Shahan Prairie Road, Oak Point			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	1,980	SF	0.05	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	March - 2023			
Seller	CF CSLK RDMN, LLC			
Buyer	Grenadier Investments, Inc.			
Sale Price	\$80,000			
Price per SF Land	\$40.40			

SALES ADJUSTMENT COMPARISON GRID – 1,980-SF; 22' TOWNHOME LOTS

Subdivision	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Arcadia Staybolt PID, Phase 1	Aria	University Hills	Lakeside Crossing	The Reserve at Hickory Creek	Oak Point 720
	Mansfield	Sachse	Dallas	Lewisville	Hickory Creek	Oak Point
<i>Transactional Adjustments</i>						
Sales Price/SF		\$31.82	\$23.15	\$54.55	\$41.82	\$40.40
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/SF		\$31.82	\$23.15	\$54.55	\$41.82	\$40.40
Financing Terms		0%	0%	0%	0%	0%
Sales Price/SF		\$31.82	\$23.15	\$54.55	\$41.82	\$40.40
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/SF		\$31.82	\$23.15	\$54.55	\$41.82	\$40.40
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/SF		\$31.82	\$23.15	\$54.55	\$41.82	\$40.40
Time/Market Conditions		+9%	+8%	+10%	+9%	+10%
ADJUSTED Price/SF:		\$34.68	\$25.00	\$60.00	\$45.58	\$44.44
<i>Physical Adjustments</i>						
Location/Access	Southeast Mansfield; South of Lone Star Road, East of State Highway 360	0%	0%	0%	0%	0%
Amenities	Amenity Center, Swimming Pool, Playground, Trails, and Greenspace	+4%	-10%	-10%	-3%	0%
Size	1,980-SF	0%	0%	0%	0%	0%
Topography/View	Gently Sloping; Unshaded Zone X	0%	0%	0%	0%	0%
Zoning	Planned Development	-3%	+3%	-3%	+3%	0%
Total Net Physical Adj. After Transactional Adj.		+1%	-7%	-13%	0%	0%
ADJUSTED Price/SF:		\$35.03	\$23.25	\$52.20	\$45.58	\$44.44
SUMMARY OF COMPARABLE VALUES						
Value Range/SF		\$23.25	to	\$52.20		
Average Value/SF		\$40.10				
Median Value/SF		\$44.44				
Size		1,980-SF				
Unit Value Indication		\$40.00/SF				
Overall Value Indication		\$79,200				
Rounded		\$79,200				

ANALYSIS OF ADJUSTMENTS –1,980-SF; 22' TOWNHOME LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$23.15 per square foot to \$54.55 per square foot (SF) with all Sales being between 1,320-SF and 2,200-SF.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020-2024 but now appears to be cooling following another interest rate increase by the Federal Reserve that has lowered mortgage rates by 9 basis points to 6.72% as of February 2025. Price increase from 2020-2024 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. We also considered that according to data from Zonda there is a shortage of 1,980-SF (22'-FF) vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically along the State Highway 360 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +3% year-over year (YoY) increase throughout 2022, 2023, 2024, and into the first quarter of 2025 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +8% and +10% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the southeast part of the City of Mansfield. Development in the subject's area has been moderately increasing and consistent throughout the decades. The property is approximately 0.7 miles east of State Highway 360, situated on the south side of Lone Star Road. The surrounding area comprises a blend of residential development and a cemetery to the east, agricultural land to the south and west, and commercial uses and a church to the north.

Approximately 10 miles southeast of the subject property is Midlothian High School, which is one of two high schools in Midlothian ISD. Midlothian ISD is an average district with a "B" rating from the Texas Education Agency (TEA). Many prospective residents seeking a quasi-rural residential neighborhood might prefer a smaller and more appealing school district compared to the larger districts found closer to DFW. The area's accessibility is considered average. We have made the following adjustments for Location/Access:

- Sale 1: Similar; Located in Sachse, which feeds into the Garland ISD which has a "B" rating and considered to be a similar ISD, while also having similar access to commercial development; Adjusted 0%
- Sale 2: Similar; Located in Dallas, which has similar access to commercial uses and is located in Dallas ISD which has a "B" rating and considered to be a similar ISD; Adjusted 0%
- Sale 3: Similar; Located in Lewisville which feeds into Lewisville ISD which has a "B" rating and considered to be a similar ISD while also having similar access to commercial development; Adjusted 0%
- Sale 4: Similar; Located in Hickory Creek, which has similar access to commercial uses and is located in Lake Dallas ISD which has a "B" rating and considered to be a similar ISD; Adjusted 0%
- Sale 5: Similar; Located in Oak Point, which has similar access to commercial uses, while also being in Denton ISD which has a "B" rating and considered to be a similar ISD; Adjusted 0%

Amenities

The subject property's amenities will consist of an amenity center, a swimming pool, a playground, trails, and greenspace. According to the site visit, earthwork on the site is not yet underway. The subject's amenities are average for a master planned community the size of Arcadia Staybolt PID with development being built-out with 189 homes within phase 1. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Aria Subdivision, which has inferior amenities such as a park and trails; Adjusted +4%
- Sale 2: Superior; University Hills Subdivision which has superior amenities such as multiple commercial areas, an amenity center, a pool, a gym, a sport court, ponds, trails, and greenspace; Adjusted -10%
- Sale 3: Superior; Lakeside Crossing Subdivision, which has superior amenities such as a commercial center, an event lawn, and two pools; Adjusted -10%
- Sale 4: Superior; The Reserve at Hickory Creek Subdivision, which has superior amenities such as pickleball courts, a fitness center, a playground, a dog park, a pond, a picnic area, and trails; Adjusted -3%
- Sale 5: Similar; Oak Point 720 Subdivision, which has similar quality amenities such as two swimming pools, a splash pad, a pavilion, a park, trails, and greenspace; Adjusted 0%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (square footage). However, townhome lots are attached dwellings and therefore, lot sizes for townhome lots typically do not influence sales prices as much as single-family detached development lots. All sales are townhome lots that range from 1,320-SF and 2,200-SF. No adjustment is made for Size as all Sales are considered similar.

Topography/View

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. Additionally, each of the comparable sales are located on recently developed former agricultural land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

Zoning

According to our due diligence, the subject property is zoned Planned Development (PD) for residential development by the City of Mansfield. This classification permits the creation of single-family residential lots. At this stage, the land will possess entitlement rights for development, increasing its value compared to vacant agricultural land not within the city with no zoning. The entitlements provided by the PD classification elevate the property's value beyond that of unzoned raw land. We have made the following adjustments for Zoning:

- Sale 1: Superior; Zoned TMU (Turnpike Mixed Use) by the City of Sachse, which allows residential uses and commercial uses, therefore, is less restrictive than the subject property; Adjusted -3%
- Sale 2: Inferior; Zoned TH-2 (Townhome-2) by the City of Dallas, which only allows townhome development which is more restrictive than the subject property; Adjusted +3%
- Sale 3: Superior; Zoned PD-MU (Planned Development – Mixed Use) by the City of Lewisville, which allows residential uses and commercial uses, therefore, is less restrictive than the subject property; Adjusted -3%
- Sale 4: Inferior; TH-1 (Townhome-1), by the City of Hickory Creek, which only allows townhome development which is more restrictive than the subject property; Adjusted +3%
- Sale 5: Similar; Zoned PD (Planned development) by the City of Oak Point, which allows residential uses for both townhomes and detached single-family homes, therefore, is similar to the subject property; Adjusted 0%

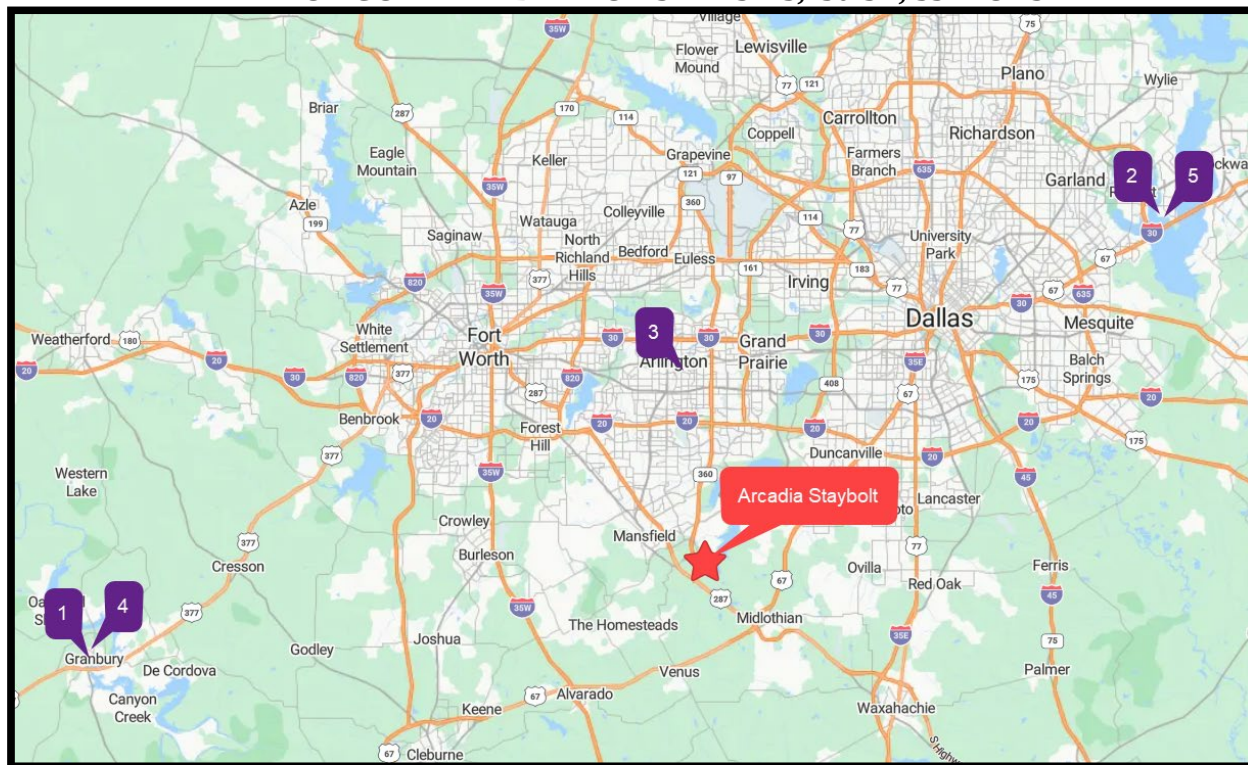
Conclusion for 1,980-SF (22-FF) Townhome Lots – The 1,980-SF (22-FF) Townhome Lot Sales have an adjusted range of \$23.25/SF to \$52.20/SF with an average of \$40.10/SF and a median of \$44.44/SF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material and labor, which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 1,980-SF (22-FF) townhome lots is \$40.00/SF, or \$79,200/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
1,980-SF (22-FF) Townhome Lots	77	July 1, 2026	\$79,200

Next, we will analyze the retail market value of the 3,150-SF (35-FF) improved residential lots within Arcadia Staybolt PID Phase 1.

Arcadia Staybolt Public Improvement District, Phase 1

MAP OF COMPARABLE LOT SALES – 3,150-SF; 35’ LOTS



Subject: Arcadia Staybolt PID Phase 1, Mansfield, TX 76065.

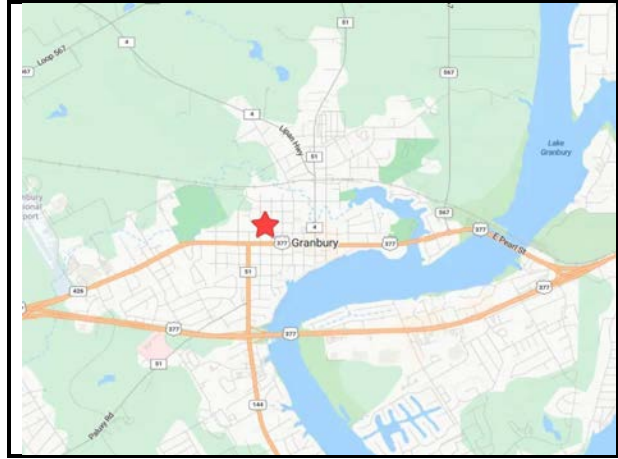
We selected the best and most recent comparable lot sales for our analysis of the 3,150-SF (35-FF) lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 3,150-SF LOTS								
Sale	Subdivision/Address	City	ISD	Sale Date	Contract Date	Base Lot Price	Sqaure Feet (SF)	\$/SF
1	516 West Bridge Street	Granbury	Granbury	Jan-2024	Jan-2024	\$89,000	3,485	\$ 25.54
2	Villas at Bayside	Rowlett	Garland	May-2023	In-Contract	\$65,000	3,150	\$ 20.63
3	1508 Dale Drive	Arlington	Arlington	Aug-2023	Aug-2023	\$95,000	4,661	\$ 20.38
4	317 West Rucker Street	Granbury	Granbury	Oct-2022	Oct-2022	\$85,000	2,178	\$ 39.03
5	6818 Windward View Drive	Rowlett	Garland	Aug-2022	Aug-2022	\$70,000	3,398	\$ 20.60
Subject	Arcadia Staybolt PID, Phase 1	Mansfield	Midlothian	-	-	-	3,150	-

SALE COMPARABLE 1 – 3,150-SF; 35’ LOTS



Comparable 1 Aerial



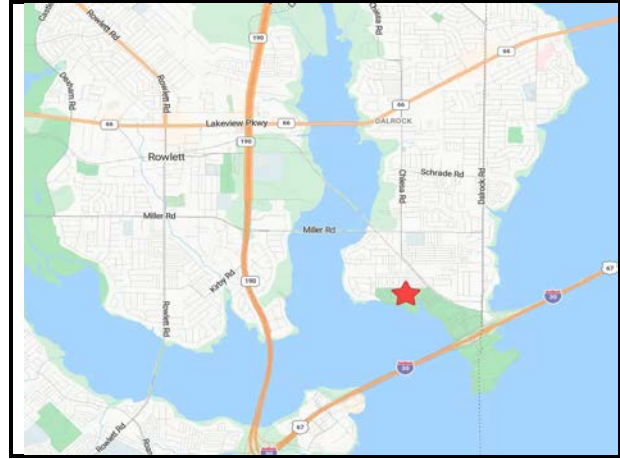
Comparable 1 Map

3,150-SF Sale Comparable 1				
Property Information				
Subdivision Name	Thrash			
Property Class	Residential Lot			
Address	516 West Bridge Street, Granbury			
County	Hood			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	3,485	SF	0.08	Acres
Zoning Code	Single Family-8.4			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	January - 2024			
Seller	Koldus John ET UX Gwen			
Buyer	Cason Nicholas ET UX Amanda			
Sale Price	\$89,000			
Price per SF Land	\$25.54			

SALE COMPARABLE 2 – 3,150-SF; 35' LOTS



Comparable 2 Aerial



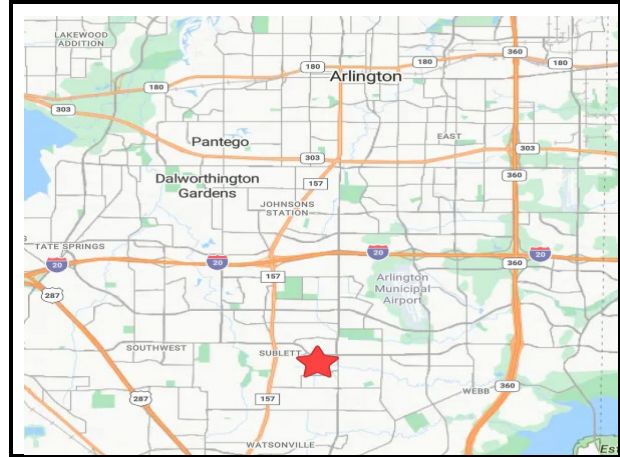
Comparable 2 Map

3,150-SF Sale Comparable 2				
Property Information				
Subdivision Name	Villas at Bayside			
Property Class	Residential Lot			
Address	Northeast corner of Sunset Boulevard and Fuqua Road, Rowlett			
County	Dallas			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	3,150	SF	0.07	Acres
Zoning Code	Form-Based New Neighborhood District			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	May-2023			
Seller	Bayside Residential, LLC			
Buyer	New Synergy Homes			
Sale Price	\$65,000			
Price per SF Land	\$20.63			

SALE COMPARABLE 3 – 3,150-SF; 35' LOTS



Comparable 3 Aerial



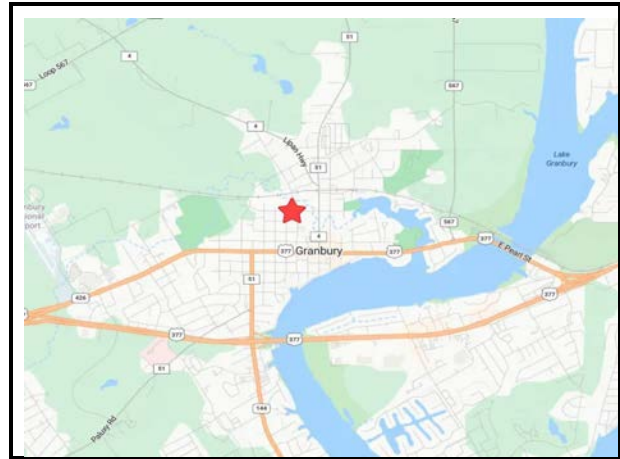
Comparable 3 Map

3,150-SF Sale Comparable 3				
Property Information				
Subdivision Name	Arlington Manor			
Property Class	Residential Lot			
Address	1508 Dale Drive, Arlington			
County	Tarrant			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,661	SF	0.11	Acres
Zoning Code	Residential Single-Family - 7.2			
Shape	Irregular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	August-2023			
Seller	Casa De Renta 2, LLC			
Buyer	Ector Vazquez			
Sale Price	\$95,000			
Price per SF Land	\$20.38			

SALE COMPARABLE 4 – 3,150-SF; 35' LOTS



Comparable 4 Aerial



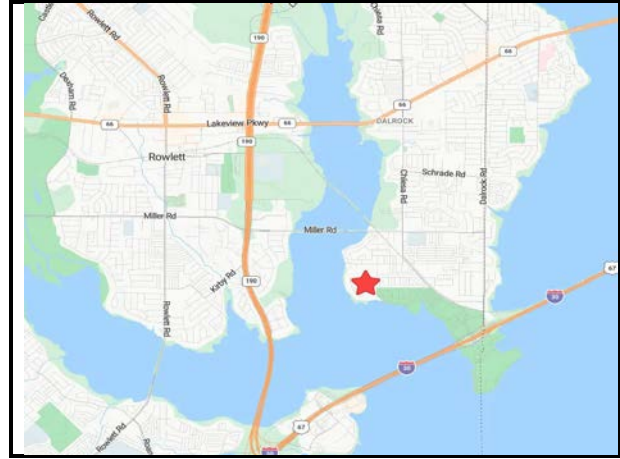
Comparable 4 Map

3,150-SF Sale Comparable 4				
Property Information				
Subdivision Name	Thrash			
Property Class	Residential Lot			
Address	317 West Rucker Street, Granbury			
County	Hood			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	2,178	SF	0.05	Acres
Zoning Code	Single Family-8.4			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	October - 2022			
Seller	Four Shelby, Inc			
Buyer	John Hinson			
Sale Price	\$85,000			
Price per SF Land	\$39.03			
Notes	Sold for Land Value			

SALE COMPARABLE 5 – 3,150-SF; 35’ LOTS



Comparable 5 Aerial



Comparable 5 Map

3,150-SF Sale Comparable 5				
Property Information				
Subdivision Name	Vu Du Lac			
Property Class	Residential Lot			
Address	6818 Windward View Drive, Rowlett			
County	Dallas			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	3,398	SF	0.08	Acres
Zoning Code	Planned Development			
Shape	Mostly Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	August-2022			
Seller	Pham Ngoc Thuy Thi			
Buyer	Trejo Santos			
Sale Price	\$70,000			
Price per SF Land	\$20.60			

SALES ADJUSTMENT COMPARISON GRID – 3,150-SF; 35' LOTS

Subdivision	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Arcadia Staybolt PID, Phase 1	516 West Bridge Street	Villas at Bayside	1508 Dale Drive	317 West Rucker Street	6818 Windward View Drive
	Mansfield	Granbury	Rowlett	Arlington	Granbury	Rowlett
<i>Transactional Adjustments</i>						
Sales Price/SF		\$25.54	\$20.63	\$20.38	\$39.03	\$20.60
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/SF		\$25.54	\$20.63	\$20.38	\$39.03	\$20.60
Financing Terms		0%	0%	0%	0%	0%
Sales Price/SF		\$25.54	\$20.63	\$20.38	\$39.03	\$20.60
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/SF		\$25.54	\$20.63	\$20.38	\$39.03	\$20.60
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/SF		\$25.54	\$20.63	\$20.38	\$39.03	\$20.60
Time/Market Conditions		+8%	+10%	+9%	+11%	+12%
ADJUSTED Price/SF:		\$27.58	\$22.70	\$22.22	\$43.32	\$23.07
<i>Physical Adjustments</i>						
Location/Access	Southeast Mansfield; South of Lone Star Road, East of State Highway 360	+5%	0%	0%	+5%	0%
Amenities	Amenity Center, Swimming Pool, Playground, Trails, and Greenspace	+10%	+6%	+10%	+10%	+10%
Size	3,150-SF	0%	0%	+3%	-3%	0%
Topography/View	Gently Sloping; Unshaded Zone X	0%	-5%	0%	0%	-5%
Zoning	Planned Development	+3%	0%	+3%	+3%	+3%
<i>Total Net Physical Adj. After Transactional Adj.</i>		+18%	+1%	+16%	+15%	+8%
ADJUSTED Price/SF:		\$32.55	\$22.93	\$25.77	\$49.82	\$24.92
SUMMARY OF COMPARABLE VALUES						
Value Range/SF		\$22.93	to	\$49.82		
Average Value/SF		\$31.20				
Median Value/SF		\$25.77				
Size		3,150-SF				
Unit Value Indication		\$31.00/SF				
Overall Value Indication		\$97,650				
Rounded		\$97,650				

ANALYSIS OF ADJUSTMENTS –3,150-SF; 35’ LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject’s general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$20.38 per square foot to \$39.03 per square foot (SF) with all Sales being between 2,178-SF to 4,661-SF lot sizes.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020-2024 but now appears to be cooling following another interest rate increase by the Federal Reserve that has lowered mortgage rates by 9 basis points to 6.72% as of February 2025. Price increase from 2020-2024 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. We also considered that according to data from Zonda there is a shortage of 3,150-SF (35-FF) vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically along the State Highway 360 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +3% year-over year (YoY) increase throughout 2022, 2023, 2024, and into the first quarter of 2025 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +8% and +12% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the southeast part of the City of Mansfield. Development in the subject's area has been moderately increasing and consistent throughout the decades. The property is approximately 0.7 miles east of State Highway 360, situated on the south side of Lone Star Road. The surrounding area comprises a blend of residential development and a cemetery to the east, agricultural land to the south and west, and commercial uses and a church to the north.

Approximately 10 miles southeast of the subject property is Midlothian High School, which is one of two high schools in Midlothian ISD. Midlothian ISD is an average district with a "B" rating from the Texas Education Agency (TEA). Many prospective residents seeking a quasi-rural residential neighborhood might prefer a smaller and more appealing school district compared to the larger districts found closer to DFW. The area's accessibility is considered average. We have made the following adjustments for Location/Access:

- Sale 1: Inferior; Located in Granbury, which has inferior access to commercial uses, and is located much further from the DFW metroplex while also being in Granbury ISD which has a "B" rating and considered to be a similar ISD; Adjusted +5%
- Sale 2: Similar; Located in Rowlett, which has similar access to commercial uses and feeds into Garland ISD which has a "B" rating district and considered to be a similar ISD; Adjusted 0%
- Sale 3: Similar; Located in Arlington, which has similar access to commercial uses and is located in Arlington ISD which has a "B" rating and considered to be a similar ISD; Adjusted 0%
- Sale 4: Inferior; Located in Granbury, which has inferior access to commercial uses, and is located much further from the DFW metroplex while also being in Granbury ISD which has a "B" rating and considered to be a similar ISD; Adjusted +5%
- Sale 5: Similar; Located in Rowlett, which has similar access to commercial uses and feeds into Garland ISD which has a "B" rating district and considered to be a similar ISD; Adjusted 0%

Amenities

The subject property's amenities will consist of an amenity center, a swimming pool, a playground, trails, and greenspace. According to the site visit, earthwork on the site is not yet underway. The subject's amenities are average for a master planned community the size of Arcadia Staybolt PID with development being built-out with 189 homes within phase 1. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Thrash Subdivision, which has no amenities; Adjusted +10%
- Sale 2: Inferior; Villas at Bayside Subdivision which has inferior amenities such as community park and dog park; Adjusted +6%
- Sale 3: Inferior; Arlington Manor Subdivision which has no amenities; Adjusted +10%
- Sale 4: Inferior; Thrash Subdivision, which has no amenities; Adjusted +10%
- Sale 5: Inferior; Vu Du Lac Subdivision, which has no amenities; Adjusted +10%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (square footage). Sale 3 is a larger building pads at 4,661-SF and has been adjusted +3%. Sale 4 is a smaller building pad at 2,178-SF and has been adjusted -3%. Sales 1, 2, and 5 are of similar sized building pads as the subject at 3,485-SF, 3,150-SF and 3,398-SF and were not adjusted.

Topography/View

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. However, sales 2 and 5 each have lake views, which are superior to the subject and have been adjusted -5% for View. Comparable Sales 1, 3, and 4 are located on recently developed land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

Zoning

According to our due diligence, the subject property is zoned Planned Development (PD) for residential development by the City of Mansfield. This classification permits the creation of single-family residential lots. At this stage, the land will possess entitlement rights for development, increasing its value compared to vacant agricultural land not within the city with no zoning. The entitlements provided by the PD classification elevate the property's value beyond that of unzoned raw land. We have made the following adjustments for Zoning:

- Sale 1: Inferior; Zoned SF-8.4 (Single Family-8.4) by the City of Granbury, which allows residential uses but would not allow for townhomes, therefore, is more restrictive than the subject property; Adjusted +3%
- Sale 2: Similar; Form-Based Neighborhood District by the City of Rowlett, which allows townhomes and single-family detached residences which is similar uses to the subject; Adjusted 0%
- Sale 3: Inferior; Zoned SF-7.2 (Residential; Single Family-7.2), by the City of Arlington, which allows residential uses but would not allow for townhomes, therefore, is more restrictive than the subject property; Adjusted +3%
- Sale 4: Inferior; Zoned SF-8.4 (Single Family-8.4) by the City of Granbury, which allows residential uses but would not allow for townhomes, therefore, is more restrictive than the subject property; Adjusted +3%
- Sale 5: Inferior; Zoned PD (Planned Development) by the City of Rowlett, which allows residential uses but would not allow for townhomes, therefore, is more restrictive than the subject property; Adjusted +3%

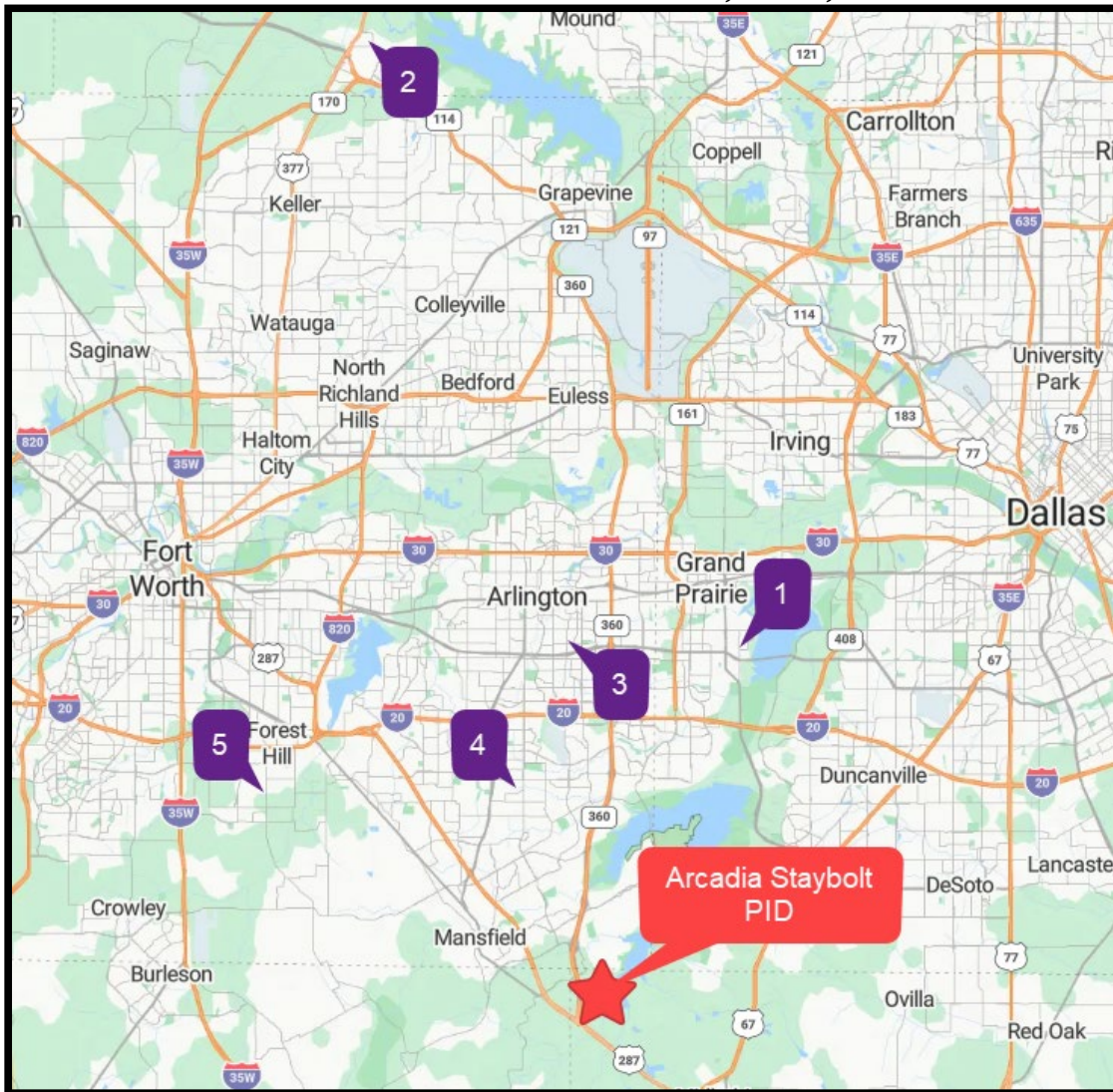
Conclusion for 3,150-SF (35-FF) Lots – The 3,150-SF (35-FF) Lot Sales have an adjusted range of \$22.93/SF to \$49.82/SF with an average of \$31.20/SF and a median of \$25.77/SF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material and labor, which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 3,150-SF (35-FF) lots is \$31.00/SF, or \$97,650/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
35' Detached Lots	60	July 1, 2026	\$97,650

Next, we will analyze the retail market value of the 4,950-SF (45-FF) improved residential lots within Arcadia Staybolt PID Phase 1.

Arcadia Staybolt Public Improvement District, Phase 1

MAP OF COMPARABLE LOT SALES – 4,950-SF; 45’ LOTS



Subject: Arcadia Staybolt PID Phase 1, Mansfield, TX 76065

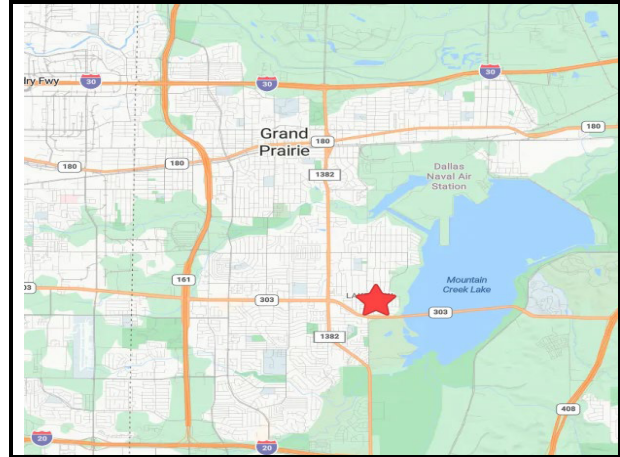
We selected the best and most recent comparable lot sales for our analysis of the 4,950-SF (45-FF) lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 4,950-SF LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Square Feet (FF)	\$/SF
1	2429 Grant Street	Grand Prairie	Grand Prairie	Oct-2024	Oct-2024	\$95,000	4,966	\$ 19.13
2	TBD Willow Lane	Roanoke	Northwest	Apr-2024	Apr-2024	\$105,000	5,140	\$ 20.43
3	851 Valleybrook Drive	Arlington	Arlington	May-2022	May-2022	\$75,000	5,009	\$ 14.97
4	1508 Dale Drive	Arlington	Arlington	Aug-2023	Aug-2023	\$95,000	4,661	\$ 20.38
5	3212 Royal Crest Drive	Fort Worth	Everman	Oct-2023	Oct-2023	\$72,000	5,489	\$ 13.12
Subject	Arcadia Staybolt PID, Phase 1	Mansfield	Midlothian	-	-	-	4,950	-

SALE COMPARABLE 1 – 4,950-SF; 45’ LOTS



Comparable 1 Aerial



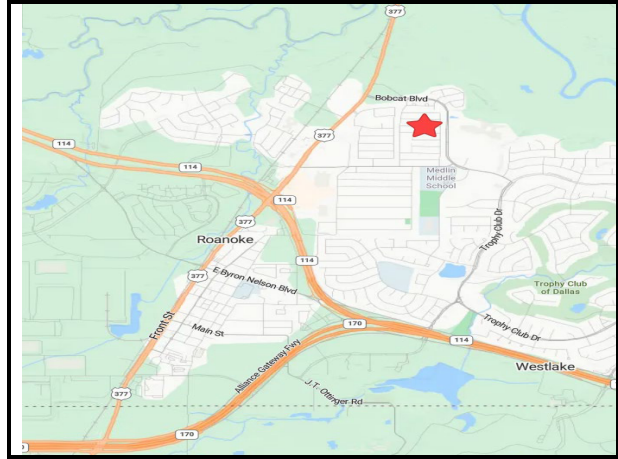
Comparable 1 Map

4,950-SF Sale Comparable 1				
Property Information				
Subdivision Name	Mountain Lakeview			
Property Class	Residential Lot			
Address	2429 Grant Street, Grand Prairie			
County	Dallas			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,966	SF	0.11	Acres
Zoning Code	Single Family-4			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	October-2024			
Seller	William Javier Molina			
Buyer	JNE Developments, LLC			
Sale Price	\$95,000			
Price per SF Land	\$19.13			

SALE COMPARABLE 2 – 4,950-SF; 45’ LOTS



Comparable 2 Aerial



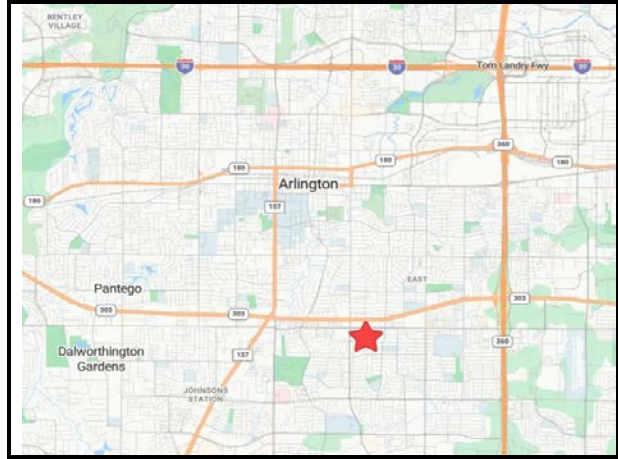
Comparable 2 Map

4,950-SF Sale Comparable 2				
Property Information				
Subdivision Name	Green Acres Estates			
Property Class	Residential Lot			
Address	TBD Willow Lane, Roanoke			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	5,140	SF	0.12	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All Aavailable			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	April-2024			
Seller	Terry L. Brusveen & James L. Brusveen			
Buyer	Mena Musli			
Sale Price	\$105,000			
Price per SF Land	\$20.43			

SALE COMPARABLE 3 – 4,950-SF; 45’ LOTS



Comparable 3 Aerial



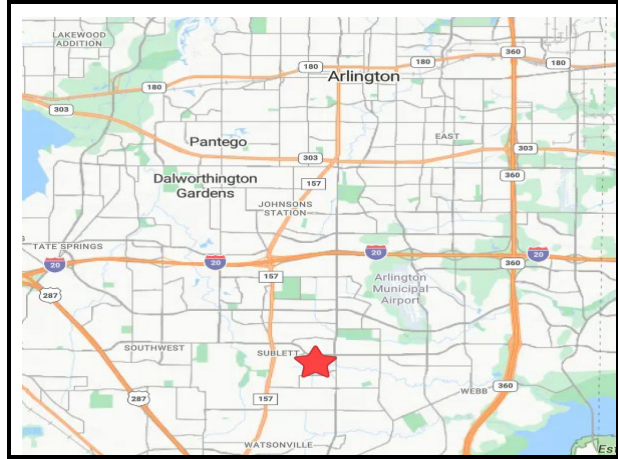
Comparable 3 Map

4,950-SF Sale Comparable 3				
Property Information				
Subdivision Name	Stonebrook Estates			
Property Class	Residential Lot			
Address	851 Valleybrooke Drive, Arlington			
County	Tarrant			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	5,009	SF	0.11	Acres
Zoning Code	Residential Medium Density 12			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	May-2022			
Seller	Golden Lion Trading, LLC			
Buyer	Brando Villatoro			
Sale Price	\$75,000			
Price per SF Land	\$14.97			

SALE COMPARABLE 4 – 4,950-SF; 45' LOTS



Comparable 4 Aerial



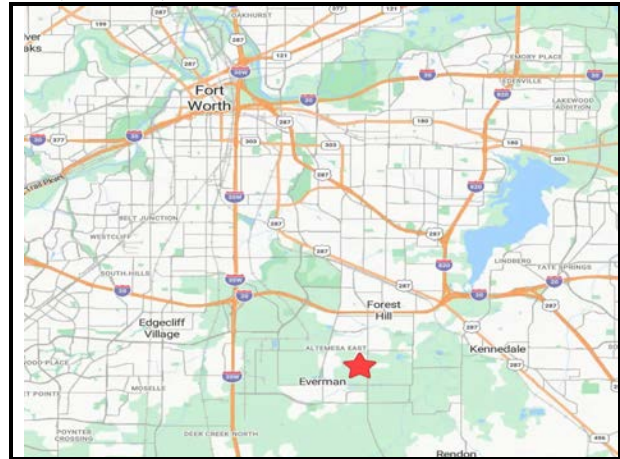
Comparable 4 Map

4,950-SF Sale Comparable 4				
Property Information				
Subdivision Name	Arlington Manor			
Property Class	Residential Lot			
Address	1508 Dale Drive, Arlington			
County	Tarrant			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,661	SF	0.11	Acres
Zoning Code	Residential Single-Family - 7.2			
Shape	Irregular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	August-2023			
Seller	Casa De Renta 2, LLC			
Buyer	Ector Vazquez			
Sale Price	\$95,000			
Price per SF Land	\$20.38			

SALE COMPARABLE 5 – 4,950-SF; 45’ LOTS



Comparable 5 Aerial



Comparable 5 Map

4,950-SF Sale Comparable 5				
Property Information				
Subdivision Name	Hanna Ranch			
Property Class	Residential Lot			
Address	3212 Royal Crest Street, Fort Worth			
County	Tarrant			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	5,489	SF	0.13	Acres
Zoning Code	One-Family			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	October-2023			
Seller	Alfredo Fuerte			
Buyer	Chairez Angel Perez			
Sale Price	\$72,000			
Price per SF Land	\$13.12			

SALES ADJUSTMENT COMPARISON GRID –4,950-SF; 45' LOTS

<i>Subdivision</i>	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Arcadia Staybolt PID, Phase 1	2429 Grant Street	TBD Willow Lane	851 Valleybrook Drive	1508 Dale Drive	3212 Royal Crest Drive
	Mansfield	Grand Prairie	Roanoke	Arlington	Arlington	Fort Worth
<i>Transactional Adjustments</i>						
Sales Price/SF		\$19.13	\$20.43	\$14.97	\$20.38	\$13.12
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/SF		\$19.13	\$20.43	\$14.97	\$20.38	\$13.12
Financing Terms		0%	0%	0%	0%	0%
Sales Price/SF		\$19.13	\$20.43	\$14.97	\$20.38	\$13.12
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/SF		\$19.13	\$20.43	\$14.97	\$20.38	\$13.12
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/SF		\$19.13	\$20.43	\$14.97	\$20.38	\$13.12
Time/Market Conditions		+7%	+9%	+17%	+12%	+11%
ADJUSTED Price/SF:		\$20.47	\$22.27	\$17.52	\$22.83	\$14.56
<i>Physical Adjustments</i>						
Location/Access	Southeast Mansfield; South of Lone Star Road, East of State Highway 360	0%	0%	0%	0%	0%
Amenities	Amenity Center, Swimming Pool, Playground, Trails, and Greenspace	+10%	+10%	+10%	+10%	+10%
Size	4,950-SF	0%	+2%	0%	-2%	+2%
Topography/View	Gently Sloping; Unshaded Zone X	0%	0%	0%	0%	0%
Zoning	Planned Development	+3%	0%	0%	+3%	+3%
Total Net Physical Adj. After Transactional Adj.		+13%	+12%	+10%	+11%	+15%
ADJUSTED Price/SF:		\$23.13	\$24.94	\$19.27	\$25.34	\$16.74
SUMMARY OF COMPARABLE VALUES						
Value Range/SF		\$16.74	to	\$25.34		
Average Value/SF		\$21.88				
Median Value/SF		\$23.13				
Size		4,950-SF				
Unit Value Indication		\$22.00/SF				
Overall Value Indication		\$108,900				
Rounded		\$108,900				

ANALYSIS OF ADJUSTMENTS –4,950-SF; 45’ LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject’s general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$13.12 per square foot to \$20.43 per square foot with Sales being between 4,661-SF to 5,489-SF lot sizes.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020-2024 but now appears to be cooling following another interest rate increase by the Federal Reserve that has lowered mortgage rates by 9 basis points to 6.72% as of February 2025. Price increase from 2020-2024 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. We also considered that according to data from Zonda there is a shortage of 4,950-SF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically along the State Highway 360 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +4% year-over year (YoY) increase throughout 2022, 2023, 2024, and into the first quarter of 2025 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +7% and +17% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the southeast part of the City of Mansfield. Development in the subject's area has been moderately increasing and consistent throughout the decades. The property is approximately 0.7 miles east of State Highway 360, situated on the south side of Lone Star Road. The surrounding area comprises a blend of residential development and a cemetery to the east, agricultural land to the south and west, and commercial uses and a church to the north.

Approximately 10 miles southeast of the subject property is Midlothian High School, which is one of two high schools in Midlothian ISD. Midlothian ISD is an average district with a "B" rating from the Texas Education Agency (TEA). Many prospective residents seeking a quasi-rural residential neighborhood might prefer a smaller and more appealing school district compared to the larger districts found closer to DFW. The area's accessibility is considered average. We have made the following adjustments for Location/Access:

- Sale 1: Similar; Located in Grand Prairie, which has similar access to commercial uses and is located in Grand Prairie ISD which has a "B" rating and considered to be a similar ISD; Adjusted 0%
- Sale 2: Similar; Located in Roanoke, which feeds into Northwest ISD which has a "B" rating and considered to be a similar ISD while also having similar access to commercial uses; Adjusted 0%
- Sale 3: Similar; Located in Arlington, which has similar access to commercial uses and is located in Arlington ISD which has a "B" rating and considered to be a similar ISD; Adjusted 0%
- Sale 4: Similar; Located in Arlington, which has similar access to commercial uses and is located in Arlington ISD which has a "B" rating and considered to be a similar ISD; Adjusted 0%
- Sale 5: Similar; Located in Fort Worth, which feeds into the Everman ISD which has a "B" rating and considered to be a similar ISD while also having similar access to commercial uses; Adjusted 0%

Amenities

The subject property's amenities will consist of an amenity center, a swimming pool, a playground, trails, and greenspace. According to the site visit, earthwork on the site is not yet underway. The subject's amenities are average for a master planned community the size of Arcadia Staybolt PID with development being built-out with 189 homes within phase 1. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Mountain Lakeview Subdivision, which has no amenities; Adjusted +10%
- Sale 2: Inferior; Green Acres Estates Subdivision, which has no amenities; Adjusted +10%
- Sale 3: Inferior; Stonebrook Estates Subdivision, which has no amenities; Adjusted +10%
- Sale 4: Inferior; Arlington Manor Subdivision which has no amenities; Adjusted +10%
- Sale 5: Inferior; Hanna Ranch Subdivision, which has no amenities; adjusted +10%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (square footage). Sales 2 and 5 are larger building pads at 5,140-SF and 5,489-SF and have been adjusted +2%. Sale 4 is a smaller building pad at 4,661-SF and has been adjusted -2%. Sales 1 and 3 are of similar sized building pads as the subject at 4,966 SF and 5,009-SF and were not adjusted.

Topography/View

The subject and the comparable sales will each be located on graded and improved land tracts that have been optimized for layout, drainage, and utility access so no adjustment is needed for Topography. Additionally, each of the comparable sales are located on recently developed former agricultural land that is generally lacking remarkable views due to the basically level topography; thus, there is no adjustment needed for View.

Zoning

According to our due diligence, the subject property is zoned Planned Development (PD) for residential development by the City of Mansfield. This classification permits the creation of single-family residential lots. At this stage, the land will possess entitlement rights for development, increasing its value compared to vacant agricultural land not within the city with no zoning. The entitlements provided by the PD classification elevate the property's value beyond that of unzoned raw land. We have made the following adjustments for Zoning:

- Sale 1: Inferior; Zoned SF-4 (Single Family-4) by the City of Grand Prairie, which allows residential uses but would not allow for townhomes, therefore, is more restrictive than the subject property; Adjusted +3%
- Sale 2: Similar; Zoned PD (Planned Development) by the City of Roanoke, which would allow for similar uses to the subject; Adjusted 0%
- Sale 3: Similar; Zoned RM-12 (Residential Medium Density 12) by the City of Arlington, which would allow for similar uses to the subject; Adjusted 0%
- Sale 4: Inferior; Zoned SF-7.2 (Residential; Single Family-7.2), by the City of Arlington, which allows residential uses but would not allow for townhomes, therefore, is more restrictive than the subject property; Adjusted +3%
- Sale 5: Inferior; Zoned A-5 (One Family) by the City of Fort Worth, which allows residential uses but would not allow for townhomes, therefore, is more restrictive than the subject property; Adjusted +3%

Conclusion for 4,950-SF (45-FF) Lots – The 4,950-SF (45-FF) Lot Sales have an adjusted range of \$16.74/SF to \$25.34/SF with an average of \$21.88/SF and a median of \$23.13/SF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material and labor, which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 4,950-SF (45-FF) lots is \$22.00/SF, or \$108,900/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
45' Detached Lots	52	July 1, 2026	\$108,900

Cumulative Retail Lot Value

We believe a current lot market value of \$40.00/SF for 1,980-SF (22-FF) improved Townhome Lots, \$31.00/SF for 3,150-SF (35-FF) improved Lots, and \$22.00/SF for 4,950-SF (45-FF) improved Lots with an Effective Date of July 1, 2026 is accurate and well-supported. Not only do our compiled recent comparable lot sales indicate those prices, but numerous conversations with market participants – land developers and homebuilders – regarding current prices of lots within the subject’s market indicate that our concluded values per front foot is supported by the current retail price for 1,980-SF (22-FF), 3,150-SF (35-FF), and 4,950-SF (45-FF) lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2024 and into 2025 which followed a spike in the residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders.

Per the purchase and sale contract, there will also be a \$4,500 per lot Amenity Fee and a \$750 architectural compliance fee, which the builder is required to pay at the time of lot closing. Additionally, under the Development Agreement, the city has waived its plat review fees, plan review and permit fees, inspection fees, park and reforestation fees and impact fees, otherwise known as “Development Fees.” Accordingly, at the Closing of the purchase of each Lot, the Purchaser shall pay to the Seller, for each Lot purchased at such Closing, a recovery fee in an amount equal to the total of all Development Fees that would have customarily been charged to the Purchaser for such Lot by the City absent this waiver included in the EDA. According to the developer, this fee is approximately \$10,000 per lot but may be subject to future increases.

As of the Prospective Effective Date of July 1, 2026, the retail market value of the 1,980-SF (22-FF), 3,150-SF (35-FF), and 4,950-SF (45-FF) lot prices including the fee reimbursements for Arcadia Staybolt PID Phase 1 are shown below:

ARCADIA STAYBOLT PID, MANSFIELD PHASE 1						
Total Lots	Feet Frontage (FF)	Square Feet (SF)	Retail Price/Lot	Effective Date	Price/SF (\$/SF)	Total Retail Value (\$)
77	22 FF	1,980 SF	\$79,200	July 1, 2026	\$40.00/SF	\$6,098,400
60	35 FF	3,150 SF	\$97,650	July 1, 2026	\$31.00/SF	\$5,859,000
52	45 FF	4,950 SF	\$108,900	July 1, 2026	\$22.00/SF	\$5,662,800
189						\$17,620,200
Amenity Fee Reimbursement				\$4,500/per lot		\$850,500
Utility Fee Reimbursement				\$10,000/per lot		\$1,890,000
Architectural Compliance Fee Reimbursment				\$750/per lot		\$141,750
Total Retail Lot Value						\$20,502,450

Next, we will develop an opinion of value for the 189 residential lots using the Discount Cash Flow analysis.

DISCOUNT CASH FLOW ANALYSIS

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the substantial completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of the substantial completion date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are those which reflect all expenses associated with the disposition of the property as well as the cost of capital and entrepreneurial profit. **This latter item of entrepreneurial profit is accounted for herein as part of the discount rate.**

The various assumptions necessary to complete our Discounted Cash Flow (DCF) analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

Takedown Schedule

The developers provided the appraisers with a projected quarterly takedown of the subject property, which was similar to the absorption schedule developed by the appraisers within this report, therefore the takedown schedule was deemed credible and utilized in our analysis. Our quarterly takedown projections are summarized as follows for the subject property based on the provided takedown projection:

TAKEDOWN SCHEDULE FOR ARCADIA STAYBOLT PID PHASE 1

Projected Quarterly Takedown Summary - Arcadia Staybolt PID Phase 1									
Lot Type	July-2026	Oct-2026	Jan-2027	Apr-2027	July-2027	Oct-2027	Jan-2028	Apr-2028	TOTAL
22-FF	12	12	12	12	12	12	5	-	77
35-FF	8	8	8	8	8	8	8	4	60
45-FF	9	9	9	9	9	7	-	-	52
Total	29	29	29	29	29	27	13	4	189

Note: Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the Effective Date is July 1, 2026, our analysis starts on the 3rd quarter of 2026.

Value Increases During Takedown Period

Historically, in the sales contracts of volume lot sales in the marketplace, the lot prices are typically adjusted upward. The Wall Street Journal Prime Rate (7.50% as of late December 2024), plus 1% (annually) up to 8.5%. Contracts between land developers and homebuilders typically have an 8% escalation which is consistent with recent improved lot appreciations over many years. Thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject's lots at 8% per year which is also consistent with residential real estate appreciation over the past decade. This is also considered reasonable given the lack of available lot and housing supply in the area and the historical realization of interest carry/appreciation by developers within DFW and surrounding market areas.

EXPENSES

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the principle that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. The current tax rate for the bulk of the property is **0.01995892 per \$100 assessed – 1.995892%** for the purpose of our analysis – with taxes due to Ellis County, Midlothian ISD, the City of Mansfield, and Ellis County LT RD.

Based upon our experience as property tax consultants and information gathered from builders/developers, we do not believe the vacant lots will be assessed for their full market value once Substantial Completion is achieved. We believe the builder will have their lots assessed at approximately 70% of the market value, i.e., if a lot has a retail value of \$100,000 then the assessed value will be \$70,000. We believe this 30% discount is justified as taxing districts do not typically have access to cost data and assessments typically lag the market. In addition, many taxing districts allow for a 20% builder's inventory reduction.

Cost of Sales has been estimated at 1.5% of gross sales proceeds for various closing costs, surveys, commissions, and title policies.

Marketing expenses are not included as there is a shortage of vacant developed lots on the market and we would expect these lots to be absorbed by volume builders. This is confirmed by the contracts the developer has where the lots are presold to homebuilders.

Discount Rate

The discount rate utilized herein is essentially an anticipated Internal Rate of Return (IRR) for the subject property, as estimated from investment performance realized by market participants. The discount rate used for the subject should be less than the typical land development project because the value we are determining is for a fully entitled project in a soon to be city-approved Planned Development which has less risk exposure than that of a raw land development. Therefore, it is appropriate to utilize a discount rate adjusted for this risk. The appraisers have included a recent discount rate survey published by Realty Rates that considers the market conditions, risk, entrepreneurial profit, and liquidity inherent in a project such as the subject that developers of similar properties would consider.

RealtyRates.com DEVELOPER SURVEY - 4th Quarter 2024*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	15.17%	33.42%	22.54%	14.56%	32.08%	21.64%
-100 Units	15.17%	28.81%	21.55%	14.56%	27.66%	20.69%
100-500 Units	15.55%	31.69%	22.67%	14.92%	30.42%	21.77%
500+ Units	15.93%	33.13%	23.06%	15.29%	31.80%	22.13%
Mixed Use	16.30%	33.42%	22.87%	15.65%	32.08%	21.96%
Manufactured Housing	15.63%	36.51%	24.18%	15.01%	35.05%	23.21%
-100 Units	15.63%	31.75%	23.22%	15.01%	30.48%	22.29%
100-500 Units	16.03%	34.92%	24.45%	15.38%	33.52%	23.48%
500+ Units	16.42%	36.51%	24.87%	15.76%	35.05%	23.88%
Business Parks	15.62%	34.87%	23.44%	14.99%	33.48%	22.50%
-100 Acres	15.62%	30.33%	22.51%	14.99%	29.11%	21.61%
100-500 Acres	16.01%	33.36%	23.70%	15.37%	32.02%	22.75%
500+ Acres	16.40%	34.87%	24.10%	15.74%	33.48%	23.13%
Industrial Parks	15.71%	29.43%	21.02%	15.08%	28.25%	20.18%
-100 Acres	15.71%	25.59%	20.23%	15.08%	24.56%	19.43%
100-500 Acres	16.10%	28.15%	21.24%	15.46%	27.02%	20.39%
500+ Acres	16.49%	29.43%	21.58%	15.83%	28.25%	20.72%
*3rd Quarter 2024 Data				Copyright 2024 RealtyRates.com™		

As shown, the minimum actual rates in Texas range from 15.17% for less than 100 units; 15.55% for 100 to 500 units; and 15.93% for 500+ units with minimum pro-forma rates ranging from 14.56% to 15.29%.

The 7th Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”. Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has numerous purchasers of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an internal rate of return (IRR) that is similar to the minimum actual rate provided by the Realty Rates “Developer Survey” for Texas of 15.55% for 100-500 units; and 14.92% for likewise minimum pro-forma rates is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of **15%** for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject (assisted by involvement of the Arcadia Staybolt PID Phase 1), as well as the current market conditions. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly with an annual DCF also included. With each of the required elements now identified, we will analyze the subject in DCF analyses as shown on the following pages.

DISCOUNT CASH FLOW (DCF) ANALYSIS - ARCADIA STAYBOLT PID PHASE 1

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete July 1, 2026
- Retail lot values: \$79,200 for 22-FF (1,980-SF) townhome lots
- Retail lot values: \$97,650 for 35-FF (3,150-SF) lots
- Retail lot values: \$108,900 for 45-FF (4,950-SF) lots
- 8% Appreciation/Year (2%/Quarter)
- 22-FF Lots sell at 12/Quarter starting in 3Q2026
- 35-FF Lots sell at 8/Quarter starting in 3Q2026
- 45-FF Lots sell at 9/Quarter starting in 3Q2026
- Discount Rate 15% (3.75%/Quarter)
- Amenity Fee Reimbursement: \$4,500
- Recovery Fee Reimbursement: \$10,000
- Architectural Compliance Fee Reimbursement: \$750
- Tax Expense on Inventory is 1.995892%/Year, 0.498973%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the improved lots is expected to be completed as of July 1, 2026, we believe lot prices will continue to appreciate closer to their historical average which is closer to 6% per year. Thus, we have concluded that the current retail improved lot values will be similar when takedowns begin. **Therefore, as of the expected Substantial Completion Date (July 1, 2026) the retail lot value for 77 22-FF (1,980-SF) lots is \$6,098,400, the retail lot value for 60 35-FF (3,150-SF) lots is \$5,859,000, and the retail lot value for the 52 45-FF (4,950-SF) lots is \$5,662,800 with a total cumulative value of \$17,620,200.** Per the purchase and sale contracts, each purchase and sale will include a \$4,500 per lot Amenity Fee and \$750 Architectural Compliance Fee which the builder is required to pay at the time of lot closing. Additionally, under the Development Agreement, the city has waived its plat review fees, plan review and permit fees, inspection fees, park and reforestation fees and impact fees, otherwise known as “Development Fees.” Accordingly, at the Closing of the purchase of each Lot, the Purchaser shall pay to the Seller, for each Lot purchased at such Closing, a recovery fee in an amount equal to the total of all Development Fees that would have customarily been charged to the Purchaser for such Lot by the City absent this waiver included in the EDA. According to the developer, this fee is approximately \$10,000 per lot but may be subject to future increases.

The total value of the amenity fee is \$850,500 (189 x \$4,500), the total value of the recovery fee is \$1,890,000 (189 x \$10,000), and the total value for the architectural compliance fee is \$141,750 (189 x \$750). After adding these two reimbursements, the total cumulative value is \$20,502,450 as shown in the table on the following page:

Arcadia Staybolt Public Improvement District, Phase 1

ARCADIA STAYBOLT PID, MANSFIELD PHASE 1						
Total Lots	Feet Frontage (FF)	Square Feet (SF)	Retail Price/Lot	Effective Date	Price/SF (\$/SF)	Total Retail Value (\$)
77	22 FF	1,980 SF	\$79,200	July 1, 2026	\$40.00/SF	\$6,098,400
60	35 FF	3,150 SF	\$97,650	July 1, 2026	\$31.00/SF	\$5,859,000
52	45 FF	4,950 SF	\$108,900	July 1, 2026	\$22.00/SF	\$5,662,800
189						\$17,620,200
Amenity Fee Reimbursement				\$4,500/per lot	\$850,500	
Utility Fee Reimbursement				\$10,000/per lot	\$1,890,000	
Architectural Compliance Fee Reimbursment				\$750/per lot	\$141,750	
Total Retail Lot Value						\$20,502,450

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.75% is applied to each period. Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the Substantial Completion Date was July 1, 2026, we will analyze on a quarterly basis starting July 2026, then proceeds to the beginning of each subsequent quarter.

Arcadia Staybolt Public Improvement District, Phase 1

DISCOUNT CASH FLOW DATA – ARCADIA STAYBOLT PID PHASE 1 (QUARTERLY)

pe	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
² Townhome Lots	77	\$ 79,200	12	65	\$ 80,784	12	53	\$ 82,400	12
35-FF Lots	60	\$ 97,650	8	52	\$ 99,603	8	44	\$ 101,595	8
45-FF Lots	52	\$ 108,900	9	43	\$ 111,078	9	34	\$ 113,300	9
Revenue		\$ 2,711,700			\$ 2,765,934			\$ 2,821,253	
Expenses:									
Amenity Fee Reimbursement		\$ 130,500			\$ 130,500			\$ 130,500	
Recovery Fee Reimbursement		\$ 290,000			\$ 290,000			\$ 290,000	
Architectural Compliance Fee Reimbursement		\$ 21,750			\$ 21,750			\$ 21,750	
Tax Expense		\$ (61,544)			\$ (53,114)			\$ (44,322)	
Sales Expense		\$ (40,676)			\$ (41,489)			\$ (42,319)	
Net Income		\$ 3,051,730			\$ 3,113,581			\$ 3,176,862	
Factor		0.982681			0.948939			0.916355	
Income Net Present Value (NPV)		\$ 2,998,879			\$ 2,954,599			\$ 2,911,134	



	Apr. 2027			Jul. 2027			Oct. 2027		
pe	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
² Townhome Lots	41	\$ 84,048	12	29	\$ 85,729	12	17	\$ 87,443	12
35-FF Lots	36	\$ 103,627	8	28	\$ 105,700	8	20	\$ 107,813	8
45-FF Lots	25	\$ 115,566	9	16	\$ 117,877	9	7	\$ 120,234	7
Revenue		\$ 2,877,678			\$ 2,935,231			\$ 2,753,467	
Expenses:									
Amenity Fee Reimbursement		\$ 130,500			\$ 130,500			\$ 121,500	
Recovery Fee Reimbursement		\$ 290,000			\$ 290,000			\$ 270,000	
Architectural Compliance Fee Reimbursement		\$ 21,750			\$ 21,750			\$ 20,250	
Tax Expense		\$ (35,157)			\$ (25,608)			\$ (15,663)	
Sales Expense		\$ (43,165)			\$ (44,028)			\$ (41,302)	
Net Income		\$ 3,241,605			\$ 3,307,844			\$ 3,108,252	
Factor		0.884890			0.854506			0.825164	
Income Net Present Value (NPV)		\$ 2,868,465			\$ 2,826,572			\$ 2,564,819	



	Jan. 2028			Apr. 2028		
pe	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
² Townhome Lots	5	\$ 89,192	5	-	-	-
35-FF Lots	12	\$ 109,970	8	4	\$ 112,169	4
45-FF Lots	-	-	-	-	-	-
Revenue		\$ 1,325,718			\$ 448,677	
Expenses:						
Amenity Fee Reimbursement		\$ 58,500			\$ 18,000	
Recovery Fee Reimbursement		\$ 130,000			\$ 40,000	
Architectural Compliance Fee Reimbursement		\$ 9,750			\$ 3,000	
Tax Expense		\$ (6,167)			\$ (1,045)	
Sales Expense		\$ (19,886)			\$ (6,730)	
Net Income		\$ 1,497,916			\$ 501,902	
Factor		0.796831			0.773964	
Income Net Present Value (NPV)		\$ 1,193,585			\$ 388,454	



Arcadia Staybolt Public Improvement District, Phase 1



Total Net Revenue Over ~8 Quarters	\$20,999,692
Net Present Value (As-Is) at 15% Discount Rate	\$18,706,505
<u>Rounded</u>	\$18,706,000

Note: Quarterly discount and appreciation calculations are averaged to the middle of the period.

Arcadia Staybolt Public Improvement District, Phase 1

DISCOUNT CASH FLOW DATA – ARCADIA STAYBOLT PID PHASE 1 (ANNUAL)

	2026			2027			2028		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
22-FF Townhome Lots	77	\$ 80,942	24	53	\$ 87,418	48	5	\$ 89,079	5
35-FF Lots	60	\$ 99,603	16	44	\$ 107,571	32	12	\$ 111,336	12
45-FF Lots	52	\$ 111,078	18	34	\$ 119,964	34	-	-	-
Revenue		\$ 5,535,670			\$ 11,717,118			\$ 1,781,428	
Expenses:									
Amenity Fee Reimbursement		\$ 261,000			\$ 513,000			\$ 76,500	
Recovery Fee Reimbursement		\$ 580,000			\$ 1,140,000			\$ 170,000	
Architectural Compliance Fee Reimbursement		\$ 43,500			\$ 85,500			\$ 12,750	
Tax Expense		\$ (125,635)			\$ (187,844)			\$ (10,370)	
Sales Expense		\$ (83,035)			\$ (175,757)			\$ (26,721)	
Net Income		\$ 6,211,500			\$ 13,092,017			\$ 2,003,587	
Factor		0.965663			0.869565			0.787604	
Income Net Present Value (NPV)		\$ 5,998,215			\$ 11,384,362			\$ 1,578,033	



Total Net Revenue Over ~3 Years	\$21,307,103
Net Present Value (As-Is) at 15% Discount Rate	\$18,960,610
Rounded	\$18,960,000

Note: Annual discount and appreciation calculations are averaged to the middle of the period

DCF Conclusion (189 Improved 22', 35' and 45' Lots)

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the 189 improved lots in Arcadia Staybolt PID Phase 1 in a bulk sale transaction would be between \$18,706,505 and \$18,960,610 which is approximately (\$254,105) different. Both annual and quarterly DCF analyses have relevance and are a check of reasonableness on each other, but we consider the quarterly analysis to be the more accurate and precise calculation. Thus, we have determined that the **market value for Arcadia Staybolt PID Phase 1 “Upon Completion” with a Prospective Effective Date of July 1, 2026, for 189 improved lots is \$18,706,000 (\$98,000 per lot rounded).**

INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSION

Using the Discount Cash Flow Analysis to determine the net present value as of the substantial completion date (July 1, 2026), we have determined the following value for Arcadia Staybolt PID Phase 1 as shown in the table below:

INCOME APPROACH VALUE INDICATION	
<i>Fee Simple Interest, Complete July 1, 2026</i>	
Arcadia Staybolt PID Phase 1 189 Improved Residential Lots	\$18,706,000 (\$99,000/Lot)

RECONCILIATION AND FINAL VALUE CONCLUSION

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

“Resolving the differences among various value indications is called reconciliation.... The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others...Final reconciliation relies on proper application of appraisal techniques and the appraiser’s judgment.”

Three approaches to value are recognized in the appraisal profession (Sales Comparison Approach, Cost Approach, and Income Approach). All three approaches were analyzed and developed as part of the scope of work of this assignment. A summary of each approach follows:

Cost Approach

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project.

Since the improved single-family residential lots in Arcadia Staybolt PID Phase 1 will be constructed in one phase, the Cost Approach is appropriate and thus was utilized to value the improved lots in the Arcadia Staybolt PID Phase 1. **Through the Cost Approach, we determined the market value of the 189 improved lots “Upon Completion” in Arcadia Staybolt PID Phase 1 as of July 1, 2026, is \$17,632,937 (\$93,000/lot Rounded).**

Income (Subdivision Development) Approach

For the improved residential lots, the Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases the bulk of the lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

Since the problem to be solved is to determine the bulk sale value of 189 improved residential lots in Arcadia Staybolt PID Phase 1, as of the substantial completion date, the Income Approach is appropriate and was developed. **Through Discounted Cash Flow Analysis, we determined the market value of the 189 improved lots “Upon Completion” in Arcadia Staybolt PID Phase 1 as of July 1, 2026, is \$18,706,000 (\$98,000 per lot rounded).**

Sales Comparison Approach

For the improved lots, the Sales Comparison Approach was not fully developed because finding highly similar and recent sales of improved groups of lots or subdivisions is not available in the market. Aspects of the Sales Comparison Approach were utilized in concluding the retail lot market values for use in the Income Approach for the improved lots within the Arcadia Staybolt PID Phase 1.

Final Value Conclusion Summary

As a result of our investigations, studies and analysis of the sale, cost, income, and expense data, interpreted within the context of all the factors in the marketplace which effect value, our reconciliation of the indicated values between the utilized approaches to value are listed in the table below. The property type warranted one approach to be developed, the Income Approach, so our final value conclusion for the subject property is shown below:

After considering discount cash flows, our final value conclusion “Upon Completion” is shown below:

INCOME APPROACH VALUE INDICATION	
<i>Fee Simple Interest, Complete July 1, 2026</i>	
Arcadia Staybolt PID Phase 1 189 Improved Residential Lots	\$18,706,000 (\$99,000/Lot)

Exposure Time

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation, which is presumed to precede the effective date of the appraisal) would have been at least 6-12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the Effective Date of value. Market conditions are presently strong, and we expect no significant changes in the near term. It is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject’s marketing period at 6-12 months.

Takedown Schedule

The developers provided the appraisers with a projected quarterly takedown of the subject property, which was similar to the absorption schedule developed by the appraisers within this report, therefore the takedown schedule was deemed credible and utilized in our analysis. Based on the takedown schedule provided to the appraisers, the 22-FF Lots sell at 12/Quarter starting in 3Q2026, the 35-FF Lots sell at 8/Quarter starting in 3Q2026, and the 45-FF Lots sell at 9/Quarter starting in 3Q2026. All lots are anticipated to be taken down by May 2028 or in approximately 23 months

ADDENDA

ENGAGEMENT LETTER



Real Estate Brokerage * Development * Appraisals * Property Tax Consulting
1703 N. Peyco Dr. Arlington, Texas 76001
Metro 817-467-6803 * Fax 817-465-7464 * www.peycosouthwest.com

March 11, 2025

Mr. R.R. "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Ste. 300-25
Frisco, Texas 75034
tdavenport@fmsbonds.com

SUBJECT: Proposal/Authorization for Valuation and Consulting Services of a residential master planned development known as the "Arcadia Staybolt Public Improvement District" located in Mansfield, Ellis County, Texas

Dear Mr. Davenport:

Upon your acceptance of this contract engagement, Peyco Southwest Realty, Inc. ("Peyco"), will prepare an appraisal of the Subject Property:

Purpose of the Assignment The purpose of the appraisal is to provide an opinion of the "As-Complete" and "As-If Improved" market value of the fee simple interest in the Subject Property outlined herein. We will assume that the City of Mansfield will approve or has approved the proposed development and that all development entitlements are in place for the "Project" to proceed. Further, our valuation will also be based upon, and assume that:

- a)** Only limited specific offsite general infrastructure indicated is fully funded with cash or cash-equivalent (lines of credit, completion agreements, etc.) with special assessments levied on property within the Arcadia Staybolt Public Improvement District ("PID"), and
- b)** Improvement relating to the "Project" will be completed based on engineering plans provided to the appraisers

It is our understanding that the Appraisal Report will be included in the Preliminary and Final Official Statements for the sale of one or more series of Public Improvement District (PID) bonds for the Project, and we will provide our written consent to the inclusion of the Appraisal Report in the Preliminary and Final Official Statements. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity. We represent that we have not performed any services that require disclosure under this rule.

Page 1 of 7

In accordance with our correspondence, the scope of this assignment will require Peyco to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis, and preparation of the report. **The report will include an opinion of the fee simple market value of the following:**

- **Arcadia Staybolt PID will contain approximately 186 improved residential lots to be sold in bulk. We will report the estimated retail value of the lots during the sellout period consisting of:**
 - **73 townhome lots of 22-FF sizes,**
 - **61 lots of 35-FF sizes, and**
 - **52 lots of 45-FF sizes**

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

The appraisal will be communicated in an Appraisal Report-Standard Format Report. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions, a copy of which is attached as Attachment 1.

The total fee for this assignment will be \$17,000 which will be paid for by the Developer, but payment may be reimbursed to the developer as a qualified creation and issuance cost of the "Public Improvement District". Please note that the full fee must be received in our office before the commencement of this appraisal. The delivery date will be within 30 business days from your signed acceptance of this letter agreement, receipt of the fee and receipt of requested documents from the developer, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. **We will require the full fee of \$17,000 prior to the commencement of this appraisal assignment.** If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

Two hard copies of the appraisal report will be provided upon request. Digital copies, in PDF format, will be delivered upon completion via email or other file transfer as client requests. Additionally, we confirm our permission to use the final appraisal report in the offer and sale of public securities secured by the special assessments levied on property within the PID for the "Project"; and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose. The 30 business day delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment. Should, upon review of the draft Appraisal Report, the client requests material changes, or additions beyond the agreed to Scope of Work that materially affect the appraisal report and/or resulting values; the Client agrees to additional scope of work changes at our current hourly rates (\$300/hour).

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance, or wetlands. Therefore, unless we have been provided with appropriate third-party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment, and actions.

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a

Page 2 of 7

party, you agree to pay our current hourly rates (\$300/hour) for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, Peyco and its partner companies may utilize, sell, and include such data (either in the aggregate or individually), in the Peyco database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available, as well as proprietary software programs, to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the contract engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,



James L. Maibach, C.P.M.
TX-1323658
State Certified General Real Estate Appraiser

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 2025.

BY:

FMS Bonds, Inc.



Authorized Signature

Name (printed)

Page 3 of 7

ATTACHMENT 1: STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements, and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos or environmental contamination at the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state, and local laws, regulations, and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

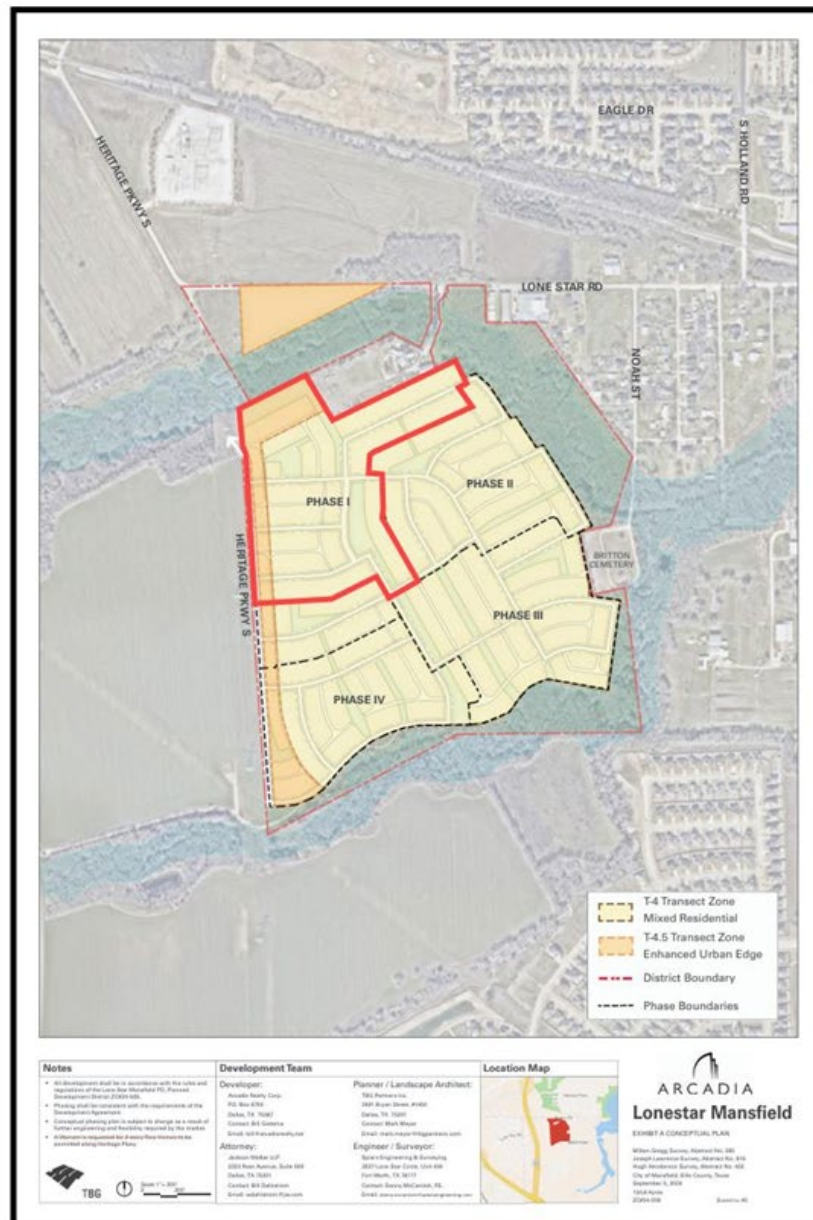
1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state, or local laws, regulations, or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena, or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in the appraisal report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the Subject Property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, if any, and we have assumed that the Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural, and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates, and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances, and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. Peyco and/or any of its officers, owners, managers, directors, agents, subcontractors, or employees (the "Peyco Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are nonexistent or minimal.
22. We are not a building or environmental inspector. Peyco does not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs, or alterations in a workmanlike manner.
24. Peyco is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Peyco is not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we

assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
27. As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.

Arcadia Staybolt PID Phase Exhibit



METES AND BOUNDS DESCRIPTION

METES AND BOUNDS DESCRIPTION

Phase 1

BEING a tract of land situated in the M. Gregg Survey, Abstract No. 385, J. Lawrence Survey, Abstract No. 616, and H. Henderson Survey, Abstract No. 432, City of Mansfield, Ellis County, Texas, being part of a tract conveyed to JRJ Energy Investments, LLC, by deeds recorded in Instrument No. 2430855 and Instrument No. 2430891 of the Deed Records, Ellis County, Texas (DIRECT), with the subject tract being more particularly described as follows:

BEGINNING at a MAG nail found at the intersection of Lonestar Road, a public road, Heritage Parkway, a public road, and Britton Road, a public road;

THENCE N 89°59'37" E, 277.56 feet along the approximate center of Britton Road to a MAG nail found;

THENCE S 89°46'58" E, 1219.40 feet continuing along the approximate center of Britton Road to the most northerly northwest corner of Lot 1-R, Block 1, Maranatha Ranch Addition, recorded in Cabinet H, Slide 640, Plat Records, Ellis County, Texas;

THENCE along the common line thereof, the following:

S 00°48'19" E, 212.90 feet;

S 20°11'41" W, 181.44 feet;

N 64°48'19" W, 192.67 feet;

S 64°52'41" W, 578.74 feet;

S 29°56'58" E, 320.06 feet;

N 64°52'41" E, 694.60 feet;

N 16°34'19" W, 125.68 feet;

N 20°11'41" E, 195.03 feet;

N 69°48'19" W, 15.00 feet;

N 00°48'19" W, 106.45 feet;

And N 44°11'41" E, 77.78 feet;

THENCE N 01°28'02" W, 36.94 feet to the south line of Britton Road;

THENCE S 89°50'15" E, 235.22 feet along the south line thereof to the northwest corner of the Original Town of Britton Addition, recorded in Volume 158, Page 45 DIRECT;

THENCE along the west line of the Original Town of Britton, the following:

S 00°21'10" E, 200.00 feet;

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N 89°38'50" E, 288.00 feet;

And S 35°45'13" E, 201.13 feet;

THENCE through said JRJ Energy Investments tracts, the following:

S 64°52'41" W, 653.93 feet;

S 17°49'46" W, 13.66 feet;

Around a non-tangent curve to the left having a central angle of 13°19'00", a radius of 150.00 feet, a chord of S 37°38'46" E - 34.78 feet, an arc length of 34.86 feet;

Around a reverse curve to the right having a central angle of 06°57'32", a radius of 685.00 feet, a chord of S 40°49'30" E - 83.15 feet, an arc length of 83.20 feet;

S 64°52'41" W, 589.72 feet;

Around a tangent curve to the right having a central angle of 08°12'23", a radius of 170.00 feet, a chord of S 68°58'53" W - 24.33 feet, an arc length of 24.35 feet;

Around a reverse curve to the left having a central angle of 77°02'17", a radius of 40.00 feet, a chord of S 34°33'56" W - 49.82 feet, an arc length of 53.78 feet;

S 03°57'13" E, 22.22 feet;

S 48°57'13" E, 14.14 feet;

N 86°02'47" E, 44.62 feet;

S 03°57'13" E, 175.62 feet;

Around a tangent curve to the left having a central angle of 25°11'13", a radius of 575.00 feet, a chord of S 16°32'49" E - 250.74 feet, an arc length of 252.77 feet;

S 29°08'25" E, 248.55 feet;

S 74°08'25" E, 14.14 feet;

S 29°08'25" E, 50.00 feet;

S 60°51'35" W, 165.21 feet;

S 61°36'21" W, 78.79 feet;

N 29°05'15" W, 50.02 feet;

N 17°07'36" E, 13.77 feet;

N 29°08'25" W, 70.18 feet;

December 4, 2024

N 72°42'32" W, 14.51 feet;

S 63°47'38" W, 166.69 feet;

Around a tangent curve to the right having a central angle of 22°15'09", a radius of 424.00 feet, a chord of S 74°55'13" W - 163.64 feet, an arc length of 164.67 feet;

S 86°02'47" W, 300.89 feet;

N 03°57'13" W, 15.50 feet;

S 86°02'47" W, 90.00 feet;

And N 03°57'13" W, 1178.00 feet to the south line of a tract conveyed to the City of Mansfield, recorded in Document No. 2245479 DRECT;

THENCE N 61°09'21" E, 34.41 feet along the common line thereof to a point for corner;

THENCE N 29°28'34" W, continuing along the common line of said City tract, passing into and along the approximate center of Lonestar Road a total distance of 814.71 feet to the POINT OF BEGINNING with the subject tract containing 2,051,466 square feet or 47.095 acres of land.

December 4, 2024

ASSUMPTIONS AND LIMITING CONDITIONS

This report is subject to the following assumptions and limiting conditions:

- 1) The value assumes of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise described herein. No responsibility is assumed by the appraiser for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.
- 2) The information contained herein has been gathered from sources deemed to be reliable, but the appraiser assumes no responsibility for its accuracy. Correctness of estimates, opinions, dimensions, sketches, and other exhibits that have been furnished and have been used in this report are not guaranteed.
- 3) The value rendered herein is based on preliminary analyses of the subject and market area. The market value is expressed in terms of the current purchasing power of the dollar.
- 4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser have been reasonably relied upon in good faith but have not been analyzed for their legal implications. We urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.
- 5) Appraisers assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.
- 6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser, and in any event, only in its entirety.
- 7) The appraiser, by reason of this report, is not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made, therefore.
- 8) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.
- 9) No subsoil data or analysis based on engineering core borings or other tests were furnished to us. We have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for engineering, which might be required to discover such factors.
- 10) Any construction and physical condition of the improvements described herein are based on the building construction plans and specifications and construction budgets if provided. No liability is assumed by the appraiser for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. We urge the user of this report to retain an expert in this field as this is any considered "to-be-built" improvements.

- 11) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser site visit. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde, foam insulation or other hazardous substance or environmental conditions may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto as to cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. We urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.
- 12) We have made no survey of the property and assume no responsibility in connected with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
- 13) We accept no responsibility for issues requiring expertise in other fields. Such factors include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic items such as soils and seismic stability; civil, mechanical, electrical, structural, and other engineering and environmental matters. Such issues may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
- 14) The projections of income, expenses, terminal values, or future sales prices are not predictions of the future; rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly changing. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumptions of the future investment decisions are based.
- 15) The client or user of this report agrees to notify the appraiser of any error, omission or inaccurate data contained in the report within 15 days of receipt and return the report and all copies thereof to the appraiser for correction prior to any use.
- 16) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, and specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.
- 17) We have assumed no extreme fluctuations in the economic cycles will occur over the dates analyzed herein.
- 18) The appraisal report and value conclusions assume the satisfactory development proceeds in a workmanlike manner.

- 19) The conclusions in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, existing trends, interviews with parties knowledgeable and experienced in the market, data obtained from public records, and research conducted by third parties. Such data is not always completely reliable. The appraisers are not responsible for these and other future occurrences that could not have reasonably been foreseen on the Effective Date of this assignment. In addition, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we hold the opinion that our finding is reasonable based on current market conditions, we do not represent that these estimates will be achieved, as they are forecasts and subject to risk and uncertainty. Additionally, we assume competent and effective management and market for the duration of the projected holding period of this property.
- 20) Prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to risk and uncertainty. Many events could occur that may substantially alter the outcome of our estimates such as changes in the economy, interest rates, capitalization rates, the behavior of consumers, investors, and lenders, and changes in title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
- 21) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan. However, it is based on a hypothetical assumption that access to the south tract is achievable in accordance with all applicable regulations, and any building is to be constructed according to the approved plans and specifications provided by a licensed general contractor.
- 22) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since we have no direct evidence relating to the issue of compliance, we did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.
- 23) In addition to the preceding assumptions and limiting conditions, this appraisal is subject to the following extraordinary assumptions and/or hypothetical conditions:

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary Assumptions are used in this assignment because the improved residential lots to be delivered by the date utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications by Spiars Engineering & Surveying, the Professional Engineers, dated March 5, 2025 for 189 improved residential lots in Arcadia Staybolt PID Phase 1.
- All information relative to the property located within Arcadia Staybolt PID Phase 1 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Arcadia Staybolt Land Investments, LLC (Owner), Spiars Engineering & Surveying (Professional Engineers and Surveyors), the City of Mansfield, Ellis County, and the Ellis Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected prospective completion date of July 1, 2026; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A Hypothetical Condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

No Hypothetical Conditions are used in this report.

ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

- 1) There is a safe, lead-free, adequate supply of drinking water.
- 2) The subject property is free of soil contamination.
- 3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.
- 4) There are no uncontained PCB's on or near the property.
- 5) The radon level is at or below EPA recommended levels.
- 6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled, and sealed.
- 7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.
- 8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.
- 9) There is no flaking or peeling of lead-based paint on the property.
- 10) The property is free of air pollution.
- 11) There are no wetlands/flood plains on the subject property (unless otherwise stated in the report).
- 12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).

DEFINITIONS

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

Leased Fee Interest

The ownership interest held by the lessor includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Market Value

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The value conclusions expressed within this report are in terms of cash (\$US).

Extraordinary assumptions are assignment-specific assumptions as of the Effective Date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical condition a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the Effective Date of the assignment results but is used for the purpose of analysis.

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a valued opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Prospective Market Value “As Completed” and “As Stabilized”

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an Effective Date that is subsequent to the date of the Appraisal Report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed - reflects the property’s market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a valuable opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Neighborhood

- (1) A group of complementary land users; a congruous grouping of inhabitants, buildings, or business enterprises.
- (2) A developed residential super pad within a master-planned community usually has a distinguishing name and entrance.

Depreciation

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the Effective Date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset’s life; calculated using a variety of standard techniques.

The three major types of accrued depreciation are:

Physical Deterioration

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Functional Obsolescence

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

External Obsolescence

According to the Dictionary of Real Estate Appraisal, Sixth Edition, external obsolescence is “A *type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.*”

Paper Lot

Consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

Definition Sources:

- Office of the Comptroller of the Currency (12 CFR Part 34)
- Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition, copyright 2015.
- The Appraisal Foundation: USPAP (Uniform Standards of Professional Appraisal Practice) 2018-2019 edition

JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

EDUCATION:

Graduate North Quincy High School, Quincy, Massachusetts, 1976
Bachelor of Science in Business Administration (with Honors)
Northeastern University, Boston Massachusetts, 1981
Major: Accounting Minor: Marketing

TECHNICAL TRAINING:

Institute of Real Estate Management Courses:
#303 - Leasing and Management of Shopping Center and Retail Space
#400 - Managing Real Estate as an Investment
#500 - Problem-Solving & Decision-Making for the Property Manager
#800 - Ethics in Real Estate Management
University of Texas at Arlington: Real Estate Courses:
RE 001 Real Estate Finance; RE 004 Real Estate Mathematics;
RE 101 Principles of Real Estate; RE 301 Texas Real Estate Law: Contracts;
RE 501 Texas Real Estate Law; RE 701 Property Management
East Texas Baptist University:
Uniform Standards of Professional Appraisers and Code of Ethics. The Appraisal Foundation:
USPAP Update
Texas Association of Property Tax Professionals, Inc.:
Principles of Property Tax Consulting; A Survey of Texas Property Tax Law
Other: USPAP-97 Instructor's Workshop, USPAP Instructor 1997
TREC Licensed Instructor – Commercial Investment Course, CEI 1998
Continuing Education Institute:
Deceptive Trade Practices Act; Let's Talk-Not Fight; Property Taxes: Rights, Remedies and Responsibilities; USPAP Update
Institute for Real Estate Professionals, Inc.
Preparing & Presenting an Ethical Ad Valorem Property Tax Valuation; Texas Property Tax Law 2007
Texas Association of Realtors:
Tarrant County Appraisal Review Board Member (1991-1992)

PROFESSIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-G since 1992
Institute of Real Estate Management (IREM)- Certified Property Manager, CPM Designation No. 14942 since 1993
Texas Real Estate Broker's License, No. 375882 since 1989
Texas Dept. of Licensing & Regulations - Licensed Property Tax Consultant, License #1360 since inception
Texas Property Tax Arbitrator #32020394139 since 2006
Tarrant Appraisal Review Board Member 1991-1992 Appointment
City of Arlington - Planning and Zoning – Commissioner 1997-2003 (Appointed by Mayor and City Council)
American Planning Association – Member 1997 to 2003
Greater Arlington Chamber of Commerce - Board of Directors 1995 to 2001 – Reappointed 2003 to 2006 – Reappointed 2008 to 2014
– Chairman of the Board 2022, now servicing as Chairman of the Chamber Foundation Board
City of Arlington Parks & Recreation – Board of Directors, Appointed 2003 to 2007
Levitt Pavilion – Board of Directors since 2014

EXPERIENCE:

Active field appraiser, property manager, developer, broker, and tax consultant of all types of real property since June, 1986. Appeared in Texas State Court as an expert witness on real estate values on numerous occasions (1990s, 2000s, 2020s). A property manager and developer for nineteen years at Peyco Properties, Inc. and twenty-one years through Peyco Southwest Realty, Inc. (formerly Southwest Real Estate Services, Inc.), involved in real estate development, leasing, management, rent analysis and consulting services through the DFW metroplex and Colorado. President and founder of Peyco Southwest Realty, Inc. (Southwest Real Estate Services, Inc.), a full-service brokerage company, real estate appraisal, and ad valorem property tax representation firm.



Certified General Real Estate Appraiser

Appraiser: **James Lawrence Maibach**

License #: **TX 1323658 G**

License Expires: **09/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Executive Director

LESLIE TOLLIVER - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

EDUCATION:

MBA – Masters in Business Administration – *University of Phoenix* (3.95 GPA)
Bachelor of Science in Business Administration - *University of Phoenix*
Graduate *Owings Mills High School*, Owings Mills, Maryland, 1988

TECHNICAL TRAINING:

Appraisal Institute, Associate Member – 300+ hours of qualifying and continuing education
University of Texas in Arlington – 180 hours of qualifying education for the Texas Real Estate License
Southern Methodist University – qualifying education for the Texas Comptroller Arbitrator registry

PROFESSIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board – State Certified General Appraiser No. TX-1381494
Texas Appraiser Licensing and Certification Board – State Certified Residential Appraiser No. TX-1361274
Texas Real Estate Commission – Real Estate Broker License, No. 0468343

EXPERIENCE:

- 8 Years' experience as a fee appraiser for residential and commercial properties for *Peyco Southwest Realty*, *Aloft Appraisals*, and *G.S. Zachary Company*
 - Residential appraisals – area of expertise is in north Texas region; FHA certified
 - Commercial appraisals - throughout the states of Texas and Oklahoma
- 25 Years' experience as a residential and commercial real estate broker for multiple firms
 - *Savage Realty Investments* – Founding President
 - Negotiated contracts for clients in over \$50 million dollars of real estate transactions
 - Managed and trained over 25 Real Estate Agents
 - *Fathom Realty* – Broker Team Leader
 - Trained and mentored Real Estate Agents and assisted them with contracts and client transactions
- 25 Years' experience as a Property Tax Consultant
 - Valued properties, prepared cases, and appeared before Appraisal Review Boards to dispute the tax valuations of residential, commercial, and business personal property throughout the nation. Major clientele base included national accounts such as: Sonic restaurants, Church's Chicken restaurants, and Chuck-E-Cheese restaurants
- 9 Years' experience as a Real Estate Arbitrator on the *Texas Comptroller* registry
 - Act as an Arbitrator for real estate cases involving property tax disputes on residential, commercial, and business personal property taxes throughout Texas
 - Made binding valuation determinations for the disputed properties
- 16 Years' experience as a Real Estate Instructor at the *University of Texas in Arlington*
 - Adjunct instructor, teaching real estate classes to students pursuing a Real Estate Agent license in Texas
- 6 Years' experience as a Real Estate Arbitrator Instructor at the *University of Texas in Arlington*
 - Adjunct instructor, teaching continuing education classes to existing Arbitrators on the Texas Comptroller's registry
 - Trained and mentored many Arbitrators
- 3 Year's expectancy as a Real Estate Acquisition and Valuation Analyst for multiple firms
 - *KeyGlee* – Provided valuation of residential real estate for wholesaling to real estate investors
 - *Hyperion Homes* – Provided valuation of residential real estate for rent-to-own clients



Certified General Real Estate Appraiser

Appraiser: **Leslie Elizabeth Tolliver**

License #: **TX 1381494 G**

License Expires: **09/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Executive Director

BROOKE CLOCK – LICENSED RESIDENTIAL APPRAISER

TECHNICAL TRAINING:

McKissock Learning Appraisal Courses:

- Advanced Residential Applications and Case Studies
- Residential Report Writing and Case Studies
- Statistics, Modeling and Finance
- Appraisal Subject Matter Electives
- Residential Appraiser Site Valuation and Cost Approach
- Residential Market Analysis and Highest and Best Use
- Residential Sales Comparison and Income Approaches
- Basic Appraisal Procedures
- 2020-2021 National USPAP Course
- Short Sales and Foreclosures
- Fair Housing
- Characteristics of Real Estate Title Insurance

APPRAISAL EXPERIENCE:

April 2024 – Present

Licensed Residential Appraiser with Peyco Southwest Realty, Arlington, TX

- Written Reports on Commercial Industrial, Commercial Office, Vacant Land
- Property Tax Consultant (#13083)
- Business Personal Property
- April 2023-April 2024

Licensed Residential Appraiser with RSDS Appraisal Diversity, Irving, TX

- Residential Real Estate Appraisals – area of expertise in the North Texas Region

March 2022-February 2023

Real Estate Appraiser Trainee with Aloft Appraisal

- Residential Real Estate Appraisals – area of expertise in the North Texas Region

April 2021-February 2022

Real Estate Appraiser Trainee with ASI, Inc.

- Residential Real Estate Appraisals – area of expertise in the North Texas Region

January 2009 – August 2021

Licensed Real Estate Agent with Elite Real Estate

- Real Estate Agent with a focus on lead generation, appointment setting, and follow-up. Concentrating on client's needs and providing solutions to assist in closing transactions. Proficient at negotiating deals, listing properties, and finding buyers
- Develop Broker Price Opinions for lenders in real estate transactions



Licensed Residential Real Estate Appraiser

Appraiser: **Brooke Marie Clock**

License #: **TX 1350743 L**

License Expires: **03/31/2027**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Executive Director

BRANDON LAWSON – APPRAISER TRAINEE

EDUCATION:

Bachelor of Arts - Communication, 2021 - University of Arkansas (3.97 GPA)

Master of Arts - Communication, 2023 - University of Arkansas (4.0 GPA)

Graduate *Arlington Martin High School*, Arlington, Texas, 2017

TECHNICAL TRAINING:

- *McKissock* – 79 hours of qualifying education for the Appraiser Trainee license
- 2024-2025 15 Hour National USPAP Course (QE) – 15 hours
- General Appraiser Sales Comparison Approach – 30 hours
- Business Practices and Ethics – 6 hours
- The Discounted Cash Flow Model: Concepts, Issues, and Apps. – 5 hours
- Artificial Intelligence, Blockchain, and the Metaverse: Implications for Valuation – 7 hours
- Subdivision Valuation – 7 hours
- *Champions School of Real Estate* - 180 hours of qualifying education for the Texas Real Estate License
- Real Estate Brokerage – 30 hours

PROFESIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board – Appraisal Trainee No. TX-1343865

Texas Real Estate Commission – Real Estate Sales Agent License, No. 818543

Associate Member, Appraisal Institute – since 2023

APPRAISER EXPERIENCE

July 2023-Present

Appraiser Trainee with *Peyco Southwest Realty*, Arlington TX

- Commercial Appraisals – throughout that state of Texas



Appraiser Trainee

Trainee: **Brandon L Lawson**

Authorization #: **TX 1343865 Trainee**

Expires: **11/30/2025**

Review the list of the above Trainee's Supervisors on the License Holder Search at www.talcb.texas.gov.

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

