

NEW ISSUE

NOT RATED

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

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

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

\$10,120,000*

CITY OF CELINA, TEXAS,

(a municipal corporation of the State of Texas located in Collin and Denton Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT PROJECT)



Dated Date: Date of Delivery (as defined below)

Due: September 1, as shown on the inside cover

Interest to Accrue from Date of Delivery

The City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project) (the “Bonds”), are being issued by the City of Celina, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing March 1, 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 U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on October 14, 2025, and an Indenture of Trust, dated as of November 1, 2025 (the “Indenture”), to be entered into by and between the City and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the “Authorized Improvements,” which consist of the costs of the local infrastructure benefitting the Legacy Celina Public Improvement District (the “District”), (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Authorized Improvements, (iii) funding a reserve fund for the payment of principal of and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds. See “THE AUTHORIZED IMPROVEMENTS” and “APPENDIX A — Form of Indenture.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds are the initial series of Bonds Similarly Secured. The Bonds Similarly Secured, including 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 Pledged Revenues, which consist primarily of Assessments (as defined herein) expected to be levied against assessable properties in the District in accordance with a Service and Assessment Plan, 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 prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

The Bonds involve a significant degree of risk, are speculative in nature and are not suitable for all investors. See “BONDHOLDERS RISKS” and “SUITABILITY FOR INVESTMENT.” The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY 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, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, and for the Developer by its counsel, Boghetch Law, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about November 13, 2025 (“Date of Delivery”).



* Preliminary; subject to change.

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

CUSIP Prefix: _____^(a)

\$10,120,000*
CITY OF CELINA, TEXAS,
(a municipal corporation of the State of Texas located in Collin and Denton Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT PROJECT)

\$ _____ % Term Bonds, Due September 1, 20__, Priced to Yield _____%; CUSIP ^{(a) (c)}

\$ _____ % Term Bonds, Due September 1, 20__, Priced to Yield _____%; CUSIP ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 1, 20__, Priced to Yield _____%; CUSIP ^{(a) (b) (c)}

* Preliminary; subject to change.

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

**CITY OF CELINA, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Place</u>	<u>Term Expires</u> <u>(May)</u>
Ryan Tubbs	Mayor	2026
Philip Ferguson	Place 1	2028
Eddie Cawlfeld	Place 2, Mayor Pro Tem	2027
Andy Hopkins	Place 3	2027
Wendie Wigginton	Place 4	2026
Mindy Koehne	Place 5	2026
Brandon Grumbles	Place 6, Deputy Mayor Pro Tem	2028

CITY MANAGER

Robert Ranc

ASSISTANT CITY MANAGER

Karla Stovall

CITY SECRETARY

Ashley Owens

FINANCE DIRECTOR

Robin Bromiley

ADMINISTRATOR

MuniCap, Inc.

FINANCIAL ADVISOR TO THE CITY

Hilltop Securities Inc.

BOND COUNSEL

Norton Rose Fulbright US LLP

UNDERWRITER'S COUNSEL

Greenberg Traurig, LLP

For additional information regarding the City, please contact:

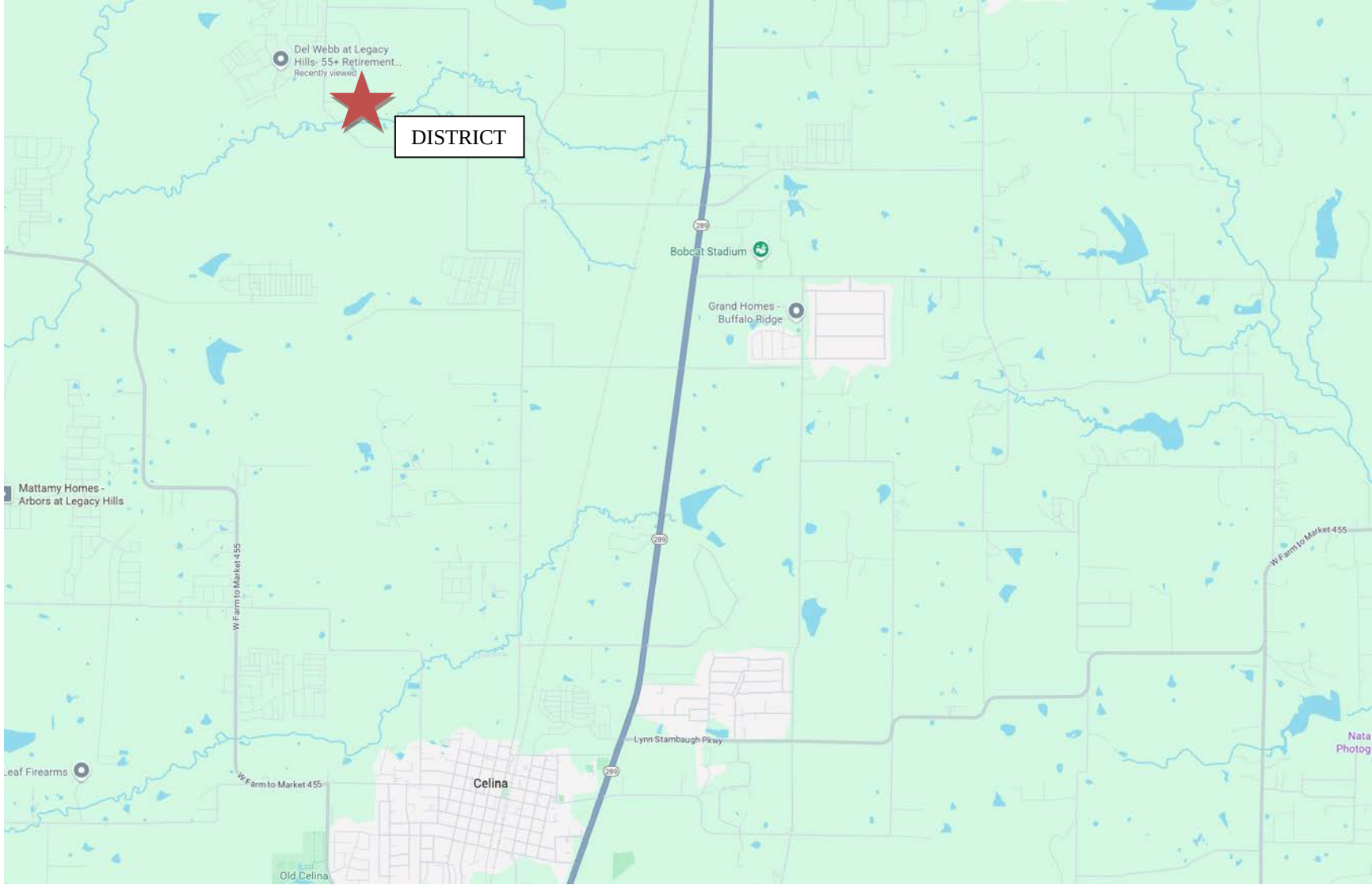
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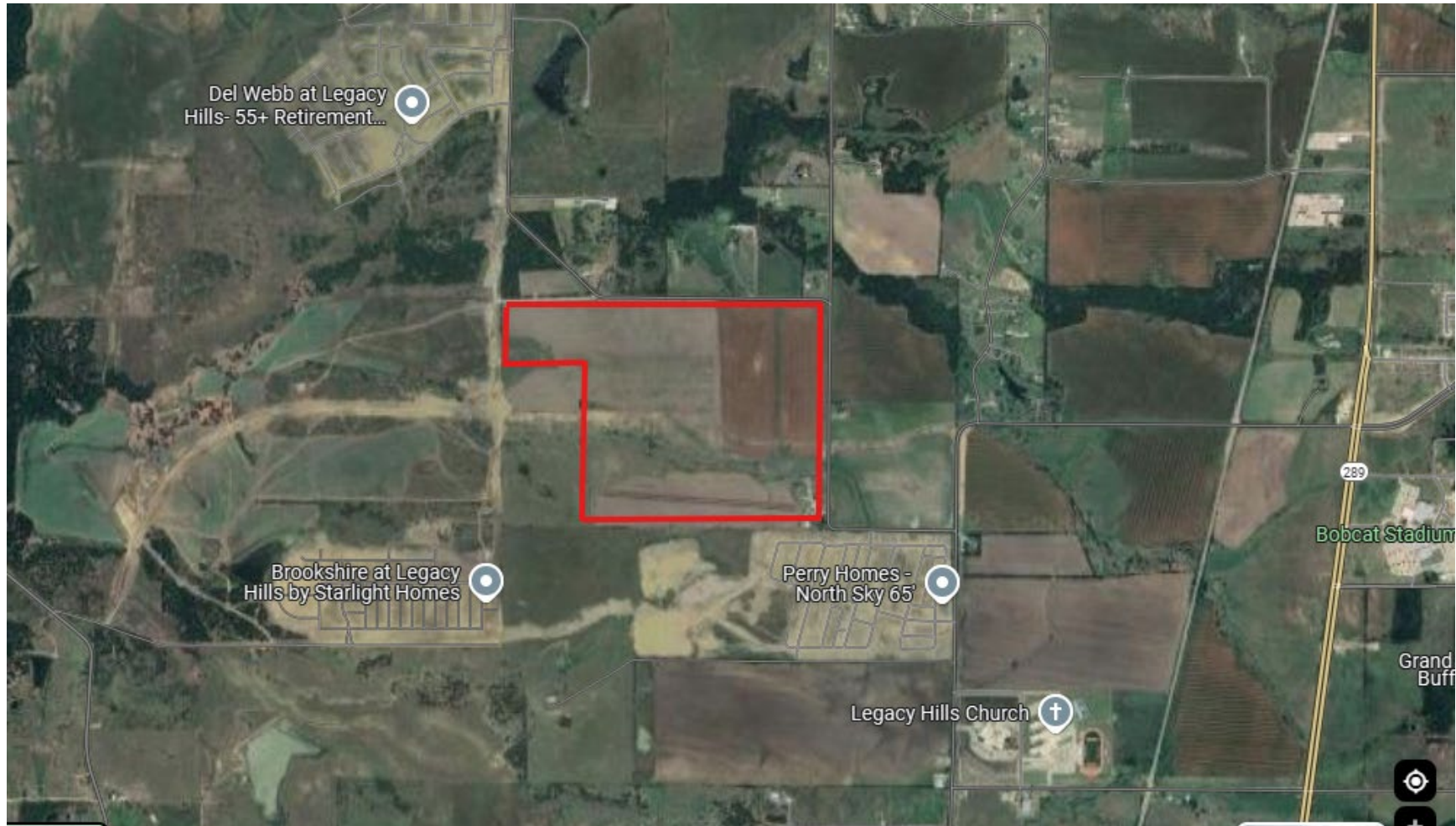
Downloaded by Will Baum (wbaum@fmsbonds.com)



AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT



FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM, THIS DOCUMENT CONSTITUTES A PRELIMINARY OFFICIAL STATEMENT OF THE CITY WITH RESPECT TO THE BONDS THAT HAS BEEN DEEMED “FINAL” BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

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

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. 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.

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

\$10,120,000*

CITY OF CELINA, TEXAS,

(a municipal corporation of the State of Texas located in Collin and Denton Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Celina, Texas (the “City”), of its \$10,120,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District 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. 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 AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “SUITABILITY FOR INVESTMENT” AND “BONDHOLDERS’ RISKS.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be enacted by the City Council of the City (the “City Council”) on October 14, 2025 (the “Bond Ordinance”), and an Indenture of Trust, dated as of November 1, 2025 (the “Indenture”), to be entered into by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds will be secured by assessments (“Assessments”) expected to be levied against assessable property (the “Assessed Property”) located within the Legacy Celina Public Improvement District (the “District”) pursuant to a separate ordinance expected to be enacted by the City Council on October 14, 2025 (the “Assessment Ordinance”). The City created the District pursuant to a resolution adopted by the City Council on March 11, 2025 (the “Creation Resolution”).

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), MuniCap, Inc. (the “Administrator”), the Reimbursement Agreement (as defined herein), the Construction, Funding, and Acquisition Agreement (as defined herein), and the Development Agreement between the City and LMR Holdings, Ltd., effective February 9, 2021 (the “Development Agreement”), as partially assigned to MM Legacy Celina 75, LLC, a Texas limited liability company (the “Developer”), 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,

* Preliminary; subject to change.

Frisco, Texas, 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the Form of Service and Assessment Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed in this Limited Offering Memorandum.

PLAN OF FINANCE

The District

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

Development Plan, Status of Development and Plan of Finance

The District is composed of approximately 64.866 acres which are being developed as a master-planned residential development consisting of approximately 301 lots in a mixture of 201 50' lots and 100 townhome lots. The boundaries of the District are shown in the “MAP SHOWING BOUNDARIES OF THE DISTRICT” on page v. The District is located entirely within the corporate limits of the City.

The Developer purchased approximately 75 acres of land (the “Purchased Land”), which includes the land comprising the District as well as land outside the boundaries of the District, on December 12, 2024, at a purchase price of \$13,231,350. A portion of the purchase price was funded with builder earnest money and funds from the simultaneous sale of approximately 10 acres of the Purchased Land (located outside the boundaries of the District). To finance the remaining portion of the purchase of the Purchased Land within the District and development in the District, the Developer obtained a loan (the “Acquisition and Development Loan”) from UBank (the “Lender”). The maximum borrowing amount under the Acquisition and Development Loan is \$16,204,427. As of September 1, 2025, the Acquisition and Development Loan is outstanding in the amount of \$5,200,710. The Acquisition and Development Loan is secured by all property within the District.

The Developer is developing the District in a single phase. The Developer expects to construct certain improvements consisting of roadway improvements, water improvements, sanitary sewer improvements, and storm drainage improvements that will benefit the District (the “Authorized Improvements”). Construction of the Authorized Improvements commenced in Q2 2025 and is expected to be completed in Q4 2026. The total cost of the Authorized Improvements (exclusive of any costs of issuance of the Bonds or related reserve funds) is expected to be approximately \$13,454,490*. As of September 1, 2025, the Developer has expended approximately \$437,160.87 on the Authorized Improvements, which expenditures consisted primarily of soft costs and engineering and were funded with the Acquisition and Development Loan and cash available to the Developer. See “THE DEVELOPMENT – Development Plan.”

William Ryan Homes Texas Inc. (William Ryan”) has contracted for 293 of the 301 lots in the District. See “THE DEVELOPMENT – Lot Purchase and Sale Agreement in the District.”

The City expects to enter into a reimbursement agreement with the Developer (the “Reimbursement Agreement”) to finance a portion of the costs of the Authorized Improvements not paid with proceeds of the Bonds. At delivery of the Bonds, the Developer expects to advance funds in an amount sufficient to pay the costs of the Authorized Improvements not financed with the proceeds of the Bonds. See “SOURCES AND USES OF FUNDS.” A portion of such amount shall be paid to the Developer pursuant to the Reimbursement Agreement. The Bonds and the City’s payment obligations under the Reimbursement Agreement are secured by the Assessments on property in the District only; however, the payment of debt service on the Bonds is superior in right to payment of obligations

* Preliminary; subject to change.

under the Reimbursement Agreement. The City, upon satisfying certain financial covenants, may issue additional bonds (the “Additional Bonds”) to finance its obligations under the Reimbursement Agreement. See “SECURITY FOR THE BONDS – Additional Obligations or Other Liens; Additional Bonds.” If issued, the Additional Bonds will constitute Bonds Similarly Secured and will be secured by the Assessments on parity with the Bonds.

The City will pay a portion of the project costs for the Authorized Improvements from proceeds of the Bonds. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Authorized Improvements and be paid in accordance with the Indenture, and the Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement (the “Construction, Funding, and Acquisition Agreement”) and the Reimbursement Agreement. See “THE AUTHORIZED IMPROVEMENTS – General,” “THE DEVELOPMENT – Development Plan,” and “APPENDIX F – Form of Construction, Funding, and Acquisition Agreement.”

The Bonds

Proceeds of the Bonds will be used primarily to provide funds for (i) paying a portion of the Actual Costs of the Authorized Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Authorized Improvements, (iii) funding a reserve fund for the payment of principal of and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount may, at the option of the City, be transferred to another Account of the Project Fund or to the Principal and Interest Account of the Bond Fund to pay interest on the Bonds. See “THE AUTHORIZED IMPROVEMENTS,” “APPENDIX A – Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds will be secured by a first lien on, security interest in and pledge of the Trust Estate, consisting primarily of the Pledged Revenues, which consist primarily of Assessments expected to be levied against the Assessed Property in the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” and “APPENDIX A – Form of Indenture.”

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

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2026 (each an “Interest Payment Date”), until maturity or prior redemption. U.S. Bank Trust Company, National Association is the initial Trustee, Paying Agent and Registrar for the Bonds.

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

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on or after September 1, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 20__, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, and in an amount and on any date specified in a City Certificate, at the Redemption Price of such Bonds Similarly Secured, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to various provisions of the Indenture, any other transfers to the Redemption Fund under the terms of the Indenture, or as a result of unexpended amounts transferred from the Project Fund, as provided in the Indenture). The City will provide the Trustee a City Certificate directing the Bonds Similarly Secured to be redeemed pursuant to the Indenture. No redemption shall be made which results in a Bond remaining outstanding in a principal amount less than an Authorized Denomination. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments” and “APPENDIX A — Form of Indenture.”

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

<u>\$ Term Bonds Maturing September 1, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 1, 20__	\$
September 1, 20__†	

<u>\$ Term Bonds Maturing September 1, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 1, 20__	\$
September 1, 20__†	

† Stated maturity.

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

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

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

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the redemption price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

- 1) The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
- 2) The Investor is an "accredited investor" under Rule 501 of Regulation D of the Securities Act of 1933 or a "qualified institutional buyer" under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.
- 3) The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
- 4) The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.
- 5) The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Authorized Improvements, the Bonds, the security therefor, and such other information as the Investor

has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for, or in connection with the Investor’s decision to purchase the Bonds except for fraud or willful misconduct, to the extent permitted by law. For the avoidance of doubt, it is acknowledged that Underwriter is not deemed an officer or employee of the City.

- 6) The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid to the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the District (which has no taxing power), 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 Indenture.
- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
- 8) The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

SECURITY FOR THE BONDS

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

General

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the “Pledged Revenues”), consisting primarily of Assessments expected to be levied against the assessable parcels or lots within the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as may be amended and supplemented, the “Service and Assessment

Plan”), which describes the special benefit received by the property within the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX B — Form of Service and Assessment Plan.”

Pledged Revenues

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

Pursuant to the Indenture, Pledged Revenues are the sum of (i) the Assessment Revenue, less the Administrative Expenses; and (ii) any additional revenues that the City may pledge to the payment of Outstanding Bonds, any Outstanding Additional Bonds, and any Outstanding Refunding Bonds hereafter issued pursuant to the Indenture (the “Bonds Similarly Secured”). “Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Parcel, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds. “Assessed Parcel” means each parcel of land located within the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan. “Annual Installments” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Assessment Roll (as defined herein) attached to the Service and Assessment Plan and related to the Authorized Improvements; which annual payment includes Administrative Expenses and the 0.50% additional interest rate (the “Additional Interest”) collected on each annual payment of the Assessments as described in the Indenture and calculated as described in the Service and Assessment Plan or in any Annual Service Plan Update. The City will covenant in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously for so long as any Bonds Similarly Secured are Outstanding. See “SECURITY FOR THE BONDS — Pledged Revenue Fund,” “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

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

Collection and Deposit of Assessments

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

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

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

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

Unconditional Levy of Assessments

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

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

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

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

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

Perfected Security Interest

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

Pledged Revenue Fund

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 15 of each year while the Bonds Similarly Secured are Outstanding and beginning February 15, 2026, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, in accordance with the Indenture, (iv) fourth, to the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to pay the Developer for costs of the Authorized Improvements that have been paid by the Developer pursuant to the terms of the Reimbursement Agreement (and including accrued interest), (v) fifth, to pay Actual Costs of the Authorized Improvements, and (vi) sixth, to pay other costs permitted by the PID Act. Moneys transferred to the Developer Reimbursement Pledged Revenue Account shall not be part of the Trust Estate and are not security for the Bonds Similarly Secured.

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

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

Subject to the provisions of the Reimbursement Agreement, from time to time as needed to pay the obligations relating to the Actual Costs of the Authorized Improvements that are paid by the Developer, and once all amounts deposited into the Authorized Improvements Account of the Project Fund have been disbursed, the Trustee shall, pursuant to a completed Reimbursement Payment Request (as described in the Reimbursement Agreement and as defined in the Indenture) withdraw from the Developer Reimbursement Pledged Revenue Account and transfer to the Reimbursement Fund such amount needed to pay the Developer for funds it paid to fund Actual Costs of the Authorized Improvements, including any accrued interest. When all amounts due to the Developer to pay it for the

funds it used to pay for the Actual Costs of the Authorized Improvements have been paid to the Developer, whether through Assessments received and applied in accordance with the Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Developer Reimbursement Pledged Revenue Account and the Developer Reimbursement Pledged Revenue Account shall be closed.

Notwithstanding the deposits described in (i) first through (vi) sixth above, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practical after such deposit shall transfer such amounts into the Redemption Fund.

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

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in an account of the Reserve Fund and the other deposits described in in the preceding paragraphs, the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including transfers to the Redemption Fund and the funding of any obligations due to the Developer with funds deposited to the Developer Reimbursement Pledged Revenue Account.

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

Bond Fund

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

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

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

<u>Date</u>	<u>Amount</u>

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

Project Fund

Money on deposit in the Project Fund shall be used for the purposes as specified in the Indenture. Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to one or more City Certificates or an executed, completed and accepted Closing Disbursement Request. Disbursements from the other Accounts of the Project Fund to pay Actual Costs of the Authorized Improvements shall be made by the Trustee within two business days upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee.

The disbursement of funds from the Authorized Improvements Account or the Developer Improvement Account pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Construction, Funding, and Acquisition Agreement; provided, however, that all disbursements of funds for the Actual Costs of Authorized Improvements made pursuant to a Certification for Payment shall be made first, from the Authorized Improvements Account, and second, from the Developer Improvement Account.

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

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

Upon the filing of a City Certificate stating that all Authorized Improvements have been completed and that all Actual Costs of the Authorized Improvements have been paid, or that any such Actual Costs of the Authorized Improvements are not required to be paid from the Authorized Improvements Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Authorized Improvements Account of the Project Fund to the Principal and Interest Account of the Bond Fund, and (ii) shall close the Authorized Improvements Account of the Project Fund. If the Authorized Improvements Account of the Project Fund has been closed pursuant to the provisions of the Indenture, the Trustee shall transfer any amounts remaining in the Developer Improvement Account of the Project Fund to the Developer and shall close the Developer Improvement Account. If all other Accounts of the Project Fund have been closed as described above and the Costs of Issuance Account of the Project Fund has been closed pursuant to the provisions of the Indenture, the Project Fund shall be closed.

Not later than six (6) months following the Closing Date, or upon a determination by the City Representative that all costs of issuance of such series of the Bonds Similarly Secured have been paid, whichever is earlier, any amounts remaining in the Costs of Issuance Account shall be transferred to the Authorized Improvements Account of the Project Fund and used to pay the Actual Costs of the Authorized Improvements, or to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds Similarly Secured, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed. See APPENDIX A – Form of Indenture and APPENDIX F – Form of Construction, Funding and Acquisition Agreement.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account has been created within the Reserve Fund for the benefit of the Bonds Similarly Secured and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the initial Reserve Account Requirement. Pursuant to the Indenture, the “Reserve Account Requirement” for the Bonds

shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of their date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of their date of issuance, and (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the date of delivery of the Bonds, the Reserve Account Requirement is \$_____. In the event a series of Additional Bonds is issued, the Reserve Account Requirement will be adjusted in accordance with the provisions of the Indenture. See “SECURITY FOR THE BONDS – Additional Obligations or Other Liens; Additional Bonds” herein.

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

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

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

Additional Interest Reserve Account of the Reserve Fund

Pursuant to the Indenture, an Additional Interest Reserve Account has been created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2026, an amount equal to the Additional Interest collected, if any, as shown in the Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any later time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account

to the Redemption Fund as a result of an extraordinary optional redemption of Bonds Similarly Secured from the proceeds of a Prepayment pursuant to the Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to the Indenture, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used. Whenever a transfer is made from an Account of the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds.

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

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

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

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

Reimbursement Fund

Money on deposit in the Reimbursement Fund shall be disbursed to the Developer, once all amounts deposited into the Authorized Improvements Account have been disbursed, to reimburse the Actual Costs of the Authorized Improvements paid from the Developer Improvement Account of the Project Fund. Disbursements shall be made pursuant to the Indenture and the Reimbursement Agreement, based upon approval of a Reimbursement Payment Request by the City Representative. The Reimbursement Payment Request in the form attached as Exhibit A to the Reimbursement Agreement is incorporated into the Indenture. When all amounts due to the Developer to pay it for the funds it has contributed to pay Actual Costs of the Authorized Improvements have been paid to the Developer, whether through Assessments received and applied in accordance with the Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed. In the event that the Reimbursement Fund is closed pursuant to the terms of the Indenture, any remaining balance in the Reimbursement Fund and in any Account therein shall be transferred to the Pledged Revenue Fund and applied in accordance with the priorities set forth under “—Pledged Revenue Fund” above.

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee and in the Administrative Fund, the District Administration Account. The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay Administrative Expenses and Delinquent Collection Costs. Moneys in the District Administration Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered

under the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan. See “APPENDIX B — Form of Service and Assessment Plan.”

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

Defeasance

All Outstanding Bonds Similarly Secured 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 Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other authorized third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if any Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Bonds Similarly Secured that such deposit will not result in the reduction or withdrawal of the rating on such Bonds Similarly Secured. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

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

1. The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;
2. The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
3. The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and
4. Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of 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 amount of the Bonds Similarly Secured with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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

Remedies in Event of Default

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

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

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

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

and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy under the Indenture, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for 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 Owners of a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

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

Application of Revenues and Other Moneys After Event of Default

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

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

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

Within 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.

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

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

Investment or Deposit of Funds

Money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the PFIA, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such 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.

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

Against Encumbrances

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

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

Additional Obligations or other Liens; Additional Bonds

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

Other than Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured or Additional Bonds issued in accordance with the Indenture, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might or could be lost or impaired.

The City reserves the right to issue Additional Bonds, but shall be under no obligation to issue Additional Bonds, to finance the Actual Costs of the Authorized Improvements, or to pay amounts due to the Developer pursuant to the Reimbursement Agreement, but only in accordance with the conditions set forth below:

- (i) The Trustee shall receive a certificate from the City Representative certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or the Reimbursement Agreement;
- (ii) The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Reimbursement Agreement, the Development Agreement or any continuing disclosure agreement entered into by the Developer relating to any Bonds Similarly Secured or Additional Obligations, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City elects to proceed with the issuance of the Additional Bonds regardless of the existence of such default or defaults;
- (iii) The Trustee and the City shall receive a certificate from the Administrator certifying that the Developer is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);
- (iv) The City and the Trustee shall receive a certificate from the Developer, through an authorized representative, certifying that no less than 33 certificates of occupancy have been issued for single-family lots located within the District;
- (v) The principal (including sinking fund installments) of the Additional Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;
- (vi) The interest on the Additional Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;
- (vii) The Reserve Account Requirement shall be increased by an amount equal to fifty percent (50%) of the Maximum Annual Debt Service on the proposed Additional Bonds to be issued as of the Closing Date of such series of Additional Bonds; provided, however, that the Reserve Account Requirement will not be increased by more than 10% of the principal amount of the Additional Bonds (or if the Additional Bonds are issued with more than 2% net original issue discount or premium, 10% of the proceeds of the Additional Bonds); provided further, however, the Reserve Account Requirement shall not exceed the least of (i) Maximum Annual Debt Service on the Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds Similarly Secured or the combined original issue price of the Bonds Similarly Secured;
- (viii) The issuance of such Additional Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Bonds to exceed the amount of the Annual Installments to collected in such year as of the issuance of such Additional Bonds; and
- (ix) The maximum principal amount of Additional Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Reimbursement Agreement and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Bonds.

Notwithstanding the above, Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured shall not be required to meet the requirements in (iv) or (v) above.

SOURCES AND USES OF FUNDS

The table that follows summarizes the expected sources and uses of proceeds of the Bonds and the initial Developer Advancement of Funds:

Sources of Funds:	
Principal Amount	\$
Developer Advancement of Funds ⁽¹⁾	
Total Sources	\$
Uses of Funds:	
Deposit to Authorized Improvements Account of the Project Fund	\$
Deposit to Developer Improvement Account of the Project Fund ⁽¹⁾	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to District Administration Account of the Administrative Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Underwriter's Discount ⁽²⁾	
Total Uses	\$

⁽¹⁾ Represents approximate amount of Developer's advancement of funds at delivery of the Bonds to pay for a portion of the costs of the Authorized Improvements. A portion of such amount is to be paid to the Developer in the future pursuant to the Reimbursement Agreement.

⁽²⁾ Includes Underwriter's Counsel's fee of \$_____.

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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	\$	\$	\$
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	\$	\$	\$

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

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

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

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

OVERLAPPING TAX RATES

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate⁽¹⁾</u>
The City	\$0.598168
Collin County, Texas	0.149343
Collin County Community College District	0.081220
Celina Independent School District	<u>1.235800</u>
Total Existing Tax Rate	<u>\$2.064531</u>
Estimated Average Annual Installment of Assessments in the District as tax rate equivalent per Parcel ⁽²⁾	<u>\$0.799473</u>
Net Estimated Total Tax Rate and Average Annual Installment in the District as tax rate equivalent per Parcel	<u>\$2.864004</u>

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

⁽²⁾ Source: MuniCap. Derived from information presented in Appendix E of the Service and Assessment Plan. Includes Assessments initially levied for payment of the Bonds and the obligation under the Reimbursement Agreement. *Preliminary, subject to change.*

Source: Collin Central Appraisal District and the City.

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

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OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u>	Gross Outstanding Debt as of 9/1/2025	Estimated Percentage Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt ^{(1),(2)}
The City (Assessments - The Bonds) ⁽²⁾	\$10,120,000	100.000%	\$10,120,000
The City (Assessments – Reimbursement Agreement) ^{(2) (3)}	4,674,374	100.000%	4,674,374
The City	618,975,000	0.356%	2,203,258
Collin County, Texas	982,755,000	0.013%	125,161
Collin County Community College District	438,250,000	0.014%	59,687
Celina Independent School District	657,805,000	0.438%	2,879,326
TOTAL	<u>\$2,712,579,374</u>		<u>\$20,061,806</u>

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

⁽²⁾ Preliminary, subject to change.

⁽³⁾ Represents the amount financed for the Authorized Improvements pursuant to the Reimbursement Agreement. The City, upon satisfying certain financial covenants, may issue additional bonds to finance its obligations under the Reimbursement Agreement. See “SECURITY FOR THE BONDS – Additional Obligations or Other Liens; Additional Bonds.”

Source: Municipal Advisory Council of Texas

Agricultural Use

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

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

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

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

All of the property in the District is currently subject to an agricultural use valuation with respect to its ad valorem taxes, and the property in the District is subject to hay and/or grazing leases. These leases and lessees’ operations on the property allow the property to maintain its agricultural valuation. The Developer expects to terminate these leases as construction of improvements commences. The Developer expects that the Collin Central Appraisal District will terminate the agricultural use valuations in the District for the 2026 taxable year. It is expected that rollback taxes will be paid by the Developer or purchasers from the Developer during development of the District and prior to purchase of parcels or lots by homeowners.

Homeowner’s Association

In addition to the Assessments described above, the Developer anticipates that each lot owner in the District will pay a homeowner’s association fee of \$1,800/per year to the Legacy Hills HOA (as defined herein).

ASSESSMENT PROCEDURES

General

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

Under the PID Act, the Actual Costs of the Authorized Improvements may be assessed by the City against the assessable property in the District so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX B — Form of Service and Assessment Plan.”

Assessment Methodology

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

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

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

Lot Type	Planned No. of Units	Estimated Finished Lot Value per unit ⁽¹⁾	Projected Average Home Value per unit	Assessment per unit	Average Annual Installment per unit	Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value)	Tax Rate Equivalent of Average Annual Installment (per \$100 Home Value)	Value to Lien (Lot Value)	Value to Lien (Average Home Value)
50'	201	\$125,000	\$600,000	\$55,827.83	\$4,797	\$3.84	\$0.80	2.24	10.75
TH	100	\$86,750	\$385,000	\$35,729.81	\$3,070	\$3.54	\$0.80	2.43	10.78

Source: MuniCap, Inc. and information presented in the Service and Assessment Plan

* Preliminary; subject to change.

⁽¹⁾ Based on lot value provided in the Appraisal. See “APPRAISAL” and “APPENDIX E – Appraisal.”

The estimated aggregate retail value of the assessable property in the District, as provided in the Appraisal (as defined herein) and subject to the limiting conditions therein, including the hypothetical condition that the Authorized Improvements are completed, is approximately \$30,361,000. See “THE DEVELOPMENT — Development Plan” for further information regarding the expected completion of the development within the District, and “APPRAISAL.”

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

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

Collection and Enforcement of Assessment Amounts

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

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

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

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

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

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

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

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

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments will be established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property consisting of the annual payment allocable to the Bonds and the Authorized Improvements for each Assessed Property, which amount includes (i) the Additional Interest, (ii) the annual payment allocable to Bonds and the Reimbursement Agreement and (iii) the annual payment allocable to Administrative Expenses. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX B — Form of Service and Assessment Plan"

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

Method of Apportionment of Assessments. For purpose of the Service and Assessment Plan, the City Council has determined that the Actual Costs of the Authorized Improvements shall be allocated to the Assessed Property by spreading the entire Assessment across the Parcels within the District based on the estimated number of Equivalent Units anticipated to be developed on each Parcel. See "APPENDIX B — Form of Service and Assessment Plan." See "ASSESSMENT PROCEDURES — Assessment Methodology."

Subdivision. Upon the subdivision of any Parcel of Assessed Property, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision
- C = the estimated number of Equivalent Units to be built on each new subdivided Parcel
- D = the sum of the estimated number of Equivalent Units to be built on all of the new subdivided Parcels

The calculation of the estimated number of Equivalent Units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of Equivalent Units to be built on a Parcel may be estimated by net land area and reasonable density ratios (based on anticipated use).

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

Upon Consolidation. Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

Maximum Assessments. The Service and Assessment Plan establishes that the Maximum Assessment per Unit with respect to the Bonds and the Reimbursement Agreement for 50' lots in the District is \$55,827.83* and \$35,729.81* for townhome lots in the District. See "ASSESSMENT PROCEDURES — Assessment Methodology." The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Assessments. See "SECURITY FOR THE BONDS" and "APPENDIX B — Form of Service and Assessment Plan."

Prepayment of Assessments

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

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

Mandatory Prepayment. If a Parcel subject to Assessment is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become

* Preliminary; subject to change.

Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs and Delinquent Collection Costs, if any, prior to any such transfer or act.

If at any time the Assessment per Equivalent Unit on a Parcel exceeds the applicable Maximum Assessment per Equivalent Unit calculated in the Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by the Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per Equivalent Unit for the Parcel exceeds the applicable Maximum Assessment per Equivalent Unit calculated in the Service and Assessment Plan.

The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and the Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

Priority of Lien

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

Foreclosure Proceedings

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

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

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

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

THE CITY

Background

The City is located in north central Collin and Collin Counties, 40 miles north of Dallas and 15 miles northwest of the City of McKinney. Access to the City is provided by State Highway 289, Dallas Pkwy, FM 455 and FM 428. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. Through a series of recent annexations, the City has increased in area. The City currently covers approximately 42.5 square miles. The City’s 2020 census population was 16,739. The City’s 2025 population estimate is 54,635.

City Government

The City is a political subdivision and is a home rule municipality of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City adopted a Home Rule Charter on May 12, 2007. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The current members of the City Council and their respective expiration of terms of office are set forth on page ii hereof.

City Water and Wastewater Systems

The City will provide both water and wastewater service to the District. The City purchases its water and wastewater treatment wholesale from the Upper Trinity Regional Water District. The City maintains its own water distribution system and wastewater collection and discharge system. It has the capacity to treat approximately 2.335 million gallons of wastewater per day (“MGD”) through a combination of resources. Doe Branch Regional Treatment Plant (wastewater) provides 1.3385 MGD with an additional 4 MGD capacity under construction. The Downtown Treatment Plant (wastewater) has a current treatment capacity of 0.95 MGD and is under design to be expanded to 2.0 MGD. The Raso Water Reclamation Plant is under design to provide an additional 0.5 MDG capacity. The City also recently completed construction of the Legacy Hills Wastewater Reclamation Plant, which provides an additional 0.95 MGD and will serve the District. The City has begun additional design work to expand the Legacy Hills Wastewater Reclamation Plant to a 2.0 MGD capacity. This City has also begun engineering and planning work for a six-million-gallon-per-day ground storage tank for water located on Celina Road, which is expected to begin construction in 2028. Additionally, construction planning for an eight-million-gallon Southeast ground storage tank for water is underway, with completion estimated for 2027.

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Major Employers

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

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Celina Independent School District	Education	552
City of Celina	Municipal Government	316
Gold Star Team – Keller Williams	Real Estate	191
Settlers Ridge Care Center	Nursing Facilities	120
Brookshire	Retail Grocery	105
Chemtrade Logistics	Chemical Products	30
Texas Seasons Nursery	Landscape	29
Celina Montessori Academy	Education	28
CAD/CAM Svc Inc.	Engineering	25
Servpro	Cleanup and Restoration	21

Source: City of Celina 2024 Annual Comprehensive Financial Report

Historical Employment in Collin County

	<u>Average Annual⁽¹⁾</u>				
	<u>2025⁽²⁾</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Civilian Labor Force	687,815	680,301	664,539	635,039	597,989
Total Employed	660,953	654,384	640,361	614,007	571,326
Total Unemployed	26,862	25,917	24,178	21,032	26,663
Unemployment Rate	3.9%	3.8%	3.6%	3.3%	4.5%

⁽¹⁾ Source: Texas Workforce Commission.

⁽²⁾ Data through July 2025.

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Surrounding Economic Activity

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

City of Denton Approximately 21 miles from the City		City of Frisco Approximately 12 miles from the City		City of Lewisville Approximately 23 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
University of North Texas	8,891	Frisco ISD	8,850	Lewisville ISD	6,233
Denton ISD	4,000	Dallas Cowboys	2,000	City of Lewisville	1,078
Peterbilt Motors-Headquarters & Plant	2,000	City of Frisco	1,813	Wal-Mart	900
Denton County	1,987	HCL Technologies LTD	1,500	Medical City of Lewisville	670
City of Denton	1,900	ICS	1,300	Caliber Collision	554
Denton State Supported Living Center	1,727	Keurig Dr. Pepper Inc.	1,213	Mary Kay	513
Texas Presbyterian Hospital	1,100	Amerisource Bergen Specialty Group	749	SYSCO	476
Texas Womens University	1,077	Baylor Scott & White/Centennial Hospital	567	Hoya Vision Care	325
Medical Center Denton	799	Mario Sinacola & Sons Excavating	500	Orthofix	250
Safran Electrical and Power	571	Goodman Networks Inc	463	The Flooring Services	250

City of McKinney Approximately 12 miles from the City	
Employer	Employees
Raytheon Space & Airborne Systems	4,200
McKinney ISD	2,920
Collin County	2,000
Globe Life	1,700
Encore Wire Corporation	1,653
City of McKinney	1,565
Medical City of McKinney	1,424
Baylor Scott & White Medical Center	1,171
Collin College	194
Simpson Strong Tie	650

City of Plano Approximately 22 miles from the City	
Employer	Employees
JP Morgan Chase	10,530
Bank of America	6,318
Capital One Finance	5,578
Toyota Motor North America Inc.	4,960
PepsiCo	3,859
Ericsson	3,346
AT&T Foundry	2,500
Medical City Plano	2,332
Liberty Mutual Insurance Company	2,184
USAA	2,092

Source: Municipal Advisory Council of Texas

THE DISTRICT

General

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

Powers and Authority

Pursuant to the PID Act, the City may establish and create the District and undertake, or pay a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The District is located within the corporate limits of the City. The PID Act provides that the City may levy and collect Assessments on property in the District, or portions

thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or pay a developer for the costs of, the financing, acquisition, construction or improvement of the Authorized Improvements. See “THE AUTHORIZED IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain roadway, water, sanitary sewer, and storm drainage improvements within the District and outside of the District comprising the Authorized Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX B — Form of Service and Assessment Plan.”

THE AUTHORIZED IMPROVEMENTS

General

The Authorized Improvements consist of the costs of the infrastructure benefitting the District. A portion of the costs of construction of the Authorized Improvements will be funded with proceeds of the Bonds. The balance of the costs of the Authorized Improvements will be paid by the Developer under the terms of the Reimbursement Agreement between the Developer and the City pursuant to the PID Act and paid with Assessment Revenues or the proceeds of the Additional Bonds. See “SOURCES AND USES OF FUNDS.” The Developer is responsible for the completion of the construction, acquisition or purchase of the Authorized Improvements, and the Developer or its designee will act as construction manager. The City will pay project costs for the Authorized Improvements from proceeds of the Bonds. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Authorized Improvements and be paid in accordance with the Indenture, the Reimbursement Agreement, and the Construction, Funding, and Acquisition Agreement. See “THE DEVELOPMENT – Development Plan.”

Authorized Improvements. The Authorized Improvements, a portion of which are being financed with proceeds of the Bonds, include road, water, sanitary sewer, and storm drainage improvements benefitting the District.

Roadway improvements: The roadway improvements within the District include subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, sidewalks, barricades, traffic control, platting, staking, and streetlights. All related earthwork, excavation, erosion control, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each lot within the District. The improvements will be built to City standards and specifications and will be owned and operated by the City.

Storm drainage improvements: The storm drainage improvements within the District consist of earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, detention ponds, 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 the District. The improvements will be built to City standards and specifications and will be owned and operated by the City.

Sanitary sewer improvements: The sanitary sewer improvements within the District consist of a gravity collection system improvement including construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to all lots in the District. The sanitary sewer improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and City standards and specifications and will be owned and operated by the City.

Water improvements: The water improvements within the District consist of trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within the District. The improvements will be built to City standards and specifications and will be owned and operated by the City.

Soft and Miscellaneous Costs: Certain soft and miscellaneous costs include costs related to right-of-way acquisition, designing, constructing, and installing the Authorized Improvements including land planning and design, City fees, engineering, soil testing, surveying, appraisal fees, district formation fees, contingency, and other soft and miscellaneous costs.

The cost of the Authorized Improvements including costs of issuance relating to the Bonds is expected to be approximately \$15,894,591*. A portion of such costs in the amount of \$10,120,000* is expected to be paid with proceeds of the Bonds. The balance of such costs is expected to be paid by the Developer. At delivery of the Bonds, the Developer expects to advance funds in an amount sufficient to pay the balance of the Authorized Improvements, a portion of which amount shall be paid to the Developer in the future pursuant to the Reimbursement Agreement. See “SOURCES AND USES OF FUNDS.”

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

Authorized Improvements	Cost*
<u><i>Hard costs</i></u>	
Roadway Improvements	\$4,314,532
Water Improvements	\$1,175,342
Sanitary Sewer Improvements	\$1,298,629
Storm Drainage Improvements	\$1,976,907
Soft and Miscellaneous Costs	\$4,689,080
Total Authorized Improvements	\$13,454,490
Bond Issuance Costs ⁽¹⁾	\$2,440,101
Total	\$15,894,591

⁽¹⁾ Estimated Bond Issuance Costs include estimated costs of bonds issued to refinance the City’s obligations under the Reimbursement Agreement.

Ownership and Maintenance of Improvements

The Authorized 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 operation, maintenance and repair of the Authorized Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

THE DEVELOPMENT

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

Overview

The land within the District will be developed as an approximately 64.866-acre master planned project (the “Development”), which is an addition to an adjacent master planned development being developed by affiliates of the Developer and known as “Legacy Hills” (referred to herein as the “Legacy Hills Development”). The Legacy Hills Development is expected to contain multiple neighborhoods built by national builders, significant multifamily and commercial development, a city sports park, multiple amenity centers and a private golf course. See “—Amenities; Private Improvements” herein.

The Development is located within the corporate limits of the City, near the intersection of County Road 58/N. Celina Parkway and County Road 59. The City, located in the north-central region of the Dallas-Fort Worth-

* Preliminary; subject to change.

Arlington, Texas Metropolitan Statistical Area (the “DFW MSA”), is experiencing significant growth as the overall DFW MSA continues its growth trajectory.

The Development is being developed by the Developer, which is an affiliate of Centurion American Custom Homes Inc. d/b/a Centurion American Development Group Inc. (“Centurion”), as described below in “THE DEVELOPER — Description of the Developer.” See “THE DEVELOPER — History and Financing of the District.” The Developer develops infrastructure and community improvements (amenities, parks, trails, etc.) and sells residential lots to high-quality production homebuilders under lot takedown contracts. The Development will include a variety of trails, playground, and open space areas for its residents and others to enjoy. In addition, the residents of the Development will be permitted to utilize the Legacy Hills Amenities, as hereinafter defined. This combination will provide its residents a community environment in which to live. The Development is located in the Celina Independent School District.

Development Plan

The Development is being developed in a single phase as part of a master planned residential development. The Development is expected to include approximately 201 single family homes and 100 townhomes, and certain District Amenities (as defined herein). The Developer expects to complete lot development in the District by Q4 2026.

Proceeds of the Bonds will pay for a portion of the costs of the Authorized Improvements. The Developer will finance the balance of the Authorized Improvements not paid with proceeds of the Bonds, a portion of which will be paid through the Reimbursement Agreement. See “SOURCES AND USES OF FUNDS.” As of September 1, 2025, the Developer has expended approximately \$437,160.87 on the Authorized Improvements, which expenditures were funded with the Acquisition and Development Loan and cash available to the Developer.

Concept Plan

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

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Lot Purchase and Sale Agreement in the District

The Developer (as assignee of Centurion American Acquisitions, LLC) has entered into a Contract of Sale with William Ryan (the “William Ryan PSA”) for 293 of the 301 lots in the District.

The Developer has received \$6,198,750 in earnest money (the “William Ryan Earnest Money”) from William Ryan which earnest money was released and utilized to fund a portion of the purchase price of the property in the District. See “THE DEVELOPER – History and Financing of the District.” Concurrent with the delivery of the William Ryan Earnest Money, the Developer executed an earnest money deed of trust, which deed of trust grants William Ryan a second lien on the property in the District. Under the William Ryan PSA, the Developer and William Ryan have agreed that the maximum tax stack, including the Assessments, on lots within the District shall not exceed \$3.09 per \$100.00 of assessed value after any applicable credits.

The remaining 8 lots in the District are currently held as reserve lots.

The following table provides a summary of the takedown schedule for the William Ryan PSA.

LOT PURCHASE AND SALE AGREEMENT

<u>Homebuilder</u>	<u>Total Lots</u>	<u>Base Price per lot*</u>		<u>Additional Fees</u>	<u>Lots per Takedown</u>
William Ryan	100	TH lots	\$85,000	\$2,000 – Amenity Fee \$500 – Marketing Fee \$3,900 – Lagoon Fee (payable to HOA)	On or before 10 days after Substantial Completion: 20 – TH and 30 – 50’
	193	50’ lots	125,000		Every 90 days thereafter: 10 – TH and 20 – 50’
Total Lots Under Contract	<u>293</u>				

* Excludes annual escalator of 7%.

Expected Build-Out and Home Prices in the Development

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

ESTIMATED HOME PRICES

<u>Lot Size (Width in Ft.)</u>	<u>Quantity</u>	<u>Base Lot Price</u>	<u>Average Base Home Price*</u>
TH	100	\$85,000	\$385,000
50'	201	\$125,000	\$600,000

* Developer estimates

The Developer expects to complete the Development of the District in Q4 2026. The following tables provide the Developer’s expected build-out schedule of the District and absorption schedule of lots for the District.

ACTUAL/EXPECTED BUILD-OUT OF THE DISTRICT

<u>Single-Family Lots</u>	<u>Actual Infrastructure Start Date</u>	<u>Expected Infrastructure Completion Date</u>	<u>Expected Final Lot Sale Date</u>
301	Q2 2025	Q4 2026	Q1 2029

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EXPECTED ABSORPTION OF LOTS IN THE DISTRICT

<u>Expected Final</u>	
<u>Sale Date</u>	<u>Total Lots</u>
Q4 2026	50
Q1 2027	30
Q2 2027	30
Q3 2027	30
Q4 2027	30
Q1 2028	30
Q2 2028	30
Q3 2028	30
Q4 2028	30
Q1 2029	<u>11</u>
	<u>301</u>

Additional Bonds

The City, upon satisfying certain financial covenants, may issue Additional Bonds to refinance its obligations under the Reimbursement Agreement. See “SECURITY FOR THE BONDS — Additional Obligations or Other Liens; Additional Bonds.”

Development Agreement

The Development Agreement, as assigned to the Developer, sets forth certain agreements between the City and the Developer relating to the development of all property within the District, including the Developer’s and the City’s respective contributions to the Development, and the issuance of public improvement district bonds for development in the District.

Under the Development Agreement, the Developer is obligated to construct the Authorized Improvements and pay the City’s impact fees.

Zoning

Development of the District is governed by Ordinance No. 2024-86, adopted by the City Council on September 10, 2024, which establishes the District as a Planned Development District and allows certain residential uses, and establishes development guidelines pertaining to purpose, height, area, setbacks, landscaping and the like consistent with the Concept Plan and the Development Agreement.

Amenities; Private Improvements

The Developer will construct certain amenities (the “District Amenities”) within the District including hike and bike trails, a pickleball court, a playground, shade structures, a lawn play area with a soccer goal, picnic tables, benches, and entry monuments. Construction of the District Amenities is expected to commence in Q4 2026 and be completed in Q1 2027. The expected cost of the District Amenities are approximately \$500,000. Such costs are expected to be funded by the Acquisition and Development Loan.

The District will be annexed into the homeowners’ association for the Legacy Hills Development (the “Legacy Hills HOA”), and residents of the District will have access to all amenities in the Legacy Hills Development. Amenities in the Legacy Hills Development, which is being developed by affiliates of the Developer and Centurion, are expected to include two regional amenity centers (with pools, air-conditioned amenity buildings, playgrounds, sport courts, shade structures and trails), a 27-acre city sports park, and a master trail system (the “Legacy Hills Amenities”). The Legacy Hills Amenities will be constructed and funded by affiliates of the Developer.

A rendering of the first amenity center located in the Legacy Hills Development, which is expected to be completed in Q2 2026, is shown below.



The Legacy Hills Development will also include a private championship golf course at which residents of the Development may purchase golf club memberships.

Additionally, the Developer expects to construct certain private improvements to serve the entire District consisting of private earthwork and erosion control, retaining walls, entry features, open space landscaping, dry utilities, and streetlights, contingency, and associated professional fees (collectively, the “Private Improvements”). The expected cost of the Private Improvements is \$4,500,000, which is expected to be funded by the Acquisition and Development Loan and cash available to the Developer.

The Private Improvements and District Amenities will be dedicated to and accepted by the Legacy Hills HOA. The Legacy Hills HOA will provide for the ongoing operation, maintenance and repair of the Private Improvements and District Amenities through the administration of a maintenance and operation fee and/or a property owner’s association fee to be paid by each lot owner within the District and the Legacy Hills Development.

Education

The Celina Independent School District (“Celina ISD”) which encompasses approximately 59 square miles and serves a portion of Collin and Denton Counties, serves the District. Celina ISD operates one primary school for grades pre-kindergarten through kindergarten, four elementary schools for grades first through fifth, one junior high school for grades sixth through eighth and one high school for grades ninth through twelfth. Students in the District are expected to be zoned to attend Bobby Ray & Afton Martin Elementary School (approximately 1.9 miles from the District), Jerry & Linda Moore Middle School (previously, Celina Junior High) (approximately 2.3 miles from the District), and Celina High School (approximately 3.0 miles from the District). According to the TEA, Jerry & Linda Moore Middle School and Celina High School each received a “District Accountability Rating” of “A”, Celina ISD received a “B”, and Bobby Ray & Afton Martin Elementary School received a “C”, from the TEA for 2024-2025, the latest year for which ratings are available. Greatschools.org rates Jerry & Linda Moore Middle School a 7/10 and Celina High School a 8/10. Greatschools.org has not ranked Bobby Ray & Afton Martin Elementary School.

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

Third parties hold title to certain rights applicable to real property within and around the District (the “Mineral Owners”), including reservations of mineral rights and royalty interests and easements (collectively, the “Third-Party

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

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

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

Environmental

A Phase One Environmental Site Assessment (a “Phase One ESA”) of land within the District, was completed in October 2024, by Rone Engineering Services Ltd. (“Rone”) Based on the information presented in the Phase One ESA, there was no evidence that the Development was under environmental regulatory review or enforcement action. The site reconnaissance, regulatory database review and historical source review revealed no evidence of recognized environmental conditions involving the site.

According to the website for the United States Fish and Wildlife Service, the Whooping Crane is an endangered species in Collin County. The Developer is not aware of any endangered species in the District.

Geotechnical Exploration

A Geotechnical Exploration report dated November 2024 (the “Geotechnical Report”), was prepared by Rone. The Geotechnical Report was commissioned for the purpose developing preliminary geotechnical recommendations for the design and construction of foundations and pavement. The Geotechnical Report presented various geotechnical discussions and conclusions regarding the probable impacts of soil vertical movement to the proposed residential development, including various engineering recommendations for soil treatment, foundations and pavement. The Developer is following and expect to follow all engineering recommendations presented in the Geotechnical Report with respect to the Development.

Flood Designation

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) 48085C01110J, dated June 2, 2009, no land within the District is located in a special flood hazard area.

Utilities

Water and Wastewater. It is expected that the City will provide water and wastewater service to the District. See “THE CITY – City Water and Wastewater Systems.”

Other Utilities. Additional utilities in the District are provided by: (1) Phone/Data - AT&T; (2) Electric – Oncor; (3) Cable – AT&T; and (4) Natural 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 telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

Description of the Developer

The Developer is an affiliate of Centurion and was created by Centurion for the purpose of managing and ultimately conveying property in the District to third parties, as described under the caption "THE DEVELOPMENT." The Developer is a nominally capitalized limited liability company, the primary asset of which is unsold property within the District. The Developer will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District or funds advanced to the Developer by an affiliated party. The Developer's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds.

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

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

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

<u>Name</u>	<u>County</u>	<u>Property Type</u>	<u>Starting Home Price</u>	<u>Status of Development</u>
Alpha Ranch	Wise/Denton	Single-family	\$400,000	Excavation starting in May 2025
Anna Hurricane Creek*	Collin	Single-family	\$390,000	PID Bonds issued; Phase 1: Started 9/2018, Currently Being Developed
Anna Hurricane North*	Collin	Single-family	\$390,000	Development Ongoing - HB Building
Arboretum Estates*	Kaufman	Mixed-use	\$390,000	Excavation underway.

Bear Creek	Dallas	Single-family	\$280,000	Development Ongoing - HB Building
Bryson Ranch*	Denton	Mixed-use	\$390,000	Excavation underway.
Cartwright Ranch*	Kaufman	Single-family	\$290,000	Development Ongoing - HB Building
Chalk Hill*	Collin	Single-family	\$390,000	Development Ongoing - HB Building
City Point*	Tarrant	Mixed-use	\$390,000	Development Ongoing - HB Building
Collin Creek Redevelopment*	Collin	Mixed-use	\$515,000	Development Ongoing - HB Building
Cottonwood*	Grayson	Mixed-use	\$400,000	Utilities underway.
Creskide of Crowley	Tarrant	Single-family	\$350,000	Development Ongoing - Mattamy Building
Creekview Meadows*	Denton	Single-family	\$420,000	Development Ongoing - HB Building
"Chaparral Ridge* (Duck Point)"	Denton	Single-family	\$390,000	Pre-development process.
Edgewood Creek*	Denton	Single-family	\$670,000	Development Ongoing - HB Building
Enchanted Creek	Collin	Single-family	\$1,000,000	Development Ongoing - HB Building
Entrada at Westlake	Tarrant	Mixed-use	\$1,100,000	Development Ongoing - HB Building
Erwin Farms	Collin	Single-family	\$529,000	Development Ongoing - HB Building
Taylor Ranch*	Grayson	Single-family	\$400,000	Pre-development process
Frisco Hills	Denton	Single-family	\$720,000	Development Complete / HB Finishing Up
Harper Estates*	Collin	Single-family	\$1,280,000	PID Bonds issued; HB Building
"Highpoint Village* (Mantua Tract)"	Grayson	Single-family	\$380,000	Excavation underway.
Iron Horse Village*	Dallas	Mixed-use	\$250,000	Development Ongoing / HB Complete
Kensington Gardens	Dallas	Single-family	\$750,000	Development Ongoing / HB Building
"Lakeside Crossing* (Fronterra)"	Denton	Townhome/Multi-family	\$365,000	PID Bonds issued; Development Ongoing / Closed all TH lots
Lily Creek at Sutton Fields*	Collin	Single-family	\$500,000	PID Bonds issued; Development Ongoing
Mercer Crossing*	Dallas	Mixed-use	\$590,000	Last Phase Going - HB Building
Mobberly Farms*	Denton	Single-family	\$278,000	Development Ongoing - HB Building
Montalcino Estates	Denton	Single-family	\$1,500,000	Development Ongoing - HB Building
Northlake Estates*	Denton	Single-family	\$570,000	Development Ongoing - HB Building
Polo Ridge*	Kaufman	Single-family	\$480,000	Development Ongoing - HB Building
Saddlebrook Estates	Ellis	Single-family	\$320,000	Next Phase Going Through Engineering
Spiritas Ranch East*	Denton	Single-family	\$390,000	Development Ongoing - HB Building
Spiritas Ranch*	Denton	Single-family	\$460,000	Development Ongoing - HB Building
Sutton Fields East*	Collin	Single-family	\$490,000	PID Bonds issued; Development Ongoing
Sutton Fields*	Denton	Single-family	\$480,000	Development Ongoing - HB Building
Swan Lake Estates	Dallas	Single-family	\$850,000	Utilities underway.
The Bridges at Preston Crossings	Grayson	Single-family	\$700,000	Development Ongoing; New Phase Being Developed
"The Estates at Eagle Mountain* (Sheelin)"	Tarrant	Single-family	\$490,000	Pre-development process.
The Estates at Southfork Ranch	Collin	Single-Family	\$2,000,000	Pre-development process.
The Resort on Eagle Mountain Lake	Tarrant	Single	\$550,000	Development Ongoing - Builder Doing Takedowns

Thunder Rock*	Burnet	Mixed-use	\$320,000	Development Ongoing - HB Building
Travis Ranch	Kaufman	Single-family	\$290,000	Development Ongoing - HB Building
University Hills	Dallas	Single-family	\$390,000	Pre-development process
Valencia on the Lake*	Denton	Single-family	\$500,000	Next Phase Going Through Engineering
Verandah	Rockwall	Single-family	\$250,000	Development Ongoing - HB Building
Wade Settlement	Collin	Single-family	\$600,000	Last Phase Going - Mattamy Building
Walden Pond	Kaufman	Single/Multi-family	\$320,000	Development Ongoing - HB Building
Water's Edge	Denton	Single/Multi-family	\$450,000	Development Ongoing - HB Building
Waterfront at Enchanted Bay	Tarrant	Single-family	\$400,000	Phase 1: Started 5/2005 * Phase 1: Delivered 2/2007 Phase 2: Being Engineered
Whitewing Trails*	Collin	Single-family/Multi-family	\$400,000	Development Ongoing - HB Building
Barcelona	Collin	Single-family	\$450,000	Development Complete / HB Complete
Bloomridge	Collin	Single-family	\$400,000	Development Complete / HB Complete
Bonds Ranch	Tarrant	Single-family	\$250,000	Purchased all Finished Lots / All Lots sold in Q4 2017
Brookfield	Denton	Single-family	\$280,000	Sold Land
Carter Ranch	Collin	Single-family	\$250,000	Development Complete / HB Complete
Chateaus of Coppell	Dallas	Single-family	\$1,300,000	Development Ongoing - HB Building
Creeks of Legacy	Denton/Collin	Single-family	\$450,000	Development Complete / HB Complete
Crestview at Prosper Creek	Collin	Single-family	\$350,000	Complete - Megatel Finishing Construction
Crown Valley	Parker	Single-family	\$350,000	Development Complete / Sold Phase / Pod Sale
Deer Creek North	Tarrant	Single-family	\$225,000	Development Complete / HB Complete
Dominion Estates	Tarrant	Single-family	\$225,000	Development Complete / HB Complete
Dove Creek	Collin	Single-family	\$450,000	Development Complete / HB Complete
Estancia	Tarrant	Single-family	\$550,000	Development Complete / HB Complete
Estancia Estates	Denton	Single-family	\$500,000	Development Complete / HB Complete
Falls of Prosper	Collin	Single-family	\$500,000	Development Complete / HB Complete
Founders Parc	Tarrant	Single/Multi-family	480,000	Development Complete / HB Complete
Frisco Ranch	Denton	Single-family	\$350,000	Development Complete / HB Complete
Garden Springs	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Hickory Farms*	Dallas	Single-family	TBD	Development Complete / HB Complete
Highlands Glen	Denton	Single-family	\$400,000	Development Complete / HB Complete
Hills of Lake Country	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
Hillstone Pointe*	Denton	Single-family	\$350,000	Phase 1: Delivered 12/2017, Remainder Raw Land Sold to Horton & Lennar
Kings Ridge (Denton)	Denton	Single/Multi-family	\$250,000	Sold Land to DR Horton
Knox Ranch	Hood	Mixed-use	\$550,000	HB Complete
Lakewood Hills	Denton	Single-family	\$550,000	Development Complete / HB Complete
Lexington Parke	Travis	Single-family	\$250,000	Development Complete / HB Complete
Llano Springs	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
McKinney Greens	Collin	Single-family	\$250,000	Development Complete / HB Complete

Mountain Creek	Dallas	Multi-family	\$325,000	Development Complete / HB Complete
Northpointe Crossing	Collin	Single-family	\$200,000	Development Complete / HB Complete
Oak Hollow	Collin	Single-family	\$200,000	Development Complete / HB Complete
Owensby Farms	Collin	Single-family	\$400,000	Development Complete / HB Complete
Palomar Estates	Tarrant	Single-family	\$850,000	Development Complete / HB Complete
Preston Hills	Collin	Single-family	\$400,000	Development Complete / HB Complete
Prestwyck	Collin	Mixed-use	\$390,000	Development Complete / HB Complete
Residences at the Stoneleigh	Dallas	Condo	\$750,000	Development Complete
Rolling Meadows	Tarrant	Single-family	\$300,000	Phase1: Completed * Phase 2A2 & 3 HB Completed
Rosemary Ridge	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Rough Hollow	Travis	Single-family	\$600,000	Development Complete / HB Complete
Sendera Ranch	Tarrant	Single-family	\$300,000	Centurion Owns Future Land / Banking Land
Shahan Prairie	Denton	Single-family	\$250,000	Sold Land
Shale Creek	Wise	Single-family	\$250,000	Development Complete / HB Complete
Silver Ridge	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Spring Creek	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Steeplechase	Denton	Single-family	\$500,000	Development Complete / HB Complete
Sweetwater Crossing	Collin	Single-family	\$250,000	Development Complete / HB Complete
Tenison Village at Buckner Terrace	Dallas	Single-family	\$450,000	Development Complete / HB Complete
Terracina	Denton	Single-family	\$500,000	Completed
The Dominion	Dallas	Single-family	\$350,000	Development Complete / HB Complete
The Highlands at Trophy Club	Denton	Single-family	\$350,000	Development Complete / HB Complete
The Villas at Twin Creeks	Collin	Single-family	\$400,000	Completed
The Villas of Indian Creek	Denton	Single-family	\$300,000	Development Complete / HB Complete
Thornbury	Travis	Single-family	\$300,000	Development Complete / HB Complete
University Place	Dallas	Single-family	\$500,000	Development Complete / HB Complete
Villages of Woodland Springs	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
Water's Edge at Hogan's Glen	Denton	Single-family	\$580,000	Completed/Ashton Finishing Construction
Windmill Farms	Kaufman	Single-family	\$300,000	HB Complete
Williamsburg	Rockwall	Single-family	\$350,000	Development Complete / HB Complete
Winn Ridge*	Denton	Single-family	\$350,000	Development Complete / HB Complete

* — developments utilizing public improvement districts

Executive Biography

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

Before forming Centurion in 1990, Mr. Moayed completed several construction and fee development projects in Northeast Tarrant County, Texas subdivisions as well as various construction and remodeling projects.

Centurion has become broadly diversified, with residential developments ranging from upscale high-rise residential towers to affordable housing communities for first-time home buyers.

General Development Financing by Centurion

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

In 2021, Centurion completed a financing (the “Financing”) under which acquisition loans relating to certain projects (the “Financing Projects”) owned by various Centurion affiliates were refinanced with the proceeds of securities issued by an unaffiliated newly-formed limited liability company created for the purpose of (i) acquiring the property relating to such Financing Projects, (ii) providing funds for limited infrastructure development by the Centurion affiliates related to such Financing Projects and (iii) issuing the bonds secured by inter alia, the property relating to such Financing Projects and certain proceeds derived from lot contracts relating to such Financing Projects. The Financing was completed for the purpose of refinancing loans related to the Financing Projects at a lower rate and achieving debt service savings, terminating certain covenants and freeing up certain collateral related to the refinanced loans, and providing additional funds for development of a portion of the Financing Projects, which funds are expected to be provided at a lower interest rate than development loans typically available relating to the Financing Projects from traditional lenders. Property relating to the Financing Projects is cross-collateralized under the Financing.

History and Financing of the District

The Developer purchased the Purchased Land, including the land comprising the District, on December 12, 2024, from Stephen L. Robinson and Thomas Lee Robinson at a purchase price of \$13,231,350. A portion of the purchase price was paid with the William Ryan Earnest Money and a portion of the purchase price was paid with funds from the simultaneous sale of approximately 10.13 acres of the Purchased Land located outside of the District to BDLeigh, LLC, the purchase price for which was \$3,999,000. In order to finance the remainder of the purchase price of the Purchased Land and development in the District, the Developer obtained the Acquisition and Development Loan from the Lender, UBank. The maximum borrowing amount under the Acquisition and Development Loan is \$16,204,427. As of September 1, 2025, the Acquisition and Development Loan is outstanding in the amount of \$5,200,710.

The Acquisition and Development Loan bears interest at the greater of the Prime Rate plus 1.0% or 6.0%, with an interest rate floor of 6.0%. Payments under the Acquisition and Development Loan are interest only payments due monthly, with the full principal of the Acquisition and Development Loan payable at maturity. The Acquisition and Development Loan matures on December 15, 2027.

The Acquisition and Development Loan is secured by all property within the District. The Acquisition and Development Loan is personally guaranteed by Mehrdad Moayed.

The PID Act provides that the Assessment Lien is a first and prior lien against an 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. Additionally, at or prior to delivery of the Bonds, the Lender shall consent to and acknowledge the creation of the District, the levy of the Assessments and the subordination of the lien securing the Acquisition and Development Loan to the assessment liens on property within the District securing payment of the Assessments. As a result, the lien on the property within the District securing the Assessments will have priority over the lien on the property within the District securing the Acquisition and Development Loan and the earnest money deed of trust.

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 Administrator has reviewed this Limited Offering Memorandum and warrants and represents that the information herein under the caption "THE ADMINISTRATOR" does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading.

MuniCap is a public finance consulting firm with a specialized consulting practice providing services related to the formation and administration of special tax and special assessment districts. MuniCap currently acts as the administrator for over 275 special assessment and taxing districts in 26 states, including Texas. MuniCap periodically donates to certain charitable or public events hosted by the City.

The City and MuniCap have entered into an agreement for administration of the District (the "MuniCap Agreement") with MuniCap as the "Administrator" to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The MuniCap Agreement will include seven general types of services provided by MuniCap: (i) administrative support services related to the Assessments, (ii) delinquency management, (iii) prepayment of Assessments, (iv) arbitrage rebate services, (v) continuing disclosure services, (vi) accounting and audit coordination, and (vii) IRS compliance monitoring.

APPRAISAL

The Appraisal

General. Peyco Southwest Realty, Inc. (the "Appraiser"), prepared an appraisal report for the City effective as of October 1, 2026, based upon a physical inspection of the District conducted on July 3, 2025 (the "Appraisal"). The Appraisal was prepared at the request of the City. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX E and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See "APPENDIX E — Appraisal."

Value Estimates. The Appraiser estimated the aggregate market value of the fee simple interest in the land in the District under the extraordinary assumption that the Authorized Improvements are completed. See "THE AUTHORIZED IMPROVEMENTS." The Appraisal does not reflect the as-is condition of the District as the Authorized Improvements have not yet been constructed. Moreover, the Appraisal does not reflect the value of the land in the District as if sold to a single purchaser in a single transaction. The Appraisal provides the fee simple estate values for the land in the District. See "APPENDIX E — Appraisal."

The value estimate for the assessable property within the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of October 1, 2026, is \$30,361,000.

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

BONDHOLDERS' RISKS

Before purchasing any of the Bonds, prospective investors and their professional advisors should carefully consider all of the risk factors described below which may create possibilities wherein interest may not be paid when due or that the Bonds may not be paid at maturity or otherwise as scheduled, or, if paid, without premium, if applicable. The following risk factors (which are not intended to be an exhaustive listing of all possible risks

associated with an investment in the Bonds) should be carefully considered prior to purchasing any of the Bonds. Moreover, the order of presentation of the risks summarized below does not necessarily reflect the significance of such investment risks.

General

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY 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.

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within the District, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the lots within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such lots.

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

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

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

Deemed Representations and Acknowledgment by Investors

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

Assessment Limitations

Annual Installments of Assessments are billed to property owners in the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as described under “ASSESSMENT PROCEDURES” herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, payment obligations under the Reimbursement Agreement, interest and the Administrative Expenses for such year. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

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

Upon an ad valorem tax lien foreclosure event of a property within the District, any lien securing an Assessment that is delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

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

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

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer has represented that it will own all property within the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien may be foreclosed upon by the City.

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

THE ASSESSMENTS WILL CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE,

COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND WILL BE PERSONAL OBLIGATIONS OF AND CHARGES AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN THE DISTRICT.

Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption

The Service and Assessment Plan establishes a “Maximum Assessment” for each lot type in the District, which Maximum Assessment is currently calculated in the amounts set forth under “ASSESSMENT PROCEDURES – Assessment Amounts.” See also “APPENDIX B — Form of Service and Assessment Plan.”

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

No plat has been filed for lots in the District. In the event that the combined tax rate for entities taxing the land in the District rises or the estimated build out value of lots in the District falls prior to the filing of a plat for the District, a mandatory prepayment of the Assessments could be triggered at the time of filing of the plat. Any mandatory prepayment of the Assessments related to the exceedance of the Maximum Assessment may trigger an optional redemption of the Bonds by the City. See “DESCRIPTION OF THE BONDS – Redemption Provisions.”

Competition

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

<u>Project Name</u>	<u>Proximity to District (Miles)</u>	<u>Approximate # of Units</u>	<u>Developer/ Builders</u>	<u>Estimated Home Sale Prices</u>
Sutton Fields East	14.0 miles	460	Centurion American / First Texas and Pacesetter	\$550K-\$700K
Lily Estates	12.0 miles	315	Centurion American / William Ryan and MI Homes	\$500K
Mobberly Farms	12.0 miles	1,989	Centurion American / Lennar, MI Homes, Pulte	\$350K-\$500K
Lilybrooke at Legacy Hills	2.2 miles	3,200	Centurion American / Horton, and MI	\$350K-\$500K

State Law Regarding Notice of Assessments

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or homebuilders in the District do not provide the required notice and prospective purchasers of property within the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative

to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further however, if the Developer or homebuilders within the District do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to homebuyers is attached to the Service and Assessment Plan. See "APPENDIX B – Form of Service and Assessment Plan."

Failure or Inability to Complete Proposed Development

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

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in the lot purchase contracts are not met. Contracts that the Developer may have with individual homebuilders are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Assessments are an imposition against the land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Assessments and the recourse for the failure of the Developer or any other landowner to pay the Assessments is limited to the collection proceedings against the land as described herein. See "THE DEVELOPMENT – Expected Build-Out and Home Prices in the Development."

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

Risks Related to the Current Residential Real Estate Market

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

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

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

Completion of Homes

The cost and time for completion of homes by the homebuilder is uncertain and may be affected by changes in national, regional and local and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes yet to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

Absorption Rate

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

Loss of Tax Exemption

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. As discussed under the caption "TAX MATTERS" herein, interest on

the Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture.

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

Tax-Exempt Status of the Bonds

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

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Reserve Account of Reserve Fund

Failure of the owners of property within the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default

in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

Hazardous Substances

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

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

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

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

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request of at least 25% of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of

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

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

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

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

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

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

No Acceleration

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

Bankruptcy Limitation to Bondholders' Rights

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

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

Management and Ownership

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

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 CITY — City Water and Wastewater Systems."

Dependence Upon Developer

The Developer, as the owner of the Assessed Property in the District, currently has the obligation for payment of the Assessments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The only assets of the Developer are land within the District, related permits and development rights, and minor operating accounts. The source of funding for future land development activities and infrastructure construction to develop the lots proposed for the District also consists of proceeds of the Bonds and proceeds of lot sales, as well as possible bank financing and equity contributions by the Developer. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the Authorized Improvements within the District. See "THE AUTHORIZED IMPROVEMENTS – General" and "THE DEVELOPMENT – Development Plan." There can be no assurances given as to the financial ability of the Developer to complete such improvements.

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

Agricultural Use Valuation and Redemption Rights

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

The Developer expects that the Collin Central Appraisal District will terminate the agricultural use valuations in the District for the 2026 taxable year.

Potential Future Changes in State Law Regarding Public Improvement Districts

During prior 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 Representatives which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89th Legislative Session of the State (the "89th Regular Session") concluded on June 2, 2025, without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. 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 called two special sessions, the first of which began on July 21, 2025 and ended on August 15, 2025 and the second of which began on August 15, 2025 and ended on September 4, 2025. No legislation relating to special assessments was proposed for the special sessions. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Use of Appraisal

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

In performing its analysis, the Appraiser makes numerous assumptions with respect to general business, economic and regulatory conditions and other matters, many of which are beyond the Appraiser's, Underwriter's and City's control, as well as certain factual matters. Furthermore, the Appraiser's analysis, opinions and conclusions are

necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation and date of the Appraisal.

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

Exercise of Third-Party Property Rights

As described herein under “THE DEVELOPMENT – Existing Mineral Rights, Easements and Other Third-Party Property Rights,” there are certain Third-Party Property Rights reservations located within the District and 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 Collin County.

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

Developer Principal Financial Relationships and Other Matters Relating to Developer Affiliates

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

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

Megatel Homes III, LLC v. Wilbow-Windhaven Development Corporation v. Centurion Windhaven, LP, et al.; in Denton County Texas. Plaintiff Megatel Homes III, LLC (“Megatel”) brought claims against both Defendant Wilbow Windhaven Development Corp. (“Wilbow”), Defendant Centurion Acquisitions, LP (“CA”), and Defendant CADG Windhaven, LLC (“CADG,” collectively with CA, “Centurion Defendants”). Megatel’s claims against Wilbow consist of request for Declaratory Judgment; Breach of Contract (failure to allow Megatel to acquire any lots in Phase 2 and the remaining lots in Phase 1 development (12 lots: A1-8, B15-18) and failure to achieve substantial completion of all phase 1 lots by 12/31/2016); and Indemnity. Megatel’s claims against CA and CADG consist of Breach of Contract; Fraud; and Indemnity. A Motion to Expunge Lis Pendens was granted by court on October 2, 2020. Megatel re-filed the Lis Pendens and Wilbow responded by filing a Motion to Expunge. The court granted the Motion to Expunge the Lis Pendens on May 19, 2021. On June 4, 2021, LMSM Holdings, LLC filed suit and brought claims against Megatel Homes III, LLC for breach of promissory note and breach of contract in a case styled LMSM Holdings, LLC v. Megatel Homes III, LLC. This suit brought by LMSM was later consolidated with Megatel Homes III, LLC v. Wilbow-Windhaven Development Corporation v. Centurion Windhaven, LP, et al. Subsequently, at the pre-trial hearing, a Motion for Separate trials was granted and the case was separated into a jury trial for LMSM’s Breach of Promissory Note and Breach of Contract causes of action, and a non-jury trial on the contract causes of action related to the Potential Vertical Rise (PVR) and associated claims. On June 23, 2025, the jury returned a verdict in favor of LMSM on the Breach of Contract and Breach of Promissory Note causes of action and awarded damages in the amount of \$590,087.99 and \$700,000.00 in attorneys’ fees. The parties have briefed the court with respect to

the non-jury trial causes of action, and a trial date has not yet been set; however, counsel is working diligently to find and set a trial date that works for all parties and counsel of record.

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

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

Risk from Weather Events

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

100-Year Flood Plain

According to FEMA FIRM 48085C0110J, dated June 2, 2009, no land within the District is located in a special flood hazard area.

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

Judicial Foreclosures

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

No Credit Rating

The City has not applied for or received a rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. Occasionally, because

of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Limited Secondary Market for the Bonds

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

TAX MATTERS

Tax Exemption

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

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

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

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to,

tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

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

Tax Accounting Treatment of Discount and Premium on Certain Bonds

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

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

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such

reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

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

LEGAL MATTERS

Legal Proceedings

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

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

Legal Opinions

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

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

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

Litigation — The City

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

Litigation — The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its members or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Reimbursement Agreement, the Bond Ordinance, the Service and Assessment Plan, the Construction, Funding, and Acquisition Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, Mr. Mehrdad Moayedi and his affiliated entities have been and are parties to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

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

SUITABILITY FOR INVESTMENT

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

ENFORCEABILITY OF REMEDIES

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

NO RATING

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

CONTINUING DISCLOSURE

The City

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

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

The City’s Compliance with Prior Undertakings

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

The Developer has agreed to provide (i) certain updated information to the Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the Developer Disclosure Agreement. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Developer Disclosure Agreement. The Developer makes no representation or warranty concerning such information

or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Developer Disclosure Agreement or from any statement made pursuant to the Developer Disclosure Agreement.

The Developer's Compliance with Prior Undertakings

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

UNDERWRITING

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

INVESTMENTS

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

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State

or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest on the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates (i) issued by or through an institution that either has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third-party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third-party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two

years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than “A” or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third-party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

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

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

INFORMATION RELATING TO THE TRUSTEE

The City has appointed U.S. Bank Trust Company, 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.usbank.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.

The information contained in this Limited Offering Memorandum relating to the description of the Authorized Improvements, the Development and the Developer 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 Use” (last paragraph only), “OVERLAPPING TAXES AND DEBT – Homeowner’s Association,” “THE AUTHORIZED IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Authorized Improvements and the Development), “LEGAL MATTERS — Litigation — The Developer,” “CONTINUING DISCLOSURE — The Developer” and “— The Developer’s Compliance with Prior Undertakings,” and “APPENDIX D-2,” to the extent such information relates to the Developer and the Authorized Improvements, has been provided by the Developer and the Developer warrants and represents that such information is true and correct and in all material respects 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 the Administrator and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

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

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED HEREIN TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING

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

AUTHORIZATION AND APPROVAL

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

APPENDIX A
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF CELINA, TEXAS

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

DATED AS OF NOVEMBER 1, 2025

SECURING

\$ _____
CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT
PROJECT)

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INDENTURE OF TRUST

THIS INDENTURE, dated as of November 1, 2025 is by and between the CITY OF CELINA, TEXAS (the "City"), and U.S. BANK TRUST COMPANY, NATIONAL 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 I.

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

WHEREAS, the petition contained the signature of the owner 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 Collin Central Appraisal District, and the signature of the property owner who owns taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on March 11, 2025, after due notice, the City Council of the City (the "City Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on March 11, 2025, the City Council made the findings required by Section 372.009(b) of the PID Act and, by resolution, adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on March 13, 2025, the Assistant City Secretary of the City (the "Assistant City Secretary") filed a copy of said resolution with the county clerk of each county in which all or a part of the District is located in accordance with the provisions of the PID Act; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the Assistant City Secretary within 20 days after March 11, 2025; and

WHEREAS, on September 9, 2025, the City Council, by resolution, made findings and determinations relating to the Actual Costs of certain Authorized Improvements, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for October 14, 2025 and directed City staff to (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice relating to the October 14, 2025 hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on September __, 2025, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Celina Record*, a newspaper of general circulation in the City, to consider the proposed Service and Assessment Plan and the Assessment Roll and the levy of the Assessments on property within the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Assessment Roll and the Service and Assessment

Plan and the levy of Assessments on property in the District to the last known address of the owner of the property liable for the Assessments; and

WHEREAS, the City Council opened and convened the hearing on October 14, 2025 and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Authorized Improvements, the purposes of the Assessments, the special benefits of the Authorized Improvements, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Assessments, and there were no written objections or evidence submitted to the City Secretary of the City in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Authorized Improvements, the Assessment Roll, and the levy of the Assessments; and

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

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

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

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

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

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

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

“Actual Costs” means, with respect to the Bonds, District formation costs, and with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement. Actual Costs may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor and construction management fees, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, and taxes (property and franchise), (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Authorized Improvements, and (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, permit fees, development fees), insurance premiums and miscellaneous expenses. Actual Costs may include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

“Additional Bonds” means the additional parity bonds authorized to be issued in accordance with the terms and conditions prescribed in 13.2(c) of this Indenture.

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

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

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

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

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

“Administrative Expenses” means the administrative, organization, maintenance and operational costs associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of: (i) creating and organizing the District, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative,

organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, maintenance, and operation of the District and the Authorized Improvements, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds Similarly Secured, (v) issuing, paying and redeeming the Bonds Similarly Secured, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds Similarly Secured, (viii) the Trustee's reasonable fees and expenses relating to the Bonds Similarly Secured (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds Similarly Secured or any costs of issuance associated with the Bonds Similarly Secured. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

"Administrative Fund" means the Fund established by Section 6.1 and administered pursuant to Section 6.9 hereof.

"Administrator" means an employee of the City or third-party designee of the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is MuniCap, Inc.

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

"Annual Installment" means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Assessment Roll attached to the Service and Assessment Plan as Appendix G and related to the Authorized Improvements; which annual payment includes Administrative Expenses and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

"Annual Service Plan Update" means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

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

"Assessed Parcel" means each parcel of land located within the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

"Assessed Property" means, collectively, all Assessed Parcels.

"Assessment Ordinance" means the ordinance adopted by the City Council on October 14, 2025, which levied the Assessments on the Assessed Property located within the District.

“Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Parcel, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds.

“Assessment Roll” means the assessment roll attached as Appendix G to the Service and Assessment Plan or any other assessment roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessment against each Assessed Parcel related to the Bonds Similarly Secured and the Authorized Improvements, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

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

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

“Authorized Improvements” means the means those public improvements described in Appendix B of the Service and Assessment Plan and Section 372.003 of the PID Act, and for which the Assessments are levied against the Assessed Property that are designed, constructed, and installed in accordance with the Development Agreement, and the Service and Assessment Plan or an Annual Service Plan Update, as further described in Section III of the Service and Assessment Plan.

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

“Bond” means any of the Bonds.

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

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

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

“Bond Ordinance” means the ordinance adopted by the City Council on October 14, 2025, authorizing the issuance of the Bonds pursuant to this Indenture.

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

“Bond Similarly Secured” means any of the Bonds Similarly Secured.

“Bond Year” means the one-year period beginning on September 1 in each year and ending on August 31 in the following year.

“Bonds” means the City’s bonds authorized to be issued by Section 3.1(a) of this Indenture entitled “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project)”

“Bonds Similarly Secured” means the Outstanding Bonds and any Outstanding Additional Bonds and any Outstanding Refunding Bonds hereafter issued pursuant to and secured under this Indenture.

“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.

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

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

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

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

“Closing Date” means the date of the initial delivery of and payment for each series of the Bonds Similarly Secured. With respect to the Bonds, the Closing Date is November 13, 2025.

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

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

“Construction, Funding, and Acquisition Agreement” means the “Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement” by and between the City and the Developer, dated as of October 14, 2025, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized

Improvements within the District, the issuance of the Bonds, the use of the funds in the Developer Improvement Account, and other matters related thereto.

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

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

“Delinquent Collection Costs” means interest, penalties and expenses incurred or imposed with respect to any delinquent Assessment or an Annual Installment thereof, in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

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

“Developer” means MM Legacy Celina 75, LLC, a Texas limited liability company, and its successors and assigns.

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

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

“Development Agreement” means that certain Development Agreement by and between the City and LMR Holdings, LTD, and assigned to the Developer, effective on February 4, 2021, related to development of the property within the District, as the same may be amended from time to time.

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

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

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

“Event of Default” shall have the meaning assigned to such term in Section 11.1(a) of this Indenture.

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

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

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

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

“Initial Bond” means, with respect to the Bonds, the Initial Bond as set forth in Exhibit A to this Indenture and, with respect to any other series of Bonds Similarly Secured, the Initial Bond set forth in an exhibit to a Supplemental Indenture.

“Interest Payment Date” means the date or dates upon which interest on any series of Bonds Similarly Secured is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year and commencing, with respect to the Bonds, on March 1, 2026.

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

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

“Minor Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of a series of Bonds Similarly Secured that is less than ten percent (10%) of the Outstanding principal amount of such series of the Bonds Similarly Secured.

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

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

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

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

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

“Pledged Funds” means the Pledged Revenue Fund (excluding the Developer Reimbursement Pledged Revenue Account), the Bond Fund, the Project Fund (excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

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

“Pledged Revenues” means the sum of (i) the Assessment Revenue less the Administrative Expenses and (ii) any additional revenues that the City may pledge to the payment of Bonds Similarly Secured.

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

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

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

“Purchaser” means the initial purchaser of each series of the Bonds Similarly Secured.

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

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

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

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

“Redemption Price” means, when used with respect to any Bond Similarly Secured or portion thereof, the amount of par plus accrued and unpaid interest to the date of redemption, unless otherwise provided in a Supplemental Indenture.

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

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

“Reimbursement Agreement” means the “[Legacy Celina Public Improvement District Reimbursement Agreement]” between the City and the Developer, dated as of October 14, 2025, which provides for the reimbursement of costs to the Developer for funds advanced by the

Developer and used to pay a portion of the costs of the Authorized Improvements and other matters related thereto.

“Reimbursement Fund” means the Fund of such name established pursuant to Section 6.1.

“Reimbursement Payment Request” means a certificate substantially in the form of [Exhibit A] attached to the Reimbursement Agreement or otherwise executed by the Developer, approved by a City Representative, and delivered to the Trustee requesting reimbursement for the Actual Costs of the Authorized Improvements from money on deposit in the Reimbursement Fund as further described in Section 6.12 herein.

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

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$_____, which is an amount equal to the [Maximum Annual Debt Service on the Bonds] as of the Closing Date. The Reserve Account Requirement shall be adjusted in accordance with Section 13.2(c)(viii), in the event an additional series of Bonds Similarly Secured is hereafter issued.

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

“Service and Assessment Plan” means the “Legacy Celina Public Improvement District Service and Assessment Plan” dated October 14, 2025, including the Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Ordinance.

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

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

“Substantial Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of a series of Bonds Similarly Secured that is greater than or equal to ten percent (10%) of the Outstanding principal amount of such series of Bonds Similarly Secured.

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

“Tax Certificate” means the Certificate as to Tax Exemption delivered by the City on the Closing Date for each series of the Bonds Similarly Secured setting forth the facts, estimates and

circumstances in existence on such Closing Date which establish that it is not expected that the proceeds of such series of Bonds Similarly Secured will be used in a manner that would cause the interest on such Bonds Similarly Secured to be included in the gross income of the Owners thereof for Federal income tax purposes.

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

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

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 SIMILARLY SECURED

Section 2.1. Granting Clauses

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

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

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

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

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

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

Section 2.2. Security for the Bonds Similarly Secured.

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

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds Similarly Secured and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected as of the Closing Date. If Texas law is amended at any time while the

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

Section 2.3. Limited Obligations.

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

Section 2.4. Authorization for Indenture.

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

Section 2.5. Contract with Owners and Trustee.

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

(b) In consideration of the purchase and acceptance of any or all of the Bonds Similarly Secured by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the City with the 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 SIMILARLY SECURED

Section 3.1. Authorization of the Bonds Similarly Secured.

(a) The Bonds. The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) paying a portion of the Actual Costs of the Authorized Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Authorized Improvements, (iii) funding a reserve fund for payment of principal

and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

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

(a) The Bonds.

(i) The Bonds shall be dated November 13, 2025 and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond for the Bonds, which shall be numbered T-1.

(ii) Interest shall accrue and be paid on each Bond from the later of the Closing Date of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rates per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2026 computed on the basis of a 360-day year of twelve 30-day months.

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

<u>Years</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
20__		
20__		
20__		
20__		

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) The Bonds. 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:

- (i) a certified copy of the Assessment Ordinance;
- (ii) a certified copy of the Bond Ordinance;
- (iii) a copy of the executed Construction, Funding, and Acquisition Agreement;
- (iv) a copy of the executed Reimbursement Agreement;
- (v) a copy of this Indenture executed by the Trustee and the City; and

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

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds Similarly Secured shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; 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 or on behalf of the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 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 of a Bond Similarly Secured 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 Similarly Secured shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

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

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

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds Similarly Secured 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 Similarly Secured thereafter coming due and, to the extent any such money remains after the retirement

of all Outstanding Bonds Similarly Secured, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Bonds Similarly Secured for any further payment of such unclaimed moneys or on account of any such Bonds Similarly Secured, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.5. Execution and Registration of Bonds Similarly Secured.

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

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

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

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

Section 3.6. Ownership.

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond Similarly Secured is registered as the absolute owner of such Bond Similarly Secured for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond Similarly Secured is registered on the relevant Record Date) and for all other purposes, whether or not such Bond Similarly Secured 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 Similarly Secured shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond Similarly Secured to the extent of the sums paid.

Section 3.7. Registration, Transfer and Exchange.

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

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

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

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

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

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

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

Section 3.8. Cancellation.

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

Section 3.9. Temporary Bonds Similarly Secured.

(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 Similarly Secured that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds Similarly Secured in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds Similarly Secured may determine, as evidenced by their signing of such temporary Bonds Similarly Secured.

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

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

Section 3.10. Replacement Bonds Similarly Secured.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond Similarly Secured, the Trustee shall authenticate and deliver in exchange therefor a

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

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

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

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

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

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

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

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

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

Section 3.11. Book-Entry Only System.

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

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

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

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

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

Section 3.13. Payments to Cede & Co.

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

ARTICLE IV

REDEMPTION OF BONDS SIMILARLY SECURED BEFORE MATURITY

Section 4.1. Limitation on Redemption.

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

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Bonds.

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

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	

* maturity

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	234,000

* maturity

Term Bonds Maturing September 1, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	

* maturity

Term Bonds Maturing September 1, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	

* maturity

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

(iii) The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (i) of this Section 4.2(a) 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 mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding

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

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

Section 4.3. Optional Redemption.

(a) The Bonds.

(i) The City reserves the right and option to redeem Bonds maturing on or after September 1, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 20__, such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

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

Section 4.5. Partial Redemption.

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

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

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

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

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

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

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

Section 4.6. Notice of Redemption to Owners.

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

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

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

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

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

notice, in the manner in which the notice of redemption was given, that the Bonds Similarly Secured have not been redeemed.

Section 4.7. Payment Upon Redemption.

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

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

Section 4.8. Effect of Redemption.

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

ARTICLE V

FORM OF THE BONDS SIMILARLY SECURED

Section 5.1. Form Generally.

(a) The Bonds Similarly Secured, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds Similarly Secured, (i) shall be, with respect to the Bonds, 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, with respect to any other Bonds Similarly Secured, substantially in the form set forth in an exhibit to a Supplemental 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 Similarly Secured, as evidenced by their execution thereof.

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

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

(d) Each 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 Services, managed by FactSet Research Systems on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Similarly Secured shall be of no significance or effect as regards the legality thereof; and none of the City, the Trustee, nor the attorneys approving said Bonds Similarly Secured as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured.

Section 5.3. Legal Opinion.

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

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

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

- (A) Bond Pledged Revenue Account; and
- (B) Developer Reimbursement Pledged Revenue Account.

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

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

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

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

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

- (A) Reserve Account; and
- (B) Additional Interest Reserve Account.

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

- (A) District Administration Account.

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

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

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The Bonds.

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

(A) to the Capitalized Interest Account of the Bond Fund:
\$ _____;

(B) to the Authorized Improvements Account of the Project Fund:
\$ _____;

(C) to the Costs of Issuance Account of the Project Fund:
\$ _____;

(D) to the Reserve Account of the Reserve Fund: \$ _____; and

(E) to the District Administration Account of the Administrative Fund:
\$ _____.

(b) Funds received from the Developer on the Closing Date of the Bonds in the amount of \$_____ shall be paid to the Trustee and deposited or transferred by the Trustee into the Developer Improvement Account of the Project Fund.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15 of each year while the Bonds Similarly Secured are Outstanding and beginning February 15, 2026, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, in accordance with Section 6.7(b) hereof, (iv) fourth, to the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to pay the Developer for costs of Authorized Improvements that have been paid by the Developer (including any accrued interest) pursuant to the terms of the Reimbursement Agreement, (v) fifth, to pay Actual Costs of the Authorized Improvements, and (vi) sixth, to pay other costs permitted by the PID Act. Moneys transferred to the Developer Reimbursement Pledged Revenue Account shall not be a part of the Trust Estate and are not security for the Bonds Similarly Secured.

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

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

(d) Subject to the provisions of the Reimbursement Agreement, from time to time as needed to pay the obligations relating to Actual Costs of the Authorized Improvements that are paid by the Developer, and once all amounts deposited into the Authorized Improvements Account of the Project Fund have been disbursed, the Trustee shall, pursuant to a completed Reimbursement Payment Request, withdraw from the Developer Reimbursement Pledged Revenue Account and transfer to the Reimbursement Fund such amount needed to pay the Developer for funds it paid to fund Actual Costs of the Authorized Improvements, including any accrued interest. When all amounts due to the Developer to pay it for the funds it used to pay for Actual Costs of the Authorized Improvements have been paid to the Developer, whether through Assessments received and applied in accordance with this Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Developer Reimbursement Pledged Revenue Account and the Developer Reimbursement Pledged Revenue Account shall be closed.

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

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

(g) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in an account of the Reserve Fund and the other deposits described in (a) above, the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including transfers to the Redemption Fund and the funding of any obligations due to the Developer with funds deposited to the Developer Reimbursement Pledged Revenue Account.

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

Section 6.4. Bond Fund.

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

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

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

<u>Date</u>	<u>Amount (\$)</u>
March 1, 20__	
September 1, 20__	

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Authorized Improvements Account of the Project Fund, or if the Authorized Improvements Account has been closed as provided in Section 6.5(f) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds Similarly Secured and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1 hereof.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to (i) one or more City Certificates or (ii) an executed, completed, and accepted Closing Disbursement Request. Disbursements from the other Accounts of the Project Fund to pay Actual Costs of the Authorized Improvements shall be made by the Trustee within two business days upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Authorized Improvements Account or the Developer Improvement Account pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Construction, Funding, and Acquisition Agreement; provided however, that all disbursements of funds for the Actual Costs of the Authorized Improvements made pursuant to a Certification for Payment shall be made first, from the Authorized Improvements Account, and second, from the Developer Improvement Account. Such provisions and procedures related to such disbursements contained in the Construction, Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full.

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

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

(e) Upon the filing of a City Certificate stating that all Authorized Improvements have been completed and that all Actual Costs of the Authorized Improvements have been paid, or that any such Actual Costs of the Authorized Improvements are not required to be paid from the Authorized Improvements Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Authorized Improvements Account of the Project Fund to the Principal and Interest Account of the Bond Fund and (ii) shall close the Authorized Improvements Account of the Project Fund. If the Authorized Improvements Account of the Project Fund is closed as provided above, the Trustee shall transfer any remaining amounts in the Developer Improvement Account of the Project Fund to the Developer and shall close the Developer Improvement Account of the Project Fund. If both the Authorized Improvements Account and the Developer Improvement Account have been closed as provided above and the Costs of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(f), the Project Fund shall be closed.

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

Section 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds Similarly Secured as provided in Article IV.

Section 6.7. Reserve Fund.

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

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

an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

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

(d) Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds Similarly Secured. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds Similarly Secured to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds Similarly Secured to be redeemed, as identified in a City Certificate, as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds Similarly Secured on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within thirty days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to a specified Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (iii) for such other use specified in such City Certificate if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured.

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

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

(h) If, after a Reserve Account withdrawal pursuant to Section 6.7(f), the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with Section 6.3.

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

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Celina, Texas, Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts relating to the Bonds Similarly Secured due the United States Government in accordance with the Code.

(b) In order to assure that the Rebate Amount is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the Tax Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) in the absence of written instructions from the City.

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

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay Administrative Expenses and Delinquent Collection Costs.

(b) Moneys in the District Administration Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan.

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America,

in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such 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. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds Similarly Secured, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account is held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in any City Certificate and to insure that an investment it is directed to purchase is a permitted investment pursuant to the terms of this Indenture. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments.

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

(e) The Trustee will furnish the City and the Administrator monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, unless the Trustee receives a written request, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements.

(f) If, following an annual calculation of the Rebate Amount in accordance with Sections 6.8 and 7.5(g) hereof, it is determined that a Rebate Amount is owed with respect to the Bonds Similarly Secured, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund an amount equal to the Rebate Amount owed by the City from

investment earnings derived from the investment of the amount on deposit in Pledged Funds. The City Certificate shall specify the amount to be transferred and identify the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

Section 6.11. Security of Funds.

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

Section 6.12. Reimbursement Fund.

Money on deposit in the Reimbursement Fund shall be disbursed to the Developer, once all amounts deposited into the Authorized Improvements Account have been disbursed, to reimburse the Actual Costs of the Authorized Improvements paid from the Developer Improvement Account of the Project Fund. Disbursements shall be made pursuant to this Section and the Reimbursement Agreement based upon approval of a Reimbursement Payment Request by the City Representative. The Reimbursement Payment Request in the form attached as [Exhibit A] to the Reimbursement Agreement is hereby incorporated into this Indenture. When all amounts due to the Developer to pay it for the funds it has contributed to pay the Actual Costs of the Authorized Improvements have been paid to the Developer, whether through Assessments received and applied in accordance with this Indenture and the Service and Assessment Plan or an Annual Service Plan Update, or through the proceeds of Additional Bonds, no further deposits shall be made to the Reimbursement Fund and the Reimbursement Fund shall be closed. In the event that the Reimbursement Fund is closed pursuant to the terms of this Section, any remaining balance in the Reimbursement Fund and in any Account therein shall be transferred to the Pledged Revenue Fund and applied in accordance with the priorities set forth in Section 6.3(a) above.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that the Assessments to be collected from the Assessed Property are as so reflected in the Service and Assessment Plan (as it may be updated from time to time) and, in accordance with the Assessment Ordinance, it has levied the Assessments against the respective Assessed Parcels from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds Similarly Secured are Outstanding and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Authorized Improvements in accordance with the Reimbursement Agreement, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in Section 9.6 of this Indenture, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

(b) So long as Bonds Similarly Secured are Outstanding hereunder, and except as set forth in Section 13.2 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds Similarly Secured and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under this Indenture, except for other indebtedness incurred in compliance with Section 13.2 hereof.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to pay it for funds it has contributed to pay Actual Costs of the Authorized Improvements in accordance with the Reimbursement Agreement and the Construction, Funding, and Acquisition Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and Owners of any Bonds Similarly Secured or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

"Closing Date" means the date on which each series of Bonds Similarly Secured are first authenticated and delivered to the respective initial purchasers against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds Similarly Secured.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds Similarly Secured are invested and which is not acquired to carry out the governmental purposes of the Bonds Similarly Secured.

"Regulations" means any proposed, temporary or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds Similarly Secured. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds Similarly Secured, as it pertains to a particular series of Bonds Similarly Secured, has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond Similarly Secured to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of each series of Bonds Similarly Secured:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds Similarly Secured of such series, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds Similarly Secured of such series or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of any Bonds Similarly Secured to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Assessments will meet the requirements of the "tax assessment loan exception" within the meaning of Section 1.141-5(d) of the Regulations on the date that each series of the Bonds Similarly Secured are delivered and will ensure that the Assessments continue to meet such requirements for so long as Bonds Similarly Secured are outstanding.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of any series of Bonds Similarly Secured directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of such series of Bonds Similarly Secured.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds Similarly Secured to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe with respect to each series of Bonds Similarly Secured.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond Similarly Secured is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds Similarly Secured with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date for each series of Bonds Similarly Secured, the City shall calculate the Rebate Amount for the respective series of Bonds Similarly Secured in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of each series of Bonds Similarly Secured until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds Similarly Secured by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the Funds or Accounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for any series of Bonds Similarly Secured equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds Similarly Secured, enter into any

transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds Similarly Secured not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Director of Finance, the City Secretary or the Assistant City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with each series of the Bonds Similarly Secured, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII

LIABILITY OF CITY

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

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 Similarly Secured, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds Similarly Secured (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Administrative Expenses) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate, the funds available for such payment in any of the Pledged Funds, if any, or the amounts collected to pay Administrative Expenses on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to

enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds Similarly Secured 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 seem reasonable.

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

ARTICLE IX

THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

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

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, the Trustee may not request or require indemnification as a condition to making any deposits, payments, or transfers when required hereunder, or delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the District Administration Account of the Administrative Fund, and to the extent money in the District Administration Account is insufficient, from the

Pledged Revenue Fund, to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds Similarly Secured shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds Similarly Secured or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds Similarly Secured for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed by it with due care.

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.

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, both before and after default by the City. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Authorized Improvements.

The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the holders of at least a majority of the aggregate principal amount of Bonds Similarly Secured then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default.

In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

Section 9.4. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, 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, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. 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 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 sole discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the District Administration Account of the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund.

Section 9.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds Similarly Secured and may join in any action that any Owner of Bonds Similarly Secured may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds Similarly Secured or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds Similarly Secured.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond Similarly Secured. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by (i) the Owners of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) the City, so long as the City is not in default under this Indenture. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate Outstanding principal of the Bonds Similarly Secured.

Section 9.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least 25% of the aggregate Outstanding principal of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

Unless and until such successor Trustee shall have been appointed by the Owners of the Bonds Similarly Secured, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the

Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds Similarly Secured within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds Similarly Secured, in accordance with the immediately preceding paragraph.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds Similarly Secured may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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 Similarly Secured, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds Similarly Secured and each of the Owners of the Bonds Similarly Secured.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to

such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Trustee to File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC.

Section 9.14. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds Similarly Secured. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds Similarly Secured may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds Similarly Secured, or with the written consent without a meeting, of the Owners of at least 51% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond Similarly Secured, without the express consent of the Owner of such Bond Similarly Secured, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws and this Indenture), or reduce the percentage of Owners of Bonds Similarly Secured required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

(b) This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(ii) to make modifications not adversely affecting any Outstanding Bonds Similarly Secured in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds Similarly Secured;

(iv) to provide for the issuance of Additional Bonds or Refunding Bonds as set forth in Section 13.2 hereof; and

(v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds Similarly Secured.

(c) Any modification or amendment made pursuant to Section 10.1(b) shall not be subject to the notice procedures specified in Section 10.3 below.

(d) Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment or supplement: (i) is permitted under Applicable Laws and the provisions of this Indenture in effect after taking into account the proposed amendment or supplement; (ii) will not adversely affect the interests of the Owners in any material respect; provided, however, that an appointment of a successor trustee in accordance with the provisions hereof and the issuance of Additional Bonds or Refunding Bonds in accordance with the provisions of Section 13.2 hereof are each deemed to not be a material adverse effect for purposes of such opinion; and (iii) will not adversely affect the exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds Similarly Secured. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first-class mail, by the Trustee to each Owner of Bonds Similarly Secured from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Except as set forth in Section 10.1(b), such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City or Bond Counsel, acting on the City's behalf, has delivered to the Trustee an opinion of

Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds Similarly Secured shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds Similarly Secured and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds Similarly Secured at the expiration of sixty days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, however, that the Trustee during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Outstanding Bonds Similarly Secured shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.5. Endorsement or Replacement of Bonds Similarly Secured Issued After Amendments.

The City may determine that Bonds Similarly Secured issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Similarly Secured Outstanding at such effective date and presentation of his Bond Similarly Secured for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation

shall be made on such Bond Similarly Secured. The City may determine that new Bonds Similarly Secured, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds Similarly Secured then Outstanding, such new Bonds Similarly Secured shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds Similarly Secured then Outstanding, upon surrender of such Bonds Similarly Secured.

Section 10.6. Amendatory Endorsement of Bonds Similarly Secured.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds Similarly Secured held by such Owner, provided that due notation thereof is made on such Bonds Similarly Secured.

Section 10.7. Waiver of Default

With the written consent of at least 51% in aggregate principal amount of the Owners of the Bonds Similarly Secured then Outstanding, the Owners may waive non-compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

(a) Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;

(iii) The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of

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 amount of the Bonds Similarly Secured with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds Similarly Secured then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

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

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

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of a majority of the aggregate principal amount of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including of its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, as follows:

FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment

thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

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

Within 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 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds Similarly Secured.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds Similarly Secured may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds Similarly Secured shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds Similarly Secured or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds Similarly Secured shall bind all future Owners of the same Bonds Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds Similarly Secured.

Bonds Similarly Secured owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds Similarly Secured provided for in this Indenture, and the City shall not be entitled with respect to such Bonds Similarly Secured to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds Similarly Secured shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

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

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of any Bonds Similarly Secured then Outstanding or their representatives duly authorized in writing.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better

conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations or Other Liens; Additional Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds Similarly Secured.

(b) Other than Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured or Additional Bonds issued in accordance with this Section, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired.

(c) The City reserves the right to issue Additional Bonds, but shall be under no obligation to issue Additional Bonds, to finance the Actual Costs of the Authorized Improvements or to pay amounts due to the Developer pursuant to the Reimbursement Agreement, but only in accordance with the conditions set forth below:

(i) The Trustee shall receive a certificate from the City Representative certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in this Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or the Reimbursement Agreement;

(ii) The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Reimbursement Agreement, the Development Agreement or any continuing disclosure agreement entered into by the Developer relating to any Bonds Similarly Secured or Additional Obligations, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City elects to proceed with the issuance of the Additional Bonds regardless of the existence of such default or defaults;

(iii) The Trustee and the City shall receive a certificate from the Administrator certifying that the Developer is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);

(iv) The City and the Trustee shall receive a certificate from the Developer, through an authorized representative, certifying that no less than 33 certificates of occupancy have been issued for single-family lots located within the District;

(v) The principal (including sinking fund installments) of the Additional Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

(vi) The interest on the Additional Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;

(vii) The Reserve Account Requirement shall be increased by an amount equal to 50% of the Maximum Annual Debt Service on the proposed Additional Bonds to be issued as of the Closing Date of such series of Additional Bonds; provided, however, that the Reserve Account Requirement will not be increased by more than 10% of the principal amount of the Additional Bonds (or if the Additional Bonds are issued with more than 2% net original issue discount or premium, 10% of the proceeds of the Additional Bonds); provided further, however, the Reserve Account Requirement shall not exceed the least of (i) Maximum Annual Debt Service on the Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds Similarly Secured or the combined original issue price of the Bonds Similarly Secured;

(viii) The issuance of such Additional Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Additional Bonds to exceed the amount of the Annual Installments to be collected in such year as of the issuance of such Additional Bonds; and

(ix) The maximum principal amount of Additional Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Reimbursement Agreement and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Bonds.

(d) Notwithstanding the provisions of Section 13.2(c) above, Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured shall not be required to meet the requirements set forth in Section 13.2(c)(iv) or Section 13.2(c)(v).

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, the Trust Estate, and the Bonds Similarly Secured.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS SIMILARLY SECURED AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds Similarly Secured secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds Similarly Secured has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Similarly Secured Deemed Paid.

All Outstanding Bonds Similarly Secured 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 Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other authorized third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if any Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Bonds Similarly Secured that such deposit will not result in the reduction or withdrawal of the rating on such Bonds Similarly Secured. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment

for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds Similarly Secured 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 Similarly Secured shall bind all future Owners of such Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds Similarly Secured; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by e-mail and addressed as follows:

If to the City:

City of Celina, Texas
142 North Ohio Street
Celina, Texas 76201
Attention: City Manager
Email:rranc@celina-tx.gov

If to the Trustee
or the Paying Agent/Registrar:

U.S. Bank Trust Company, National Association
Attention: Bond Operations
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402
Email:

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond Similarly Secured notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Similarly Secured Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee 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: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds Similarly Secured pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds Similarly Secured or the date fixed for redemption of any Bonds Similarly Secured or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original. The City and the Trustee agree that electronic signatures to this Indenture may be regarded as original signatures

Section 15.10. Statutory Verifications.

The Trustee makes the following representation and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Indenture. As used in such verifications,

“affiliate” means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

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 CELINA, TEXAS

By: _____
Mayor

Attest:

City Secretary

[CITY SEAL]

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

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

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF CELINA, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2025
(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT
PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, 20____	_____	_____

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

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing March 1, 2026, 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 St. Paul, Minnesota (the "Designated Payment/Transfer Office"), of U.S. Bank Trust Company, National Association, as trustee and paying agent/registrar (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the

Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated November 13, 2025 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of November 1, 2025 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Authorized Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Authorized Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

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 Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their stated maturities and will be redeemed by the City in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	

* maturity

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	

* maturity

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	

* maturity

Term Bonds Maturing September 1, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__	
September 1, 20__*	

* maturity

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

The principal amount of Bonds of a stated maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to 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 1, 20__ before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 20__, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued interest to the date of redemption.

The Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, and in an amount and on a date specified in a City Certificate, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of this Indenture) any other transfers to the Redemption Fund under the terms of this Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of the Indenture.

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

so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

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

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

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

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

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be

done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

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

Mayor, City of Celina, Texas

City Secretary, City of Celina, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

Acting 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.

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,
as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

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

Date: _____

Signature Guaranteed By:

Authorized Signatory

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

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

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

(ii) in the first paragraph of the Bond, the words "on the Maturity Date as
specified above, the sum of _____ DOLLARS" shall be deleted and the
following will be inserted: "on September 1 in each of the years, in the principal
installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>

(Information to be inserted from Section 3.2(a)(iii) hereof); and

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

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APPENDIX B

FORM OF SERVICE AND ASSESSMENT PLAN

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LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT

CITY OF CELINA, TEXAS

PRELIMINARY SERVICE AND ASSESSMENT PLAN

September 9, 2025

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT

PRELIMINARY SERVICE AND ASSESSMENT PLAN

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I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On March 11, 2025, the City Council of the City of Celina, Texas (the “City”) passed and approved Resolution No. 2025-17R approving and authorizing the creation of the Legacy Celina Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in such public improvement district, all of which was located within the corporate limits of the City at the time the PID was created.

The property in the PID is proposed to be developed in one phase. Assessments will be imposed on the property that receives a special benefit from the Authorized Improvements to be financed.

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This Legacy Celina Public Improvement District Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (i) cover a period of at least five years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix F.

Section 372.014 of the PID Act requires that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V of this Service and Assessment Plan.

Section 372.015 of the PID Act requires that “the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing the costs of the Authorized Improvements and apportionment of such costs to the property in the PID is included in Section V of this Service and Assessment Plan.

Section 372.016 of the PID Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.” The Assessment Roll for the PID is included as Appendix G of this Service and Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

B. DEFINITIONS

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“Actual Cost(s)” means those issuance costs related to a series of Bonds, PID formation costs, and with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement. Actual Costs may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor and construction management fees, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, and taxes (property and franchise), (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Authorized Improvements, and (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, permit fees, development fees), insurance premiums and miscellaneous expenses. Actual Costs may include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

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

“Additional Interest Rate” means the up to 0.50% additional interest rate charged on Assessments (if applicable) pursuant to Section 372.018 of the PID Act.

“Additional Interest Reserve” has the meaning set forth in Section V.F. of this Service and Assessment Plan.

“Additional PID Bonds” means Bonds issued to finance or refinance the Actual Costs of the Authorized Improvements by use of the proceeds therefrom to pay (i) all or part of amounts due and owing pursuant to the PID Reimbursement Agreement, (ii) certain administrative expenses, and/or (iii) for Actual Costs of the Authorized Improvements remaining to be advanced by the Developer.

“Administrative Expenses” means the administrative, organization, maintenance and operational costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative,

organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, maintenance, and operation of the PID and the Authorized Improvements, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) issuing, paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee's reasonable fees and expenses relating to the Bonds, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds or any costs of issuance associated with the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

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

“Annual Installment” means, with respect to each Assessed Property, each annual payment of: (i) the Assessments, including both principal and interest, as shown on the Assessment Roll attached hereto as Appendix G, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) the Additional Interest designated for the Additional Interest Reserve described in Section V of this Service and Assessment Plan, and (iii) the Administrative Expenses.

“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 the property that benefits from the Authorized Improvements to be provided by the PID on which Assessments have been imposed as shown in the Assessment Roll, as the Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes Parcels within the PID other than Non-Benefited Property.

“Assessment” means an assessment levied against a Parcel imposed pursuant to the Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act.

“Assessment Ordinance” means the Ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

“Assessment Revenues” means money collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Property, or Annual Installment

payment thereof (including any interest on such Assessment or Annual Installment thereof during any period of delinquency), (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“Assessment Roll” means the Assessment Roll included in this Service and Assessment Plan as shown in Appendix G, or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update, as each may be updated, modified, or amended from time to time in accordance with the procedures set forth in this Service and Assessment Plan and in the PID Act.

“Authorized Improvements” mean the public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act, constructed and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments.

“Bonds” mean any bonds issued by the City in one or more series and secured in whole or in part by the Assessment Revenues.

“Budgeted Cost(s)” means the amounts of Actual Costs budgeted to construct the Authorized Improvements as used in the preparation of this Service and Assessment Plan, as shown in Table III.

“Certification for Payment” means the certificate to be provided by the Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements.

“City” means the City of Celina, Texas.

“City Council” means the duly elected governing body of the City.

“County” means Collin County, Texas.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent Assessment or Annual Installment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment or Annual Installment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means MM Legacy Celina 75, LLC, a Texas limited liability company.

“Development Agreement” means that certain “Development Agreement” by and between the City and LMR Holdings, LTD, a Texas limited liability company, effective February 9, 2021, as assigned, and as the same may be amended from time to time.

“Equivalent Units” mean, as to any Parcel the number of dwelling units by Lot Type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix E attached hereto.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of the County.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated average home value for each home at the time of Assessment levy, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the City Council.

“Maximum Assessment Per Unit” means for the PID, an Assessment Per Unit for Authorized Improvements for each applicable Lot Type as follows:

Lot Type 1 - \$55,827.83

Lot Type 2 - \$35,729.81

“Non-Benefited Property” means Parcels that accrue no special benefit from the Authorized Improvements, which may include Property Owner Association Property, Public Property and easements that create an exclusive use for a public utility provider to the extent they accrue no special benefit. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.E.

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

“PID” has the meaning set forth in Section I.A of this Service and Assessment Plan.

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

“PID Assessment Notice” means the form of notice required by the PID Act and Section 5.014 of the Texas Property Code, as amended. A copy of the PID Assessment Notice is attached as Appendix F.

“PID Bonds” mean those certain City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project) that are secured primarily by Assessment Revenues. The term PID Bonds may also include any Additional PID Bonds issued in the future to construct or acquire the Authorized Improvements currently being constructed pursuant to the Reimbursement Agreement and will be secured by the Assessment Revenues.

“PID Reimbursement Agreement” means that certain Legacy Celina Public Improvement District Reimbursement Agreement, dated _____, 2025, by and between the City and the Developer in which the City agrees to reimburse the Developer for a portion of the Actual Costs of the Authorized Improvements funded by the Developer (which costs are subject to reimbursement), with interest, as permitted by the PID Act.

“Prepayment Costs” mean interest and expenses to the date of prepayment, plus any additional expenses related to the prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any prepayment of an Assessment.

“Public Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, the County, the City, a school district or any other public agency, whether in fee simple or through an exclusive use easement.

“Service and Assessment Plan” or “SAP” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

“Trust Indenture” means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

“Trustee” means the fiscal agent or trustee as specified in the Trust Indenture, including a substitute fiscal agent or trustee.

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II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is presently located within the City and contains approximately 64.866 acres of land. A map of the property within the PID is shown on Appendix A and described in Appendix C to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 301 single family residential units and infrastructure necessary to provide roadways, drainage, and utilities to the PID.

The property within the PID is proposed to be developed as follows:

Table II-A
Proposed Development - PID

Proposed Development	Quantity	Measurement
Lot Type 1 (50 Ft)	201	Units
Lot Type 2 (25 Ft)	100	Units
Total	301	Units

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III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian malls;
- (v) acquisition and installation of pieces of art;
- (vi) acquisition, construction, or improvement of libraries;
- (vii) acquisition, construction, or improvement of off-street parking facilities;
- (viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x);
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) the development, rehabilitation, or expansion of affordable housing.

After analyzing the public improvement projects authorized by the PID Act, the City has determined at this time to undertake only Authorized Improvements listed in Section III.B. and shown in the opinion of probable costs included as Appendix B and on the diagrams included as

Appendix D for the benefit of the Assessed Property. Any change to the list of Authorized Improvements will require the approval of the City and an update to this Service and Assessment Plan.

B. DESCRIPTIONS OF THE AUTHORIZED IMPROVEMENTS

The Authorized Improvement descriptions are presented below as provided by the project engineer and will be constructed solely by the Developer. The Budgeted Costs of the Authorized Improvements are shown in Table III and may be revised in Annual Service Plan Updates, including updating such Budgeted Costs in connection with such other improvements as deemed necessary to further improve the properties within the PID.

A description of the Authorized Improvements are as follows:

Roadway Improvements

The roadway improvements within the PID include subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, sidewalks, barricades, traffic control, platting, staking, and streetlights. All related earthwork, excavation, erosion control, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each lot within the PID. The improvements will be built to City standards and specifications and will be owned and operated by the City.

Wet Utilities:

Storm Drainage Improvements

The storm drainage improvements within the PID consist of earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, detention ponds, 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 the PID. The improvements will be built to City standards and specifications and will be owned and operated by the City.

Sanitary Sewer Improvements

The sanitary sewer improvements within the PID consist of a gravity collection system improvement including construction and installation of pipes, service lines, manholes, encasements and appurtenances necessary to provide sanitary sewer service to all lots in the PID. The sanitary sewer improvements will be designed and constructed in accordance with Texas Commission on Environmental Quality and City standards and specifications and will be owned and operated by the City.

Water Improvements

The water improvements within the PID consist of trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within the PID. The improvements will be built to City standards and specifications and will be owned and operated by the City.

Soft and Miscellaneous Costs

Certain soft and miscellaneous costs include costs related to right-of-way acquisition, designing, constructing, and installing the Authorized Improvements including land planning and design, City fees, engineering, soil testing, surveying, appraisal fees, district formation fees, contingency, and other soft and miscellaneous costs.

Table III
Estimated Authorized Improvement Costs

Authorized Improvements	Total Authorized Improvements^{1,2}
<u>Hard costs</u>	
Roadway Improvements	\$4,314,532
Wet Utilities:	
Water Improvements	\$1,175,342
Sanitary Sewer Improvements	\$1,298,629
Storm Drainage Improvements	\$1,976,907
<u>Sub-total Hard Costs</u>	<u>\$8,765,410</u>
<u>Soft and Miscellaneous Costs</u>	
Soft and Miscellaneous Costs	\$4,689,080
<u>Sub-total Soft and Miscellaneous Costs</u>	<u>\$4,689,080</u>
<u>Total Authorized Improvements</u>	<u>\$13,454,490</u>

¹ The above shown estimated costs are provided by KFM Engineering & Design. The figures shown in Table III may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the total Authorized Improvements cost amount does not change.

²See Appendix B for details.

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IV. SERVICE PLAN

A. SOURCES AND USES OF FUNDS

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 PID during the five-year period. The Authorized Improvements to be financed with the PID Bonds and obligated under the PID Reimbursement Agreement are anticipated to be completed and accepted by the City in the third quarter of 2026.

The Budgeted Costs for the Authorized Improvements and payment of expenses incurred in the establishment, administration and operation of the PID, including issuance related costs of the PID Bonds, are \$15,894,591 as shown in Table IV-A. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the Budgeted Costs, and updating the Assessment Roll(s).

The PID Bonds are anticipated to be issued and an obligation under the PID Reimbursement Agreement is anticipated to finance all or a portion of the Actual Costs of the Authorized Improvements, plus costs to issue the PID Bonds, as shown in Table IV-A. A portion of the Actual Costs of Authorized Improvements will initially be financed by the Developer, which costs are reimbursable to the Developer under the PID Reimbursement Agreement. Additional PID Bonds may, subject to the approval of the City Council and compliance with the applicable provisions in the Trust Indenture relating to the PID Bonds, be issued at a later date; and to the extent provided by law, the proceeds from the Additional PID Bonds will be used to reimburse certain Actual Costs paid by the Developer under the terms of the PID Reimbursement Agreement and to pay any unpaid Actual Costs of Authorized Improvements that were otherwise eligible for reimbursement to the Developer under the PID Reimbursement Agreement. This Service and Assessment Plan may be updated to include costs of issuing the Additional PID Bonds. However, any future update to include such costs of issuing the Additional PID Bonds will not increase the Assessments. The remaining balance of the Authorized Improvements, if any, will be funded with proceeds available under the PID Reimbursement Agreement.

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Table IV-A
Estimated Sources and Uses

Sources of Funds	PID Bonds	PID	Total
		Reimbursement Agreement ¹	
Assessment Amount	\$10,120,000	\$4,674,374	\$14,794,374
Other Funding Sources	\$0	\$1,100,216	\$1,100,216
Total Sources	\$10,120,000	\$5,774,591	\$15,894,591
Uses of Funds			
<i>Authorized Improvements:</i>			
Roadway Improvements	\$2,472,380	\$1,842,152	\$4,314,532
Wet Utilities:			
Water Improvements	\$673,512	\$501,829	\$1,175,342
Sanitary Sewer Improvements	\$744,161	\$554,469	\$1,298,629
Storm Drainage Improvements	\$1,132,838	\$844,069	\$1,976,907
Soft and Miscellaneous Costs	\$2,687,009	\$2,002,071	\$4,689,080
<i>Subtotal Authorized Improvements²</i>	<i>\$7,709,899</i>	<i>\$5,744,591</i>	<i>\$13,454,490</i>
<i>Estimated Bond Issuance Costs:</i>			
Debt Service Reserve Fund	\$794,490	\$0	\$794,490
Administrative Expenses	\$100,000	\$30,000	\$130,000
Capitalized Interest	\$604,811	\$0	\$604,811
Cost of Issuance	\$607,200	\$0	\$607,200
Underwriter's Discount	\$303,600	\$0	\$303,600
<i>Subtotal Estimated Bond Issuance Costs</i>	<i>\$2,410,101</i>	<i>\$30,000</i>	<i>\$2,440,101</i>
Total Uses	\$10,120,000	\$5,774,591	\$15,894,591

¹The portion of the Authorized Improvement associated with the PID Reimbursement Agreement will be funded with a cash deposit from the Developer at closing of PID Bonds

²See Appendix B for details.

B. FIVE-YEAR SERVICE AND ASSESSMENT PLAN

The annual projected costs and annual projected indebtedness are shown by Table IV-B. The annual projected costs and indebtedness is subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-B
Annual Projected Costs and Annual Projected Indebtedness

Year	Annual Projected Cost	Annual Projected Indebtedness	Sources other than Assessments	Projected Annual Installments
2025	\$3,973,648	\$14,794,374	\$1,100,216	\$0
2026	\$11,920,943	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$1,271,611
2028	\$0	\$0	\$0	\$1,270,983
2029	\$0	\$0	\$0	\$1,271,622
2030	\$0	\$0	\$0	\$1,271,392
2031	\$0	\$0	\$0	\$1,271,294
Total	\$15,894,591	\$14,794,374	\$1,100,216	\$6,356,902

The annual projected costs shown in Table IV-B are the annual expenditures relating to the Authorized Improvements shown in Table III, and the costs associated with setting up the PID and issuance costs related to the PID Bonds, including reserves, shown in Table IV-A. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

C. PID ASSESSMENT NOTICE

The PID Act requires that this Service and Assessment Plan and each Annual Service Plan Update include a copy of the notice form required by Section 5.014 of the Texas Property Code. The PID Assessment Notice is attached hereto as Appendix F and may be updated in an Annual Service Plan Update.

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V. ASSESSMENT PLAN

A. INTRODUCTION

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The proposed Authorized Improvement program anticipates a bond financing with reimbursement agreements potentially followed by a series of bond financings that is intended to finance the public infrastructure required for the development.

The purpose of this levy of Assessment and related execution of a reimbursement agreement and/or issuance of bonds in phases is to mirror the actual private development of the Authorized Improvements. The levy of Assessment and related execution of a reimbursement agreement and/or issuance of bonds are most prudently and efficiently utilized when directly coinciding with construction of public infrastructure needed for private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds and/or execute the reimbursement agreement when the infrastructure is needed, not before. Furthermore, there is no economic advantage, and several disadvantages, to issuing debt and encumbering property within the PID prior to the need for the Authorized Improvements.

For purposes of this Service and Assessment Plan, the City Council has determined that the costs of the Authorized Improvements shall be allocated as described below:

1. The Authorized Improvement costs shall be allocated on the basis of Equivalent Units once such property is developed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.
2. The City Council has concluded that larger more expensive homes are likely to be built on the larger lots, and that larger more expensive homes are likely to make greater use of and receive greater benefit from the Authorized Improvements. In determining the relative values of Parcels, the City Council has taken into consideration (i) single-family lot sizes and the size of homes likely to be built on lots of different sizes, (ii) current and projected home prices provided by the Developer, (iii) the Authorized Improvements to be provided and the estimated costs, and (iv) the ability of different property types to utilize and benefit from the Authorized Improvements.

3. The Assessed Property is classified into different Lot Types as described in Appendix E based on the type and size of proposed development on each Parcel.
4. Equivalent Units are calculated for each Lot Type based on the relative value of each Lot Type.

This section of this Service and Assessment Plan (i) describes the special benefit received by each Parcel within the Assessed Property within the PID as a result of the Authorized Improvements, (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments that were levied on the Assessed Property, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Authorized Improvements, to Parcels in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Parcels similarly benefited. 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.

B. SPECIAL BENEFIT

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs of issuing the PID Bonds and payment of costs incurred in the establishment of the PID shown in Table IV-A are authorized by the PID Act. These Authorized Improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its own interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of such Assessed Property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately

supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the Assessed Property and has determined that the highest and best use of such property is the use intended and the legal use for such property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The Assessments will repay financing that is on advantageous terms, as the Bonds issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), Bonds that are tax-exempt will have a lower interest rate than debt that is not tax-exempt. The Bonds also have fixed rates of interest through final maturity and a longer term than other available financings and provide an option for partial or full early redemption for prepayments at any time chosen by any Owner of a Parcel. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Actual Costs of Authorized Improvements.

Each owner of the Assessed Property will ratify, confirm, accept, agree to and approve: (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan, and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial means of doing so. As a result, the Authorized Improvements result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Authorized Improvements result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed “highest and best use” of the property and provide a special benefit to the Assessed Property as a result;
2. The Developer and each owner of Assessed Property have consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer and each owner of Assessed Property is acting in its interest by consenting to this imposition;
3. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);

4. Financing of the Actual Costs of the Authorized Improvements through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,
5. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. ASSESSMENT METHODOLOGY

The Actual Costs of the Authorized Improvements may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The Actual Costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs of Authorized Improvements on Assessed Property similarly benefited. For the purpose of this Service and Assessment Plan, the City Council has determined that the Budgeted Costs of the Authorized Improvements to be financed with the PID Bonds and by the Developer under the PID Reimbursement Agreement) shall be allocated to the Assessed Property by spreading the entire Assessment across the Parcels based on the estimated number of Equivalent Units anticipated to be developed on each Parcel within the PID.

Based on the Budgeted Costs of the Authorized Improvements, as set forth in Table III, the City Council has determined that the benefit to the Assessed Property of the Authorized Improvements is at least equal to the Assessments levied on the Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to such divided parcel will then be apportioned pro rata based on the estimated number of Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated number of Equivalent Units at the time residential Lots are platted to the total estimated number of Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within the PID is shown on the Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

D. ASSESSMENTS

The Assessments for the PID Bonds and PID Reimbursement Agreement will be levied on each Parcel or Lot according to the Assessment Roll, as shown in Appendix G. The Annual Installments for the PID Bonds and PID Reimbursement Agreement will be collected on the dates and in the amounts shown on the Assessment Roll subject to revisions made during an Annual Service Plan Update. Non-Benefited Property will not be subject to any Assessments. See Appendix E for Assessment per Equivalent Unit, leverage, and estimated tax rate equivalent calculation details.

E. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, attached as Appendix G, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

F. ADDITIONAL INTEREST RESERVE

Pursuant to the PID Act, the interest rate for Assessments securing Bonds may exceed the actual interest rate per annum paid on the related Bonds by no more than the Additional Interest Rate. The interest rate used to determine the Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the Bonds, with the Additional Interest allocated to fund a reserve to be used for paying interest associated with an Assessment prepayment and to offset any possible Assessment delinquency related costs (the “Additional Interest Reserve”). The Additional Interest Reserve shall be funded until it reaches 5.50% of the outstanding principal amount of Bonds unless otherwise stipulated in the Trust Indenture(s). Once the Additional Interest Reserve is funded in full, the City may allocate the Additional Interest Component of the Annual Installments as provided in the applicable Trust Indenture.

The interest on the Assessment securing the payments under the PID Reimbursement Agreement shall be collected at rates established under the PID Reimbursement Agreement as part of the Annual Installment. Additional Interest will not be collected on the Assessment securing the payments under the PID Reimbursement Agreement.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENT AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE PID

The Assessment and Annual Installments for each Assessed Property located within the PID are shown on the Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected from the Assessed Property in an amount sufficient to (i) pay principal and interest on the Bonds, (ii) pay principal and interest on amounts due under the PID Reimbursement Agreement or any Additional PID Bonds that may be issued to refinance the payments due under the PID Reimbursement Agreement or to directly pay Actual Costs of the Authorized Improvements (which costs are reimbursable to the Developer under the PID Reimbursement Agreement), (iii) fund the Additional Interest Reserve described in Section V.F., and (iv) pay Administrative Expenses related to the PID. The Annual Installment for each Parcel in the PID shall be calculated by taking into consideration any available capitalized interest applicable to the Parcel.

B. REALLOCATION OF ASSESSMENTS

1. Subdivision

Upon the subdivision of any Parcel of Assessed Property, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision
- C = the estimated number of Equivalent Units to be built on each new subdivided Parcel
- D = the sum of the estimated number of Equivalent Units to be built on all of the new subdivided Parcels

The calculation of the estimated number of Equivalent Units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of Equivalent Units to be built on a Parcel may be estimated by net land area and reasonable density ratios (based on anticipated use).

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided

Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

2. Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

C. MANDATORY PREPAYMENT OF ASSESSMENTS

1. If a Parcel subject to Assessment is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs and Delinquent Collection Costs, if any, prior to any such transfer or act.
2. If at any time the Assessment per Equivalent Unit on a Parcel exceeds the applicable Maximum Assessment per Equivalent Unit calculated in this Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by this Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per Equivalent Unit for the Parcel exceeds the applicable Maximum Assessment per Equivalent Unit calculated in this Service and Assessment Plan.
3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

D. REDUCTION OF ASSESSMENTS

1. If after all Authorized Improvements to be funded with a series of Bonds have been completed and Actual Costs for such Authorized Improvements are less than the Budgeted Costs of the Authorized Improvements used to calculate the Assessments securing such series of Bonds, resulting in excess Bond proceeds being available to redeem Bonds of such series, and such excess Bond proceeds shall be applied to redeem Bonds as provided in the applicable Trust Indenture, then the Assessment securing such series of Bonds for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting

reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs. The Assessments shall not be reduced to an amount less than the principal amount of the related outstanding series of Bonds. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If all the Authorized Improvements are not undertaken, resulting in excess Bond proceeds being available to redeem Bonds, and such excess Bond proceeds shall be applied to redeem Bonds as provided in the applicable Trust Indenture, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the Bonds, including interest on the Bonds and Administrative Expenses. The City Council may reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on number of Equivalent Units, if determined by the City Council to be the most fair and practical means of reducing the Assessments for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the Bonds, including interest on the Bonds and Administrative Expenses. The principal portion of the Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced principal portion of the Bonds is equal to the outstanding principal amount of the Bonds.

E. PAYMENT OF ASSESSMENTS

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of the Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Trust Indenture(s); whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for a convenient redemption of Bonds as determined by the Administrator. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

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2. Payment in Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Additional Interest Reserve. Payment of the Annual Installments shall commence with tax bills mailed after the issuance of the PID Bonds. Interest on the PID Bonds is based on an estimated interest rate of 6.50%. Interest on the PID Reimbursement Agreement shall be paid based on an estimated interest rate of 6.63%. The interest on the PID Reimbursement Agreement shall be paid at a rate not to exceed five hundred basis points (5.00%) above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index approved by the City and reported in the month prior to the establishment of the Assessments and continuing for a period of five years from such date. Such rate shall then adjust and shall not exceed two hundred basis points (2.00%) above the bond index rate described above and shall continue until the Assessments are paid in full. The index approved by the City is the *Bond Buyer Index* for which the highest average rate during the previous thirty days prior to the levy of Assessments was 4.63%. The City has determined that the PID Reimbursement Agreement shall bear interest at the interest rate of 6.63% per annum for years 1 through 30. Furthermore, the Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessment Roll is shown as Appendix G.

The Annual Installments shall be reduced to equal the Actual Costs of repaying the PID Bonds and amounts due under the PID Reimbursement Agreement and the Additional PID Bonds, if any, and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

The City reserves and shall have the right and option to refund the PID Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the Additional PID Bonds that are refunding bonds when due and payable as required by and established in the ordinance and/or the Trust Indenture authorizing and securing such refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

F. COLLECTION OF ANNUAL INSTALLMENTS

No less frequently than annually, the Administrator shall prepare, and the City Council shall consider, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Trust Indenture,

such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the City or on the City's behalf in the same manner and at the same time as 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 Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be updated annually. Each Annual Installment together with interest thereon shall be due when billed and delinquent if not paid prior to February 1 of the following year. Collection of the initial Annual Installments relating to the Authorized Improvements that benefit the Assessed Property will be due when billed and will be delinquent if not paid prior to February 1, 2027.

Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments 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 Annual Installments against such property as they become due and payable.

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VII. THE ASSESSMENT ROLL

A. ASSESSMENT ROLL

The City Council has evaluated each Parcel in the PID (based on numerous factors such as the applicable zoning for developable area, the Public Property, the types of public improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the PID.

The Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Authorized Improvements. Table VII summarizes the \$15,894,591 in special benefit received by the Assessed Property from the Authorized Improvements, the costs of the PID formation, and the issuance costs related to the PID Bonds. The amount of the PID Bonds and amounts due under the PID Reimbursement Agreement is \$14,794,374 which is equal to the benefit received by the Assessed Property. The total Assessment to be applied to all the Assessed Property is \$14,794,374, which is equal to the benefit received by the Assessed Property. The Assessment for each Assessed Property is calculated based on the allocation methodology described in Section V.C. The Assessment Roll is attached hereto as Appendix G.

Table VII
Special Benefit Summary

Special Benefit	Total Cost
Total Authorized Improvements ¹	\$13,454,490
Bond Issuance Costs:	
Debt Service Reserve Fund	\$794,490
Administrative Expenses	\$130,000
Capitalized Interest	\$604,811
Cost of Issuance	\$607,200
Underwriter's Discount	\$303,600
<i>Subtotal Bond Issuance Costs</i>	<i>\$2,440,101</i>
Total Special Benefit	\$15,894,591
Special Benefit:	
Total Special Benefit	\$15,894,591
Projected Assessment	\$14,794,374
Excess Benefit	\$1,100,216

¹See Table III for details.

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B. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in Annual Installments); and (iv) payments of the Assessment, if any, as provided by Section VI.E of this Service and Assessment Plan.

This SAP reflects the actual interest on the PID Bonds and PID Reimbursement Agreement on which the Annual Installments shall be paid, any reduction in the Assessments, and any revisions in the Budgeted Costs to be funded by the Bonds and Developer funds.

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VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

The City may elect to designate a third party to serve as Administrator. The City shall notify the Developer in writing at least thirty (30) days in advance before appointing a third-party Administrator.

To the extent consistent with the PID Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. TERMINATION OF ASSESSMENTS

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments, Prepayment Costs, and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments, Prepayment Costs, and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable “Notice of the PID Assessment Termination”.

C. AMENDMENTS

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels:

(i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Delinquent Collection Costs, and other charges imposed by this Service and Assessment Plan.

D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS

The City Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan. Unless stated otherwise herein or in the Trust Indenture(s), such determination shall be conclusive.

E. SEVERABILITY

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

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APPENDIX A
PID MAP



APPENDIX B
ESTIMATED COSTS OF AUTHORIZED IMPROVEMENTS



OPINION OF PROBABLE COST LMR TRACT

Project Name: LMR Tract

Date: 2/13/2025

Client Name: Centurian American

Project Number: 01.0028.115

City: Celina, Texas

Total Lots: 301

County: Collin County

Total Acreage: 58.4

CONSTRUCTION COST SUMMARY - LMR TRACT

	Units	Wet Utilities	Dry Utilities	Roadway and Paving	Earthwork and E&S	Hardscape/Landscape Cost	Miscellaneous Cost	Sum of Construction Costs	PID District Formation	Sale of ROW	Other Contingency, Fees & Bonds	Total Construction Cost w/ Contingencies & Fees	Total Cost/Unit
PID Direct	301	\$ 4,450,877	\$ -	\$ 4,314,532	\$ -	\$ -	\$ 57,010	\$ 8,822,420	\$ 450,000	\$ 2,493,000	\$ 1,689,070	\$ 13,454,490	\$ 44,699
Private		\$ -	\$ 409,500	\$ -	\$ 2,109,258	\$ 1,487,900	\$ -	\$ 4,006,658	\$ -	\$ -	\$ 759,762	\$ 4,766,420	\$ 15,835
TOTAL:		\$ 4,450,877	\$ 409,500	\$ 4,314,532	\$ 2,109,258	\$ 1,487,900	\$ 57,010	\$ 12,829,077	\$ 450,000	\$ 2,493,000	\$ 2,448,833	\$ 18,220,910	\$ 60,535

Assumptions:

- At the time of this OPC, no geotechnical recommendations for pavement subgrade and soil moisture conditioning were available. A final geotechnical report will be required to verify design recommendations.
- The OPC was prepared without the benefit of overall grading, utility, and drainage plans for a 'high level' analysis of the site. The OPC should be updated as additional information and designs are available.
- The OPC does not include any miscellaneous costs for permits, platting, fees (impact, planning, development agreement, etc.), or any other process or procedure required by the City of Celina or additional governing authorities.
- In order to prepare this OPC we assumed we would be able to reclaim floodplain as shown in the exhibits. We are currently preparing a flood study in order to prove what part of the floodplain is reclaimable. Once this is complete and has gone through the City of Celina and FEMA approval processes, we may need to make changes as we calculate exactly how much and where we are able to reclaim floodplain.
- This OPC was prepared without the benefit of a full design and are rough estimates based off of industry standards and best practices.
- Tree mitigation/preservation costs are not included in estimate.

This Engineer's opinion of probable cost is made on the basis of the Engineer's experience and best judgment as a design professional. This opinion of probable cost does not include city fees; such as easement acquisition, permits, and application fees among others. It must be recognized that any evaluation of work to be performed to construct this project must be by necessity and is speculative in nature until completion of its actual detailed design. In addition the Engineer has no control over the cost of labor, materials or services to be furnished by others or over market conditions. Accordingly, Knight, Fowler & Millsap, LLC, cannot guarantee that actual costs will not vary from the opinions expressed herein.

Project Name: LMR Tract
 Client Name: Centurion American
 CONSTRUCTION COST SUMMARY - LMR TRACT

Date: 2/13/2025
 Project Number: 01.0028.115
 Acres: 58.4
 Lots: 301

PID DIRECT CONSTRUCTION COST ESTIMATE

Water System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" P.V.C. WATER LINE	LF	11,072	\$42.00	\$465,010.14
8" GATE VALVE & BOX	EA	35	\$2,440.00	\$85,400.00
1" SINGLE WATER SERVICE	EA	301	\$875.00	\$263,375.00
AUTOMATIC FLUSH VALVE	EA	1	\$10,000.00	\$10,000.00
12" P.V.C. WATER LINE	LF	261	\$90.00	\$23,490.00
12" GATE VALVE & BOX	EA	3	\$5,000.00	\$15,000.00
18" STEEL ENCASEMENT	LF	146	\$180.00	\$26,190.00
12" STEEL ENCASEMENT	LF	433	\$170.00	\$73,528.40
6" FIRE SERVICE	EA	1	\$1,150.00	\$1,150.00
CONNECT TO EXISTING WATER LINE	EA	3	\$2,000.00	\$6,000.00
FIRE HYDRANT ASSEMBLY	EA	24	\$7,175.00	\$172,200.00
TESTING (EXCLUDING GEOTECH.)	LF	11,333	\$1.00	\$11,332.67
TRENCH SAFETY	LF	11,333	\$2.00	\$22,665.34
SUB-TOTAL				\$1,175,341.55

Note: Water lines include all fittings

Wastewater System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
8" P.V.C. PIPE (SDR 35)	LF	13,370	\$45.00	\$601,635.60
4' DIA. WW MANHOLE	EA	37	\$8,475.00	\$313,575.00
4" SERVICE LINE	EA	301	\$900.00	\$270,900.00
12" STEEL ENCASEMENT	LF	212	\$170.00	\$36,040.00
4' DIA. WW MANHOLE W/ WATERTIGHT LID	EA	1	\$10,000.00	\$10,000.00
CONCRETE ENCASEMENT	LF	260	\$50.00	\$13,000.00
TESTING (EXCLUDING GEOTECH.)	LF	13,370	\$2.00	\$26,739.36
TRENCH SAFETY	LF	13,370	\$2.00	\$26,739.36
SUB-TOTAL				\$1,298,629.32

Storm Drain System Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
18" R.C.P.	LF	2,721	\$65.00	\$176,877.35
24" R.C.P.	LF	1,710	\$84.00	\$143,668.56
30" R.C.P.	LF	2,146	\$106.00	\$227,496.14
36" R.C.P.	LF	1,766	\$133.00	\$234,842.89
42" R.C.P.	LF	529	\$170.00	\$89,893.96
48" R.C.P.	LF	553	\$204.00	\$112,812.00
54" R.C.P.	LF	155	\$258.00	\$40,088.04
72" R.C.P.	LF	554	\$415.00	\$229,744.00
72" Headwall	LS	1	\$25,000.00	\$25,000.00
DEMOLISH AND REMOVE EX. 42" R.C.P.	LF	42	\$50.00	\$2,100.00
4' SDMH	EA	15	\$5,500.00	\$82,500.00
5' SDMH	EA	7	\$6,725.00	\$47,075.00
6' SDMH	EA	8	\$8,000.00	\$64,000.00
FLEXAMAT (OR APPROVED ALTERNATIVE)	SY	99	\$112.50	\$11,137.50
10' CURB INLET	EA	56	\$6,500.00	\$364,000.00
Large Debris Sperator	EA	1	\$75,000.00	\$75,000.00
TESTING & TV INSPECTION	LF	10,134	\$3.00	\$30,402.67
TRENCH SAFETY	LF	10,134	\$2.00	\$20,268.45
SUB-TOTAL				\$1,976,906.56

Roadway and Paving Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
7" REINFORCED CONCRETE STREET PVMT.	SY	42,987	\$50.00	\$2,149,350.00
6" LIME-STABILIZED SUBGRADE (INCL. LIME)	SY	49,099	\$8.75	\$429,615.38
POLY FOR MOISTURE CONDITIONING	SY	12,181	\$1.50	\$18,271.95
CONNECT TO EXISTING CONCRETE PVMT	LF	263	\$40.00	\$10,520.00
5' SIDEWALK DEVELOPER (4" THICK, 3000 PSI)	SF	26,611	\$7.00	\$186,276.16
6' SIDEWALK DEVELOPER (4" THICK, 3000 PSI)	SF	19,502	\$7.00	\$136,510.50
BARRIER FREE RAMPS	EA	34	\$2,800.00	\$95,200.00
STOP SIGN w/ STREET NAME BLADES	EA	19	\$1,400.00	\$26,600.00
REMOVE & REPLACE CONC. PVMT.	SY	113	\$75.00	\$8,475.00
10" REINFORCED CONCRETE PAVING (4000 PSI)	SY	8,787	\$70.00	\$615,082.30
8" LIME TREATED SUBGRADE (INC. LIME)	SY	9,721	\$8.70	\$84,568.52
MOISTURE CONDITIONING (6' DEPTH)	SY	9,721	\$4.50	\$43,742.34
REFLECTIVE TYPE 1 WHITE ARROWS	EA	4	\$190.00	\$760.00
PAVEMENT MARKING	LF	6,570	\$1.50	\$9,855.00
ALUMINUM PANEL SIGNS & BREAKAWAY POSTS	EA	57	\$200.00	\$11,400.00
REVEGETATION	SY	12,282	\$2.50	\$30,705.00
BARRIER FREE RAMPS TYP 1	EA	18	\$3,200.00	\$57,600.00
TEMPORARY TRAFFIC CONTROL	LS	1	\$50,000.00	\$50,000.00
DECEL LANES & PVMT WIDENING FOR FUTURE BUILDOUT	LS	1	\$350,000.00	\$350,000.00
SUB-TOTAL				\$4,314,532.15

Earthwork and E&S Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
GENERAL SITE PREPARATION, INCLUDE TREE REMOVALS	STA	22	\$0.00	\$0.00
MASS GRADING - EXCAVATING (LEGACY DRIVE)	CY	22,500	\$0.00	\$0.00
MASS GRADING - EXCAVATING (ROADWAY)	CY	6,000	\$0.00	\$0.00
SILT FENCING	LF	4,140	\$0.00	\$0.00
INLET PROTECTION	EA	6	\$0.00	\$0.00
SUB-TOTAL				\$0.00

Miscellaneous Costs

ITEM	UNIT	QUANTITY	UNIT PRICE	CADG TOTAL
PROJECT SIGN	EA	2	\$2,000.00	\$4,000.00
CONSTRUCTION SURVEYING	EST	1	\$53,010.00	\$53,010.00
SUB-TOTAL				\$57,010.00

SUMMARY

SUM OF CONSTRUCTION COSTS		\$8,822,419.58
CONTINGENCY/Development Fees	0%	\$0.00
SUB-TOTAL		\$8,822,419.58
ENGINEER, SURVEY FEES	Contract	\$890,600.00
CM/PM, GEOTECH, & MATERIAL TESTING FEES	2%	\$176,448.39
INSPECTION FEE, BONDS, ETC.	5%	\$441,120.98
SALE OF ROW		\$2,493,000.00
PID District Formation		\$450,000.00
PERMIT FEE	PER LOT	\$180,901.00
TOTAL CONSTRUCTION COST		\$13,454,489.95
		\$44,699.30

Project Name: LMR Tract
 Client Name: Centurion American
 CONSTRUCTION COST SUMMARY - LMR TRACT

Date: 2/13/2025
 Project Number: 01.0028.116
 Acres: 58.4
 Lots: 301

PRIVATE CONSTRUCTION COST ESTIMATE

Earthwork and E&S Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
CONSTRUCTION ENTRANCE	EA	2	\$2,300.00	\$4,600.00
INLET PROTECTION	EA	52	\$112.00	\$5,824.00
SILT FENCE	LF	6,978	\$1.65	\$11,513.70
CLEARING AND GRUBBING	ACRE	58.4	\$2,000.00	\$116,800.00
MASS GRADING - IMPORT	CY	74,000	\$3.00	\$222,000.00
ROADWAY MOISTURE CONDITION SUBGRADE (5' DEEP)	SY	49,099	\$4.50	\$220,945.05
ROUGH LOT GRADING	LOT	301	\$250.00	\$75,250.00
MOISTURE CONDITIONING	LOT	301	\$3,225.00	\$970,725.00
POLY FOR MOISTURE CONDITIONED PADS	LOT	301	\$500.00	\$150,500.00
ROCK GRAVITY WALL (0'-6' HIGH)	LOT	301	\$500.00	\$150,500.00
FINAL LOT GRADING	LOT	301	\$250.00	\$75,250.00
EROSION CONTROL	LOT	301	\$350.00	\$105,350.00
SUB-TOTAL				\$2,109,257.75

Dry Utility Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
DRY UTILITIES	LOT	301	\$1,000.00	\$301,000.00
STREET LIGHT	EA	31	\$3,500.00	\$108,500.00
SUB-TOTAL				\$409,500.00

Hardscape/Landscape Cost

ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
BRICK/STONE MASONRY WALL	LF	3,140	\$125.00	\$392,500.00
MAIN ENTRY	EA	1	\$275,000.00	\$275,000.00
AMENITY AREA	EA	1	\$500,000.00	\$500,000.00
OPEN SPACE LANDSCAPING	LOT	293	\$1,093.52	\$320,400.00
SUB-TOTAL				\$1,487,900.00

SUMMARY

SUM OF CONSTRUCTION COSTS		\$4,006,657.75
CONTINGENCY	10%	\$400,665.77
SUB-TOTAL		\$4,407,323.52
ENGINEER, SURVEY FEES	Contract	\$270,950.00
CM/PM, GEOTECH, & MATERIAL TESTING FEES	2%	\$88,146.47
TOTAL CONSTRUCTION COST		\$4,766,420.00
TOTAL COST / LOT		\$15,835.28

APPENDIX C
LEGAL DESCRIPTION

Metes and Bounds Description

LEGAL DESCRIPTION

64.866 ACRES

BEING all that certain tract of land situated in the H. Cochran Survey, Abstract No. 192 and the G. Chenoweth Survey, Abstract No. 140, Collin County, Texas, and being a part of a called 278.29 acre tract of land described as Exhibit "A" and a called 344.75 acre tract described as Exhibit "B", in the deed to LMR Holdings, LTD., recorded in Instrument No. 20090213000158800, Official Public Records of Collin County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at 1-inch iron pipe found at the Northwest corner of said 278.29 acre tract and the southwest corner of a called 19.274 acre tract of land, described in deed to Grayson-Collin Electric Cooperative Inc, recorded in Instrument No. 2022000108950, said Official Public Records;

THENCE North 86° 42' 24" East, with the north line of said 278.29 acre tract and the south line of said 19.274 acre tract, a distance of 1206.21 feet to a mag nail set in the west line of a called 22.57 acre tract of land, described in deed to Molly Ann Huie, recorded in Instrument No. 20110531000556580, said Official Public Records, for the southeast corner of said 19.274 acre tract;

THENCE South 48° 08' 07" East, with the north line of said 278.29 acre tract and the west line of said 22.57 acre tract, a distance of 30.69 feet to a 5/8-inch iron rod found at the southwest corner of said 22.57 acre tract;

THENCE North 89° 43' 14" East, north line of said 278.29 acre tract and the south line of said 22.57 acre tract, a distance of 241.87 feet to a 5/8-inch iron rod found at the southeast corner of said 22.57 acre tract and at the southwest corner of a called 18.202 acre tract, described in deed to Mary Carmen Estes and David S. Gerkin, recorded in Instrument No. 20021007001449470, said Official Public Records;

THENCE North 89° 51' 36" East, with the north lines of said 278.29 acre tract and said 344.75 acre tract and the south line of said 18.202 acre tract, within County Road 58, a distance of 820.66 feet to a mag nail set in the north line of said 344.75 acre tract and in the south line of a called 36.977 acre tract, described in deed to Mark A. Palmer and Spouse, Deborah Palmer, recorded in Instrument No. 20120120000072350, said Official Public Records;

THENCE severing said 344.75 acre tract and said 278.29 acre tract, the following courses:

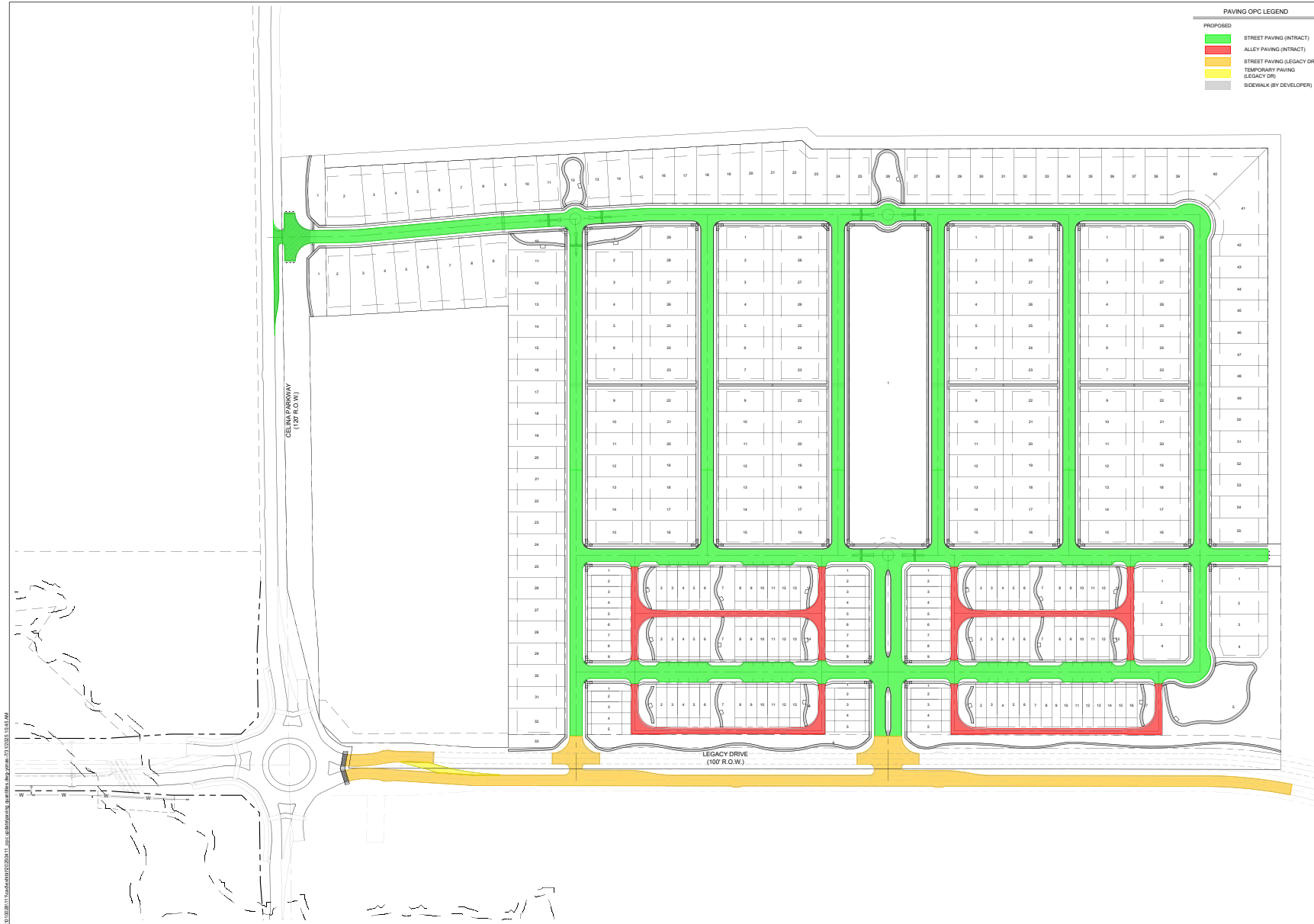
1. South 00° 00' 00" West, a distance of 1453.86 feet to a 1/2-inch iron rod with a cap stamped "RPLS 6677" (hereinafter referred to as a capped iron rod set);
2. North 89° 56' 18" West, a distance of 2134.91 feet to a 5/8-inch capped iron rod stamped "KHA" found;
3. North 09° 51' 48" East, a distance of 50.30 feet to a 5/8-inch capped iron rod stamped "KHA" found at the beginning of a non-tangential curve to the right;
4. With said curve to the right, having a radius of 51.79 feet, a central angle of 44° 34' 21", an arc length of 40.29 feet, a chord that bears North 73° 09' 04" West, a distance of 39.28 feet to a 5/8-inch capped iron rod stamped "KHA" found at the end of said curve;
5. North 50° 29' 48" West, a distance of 15.38 feet to a 5/8-inch capped iron rod stamped "KHA" found at the beginning of a non-tangential curve to the right;

6. with said curve to the right, having a radius of 44.37 feet, a central angle of $22^{\circ} 44' 31''$, an arc length of 17.61 feet, a chord that bears North $38^{\circ} 51' 10''$ West, a distance of 17.50 feet to a 5/8-inch capped iron rod stamped "KHA" found at the end of said curve;
7. North $24^{\circ} 57' 15''$ West, a distance of 17.66 feet to a capped iron rod set;
8. South $45^{\circ} 21' 38''$ East, a distance of 60.27 feet to a capped iron rod set;
9. South $89^{\circ} 56' 41''$ East, a distance of 158.06 feet to a capped iron rod set;
10. South $86^{\circ} 08' 05''$ East, a distance of 150.49 feet to a capped iron rod set;
11. South $89^{\circ} 56' 41''$ East, a distance of 74.11 feet to a capped iron rod set;
12. North $00^{\circ} 00' 41''$ East, a distance of 1012.22 feet to a capped iron rod set;
13. South $86^{\circ} 40' 43''$ West, a distance of 416.47 feet to a capped iron rod set;
14. South $89^{\circ} 23' 24''$ West, a distance of 40.00 feet to a capped iron rod set;
15. South $00^{\circ} 46' 36''$ East, a distance of 617.29 feet to a capped iron rod set;
16. South $04^{\circ} 35' 12''$ East, a distance of 150.49 feet to a 5/8-inch capped iron rod stamped "KHA" found;
17. South $00^{\circ} 52' 54''$ East, a distance of 150.98 feet to a 5/8-inch capped iron rod stamped "KHA" found at the beginning of a non-tangential curve to the right;
18. With said curve to the right, having a radius of 131.50 feet, a central angle of $07^{\circ} 56' 29''$, an arc length of 18.23 feet, a chord that bears North $17^{\circ} 48' 56''$ West, a distance of 18.21 feet to a 5/8-inch capped iron rod stamped "KHA" found;

THENCE North $13^{\circ} 50' 45''$ West, a distance of 286.02 feet to a 5/8-inch capped iron rod stamped "KHA" found in the west line of said 278.29 acres;

THENCE North $00^{\circ} 47' 53''$ West, with the west line of said 278.29 acre tract, a distance of 987.51 feet to the POINT OF BEGINNING and enclosing 64.866 acres (2,825,556 square feet) of land, more or less.

APPENDIX D
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS

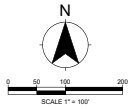


KFM
ENGINEERING & DESIGN
3501 OLYMPUS BLVD
SUITE 100
DALLAS, TEXAS 75019
PHONE: (469) 899-0536
WWW.KFMALCO.COM
TBP# #: F-20821

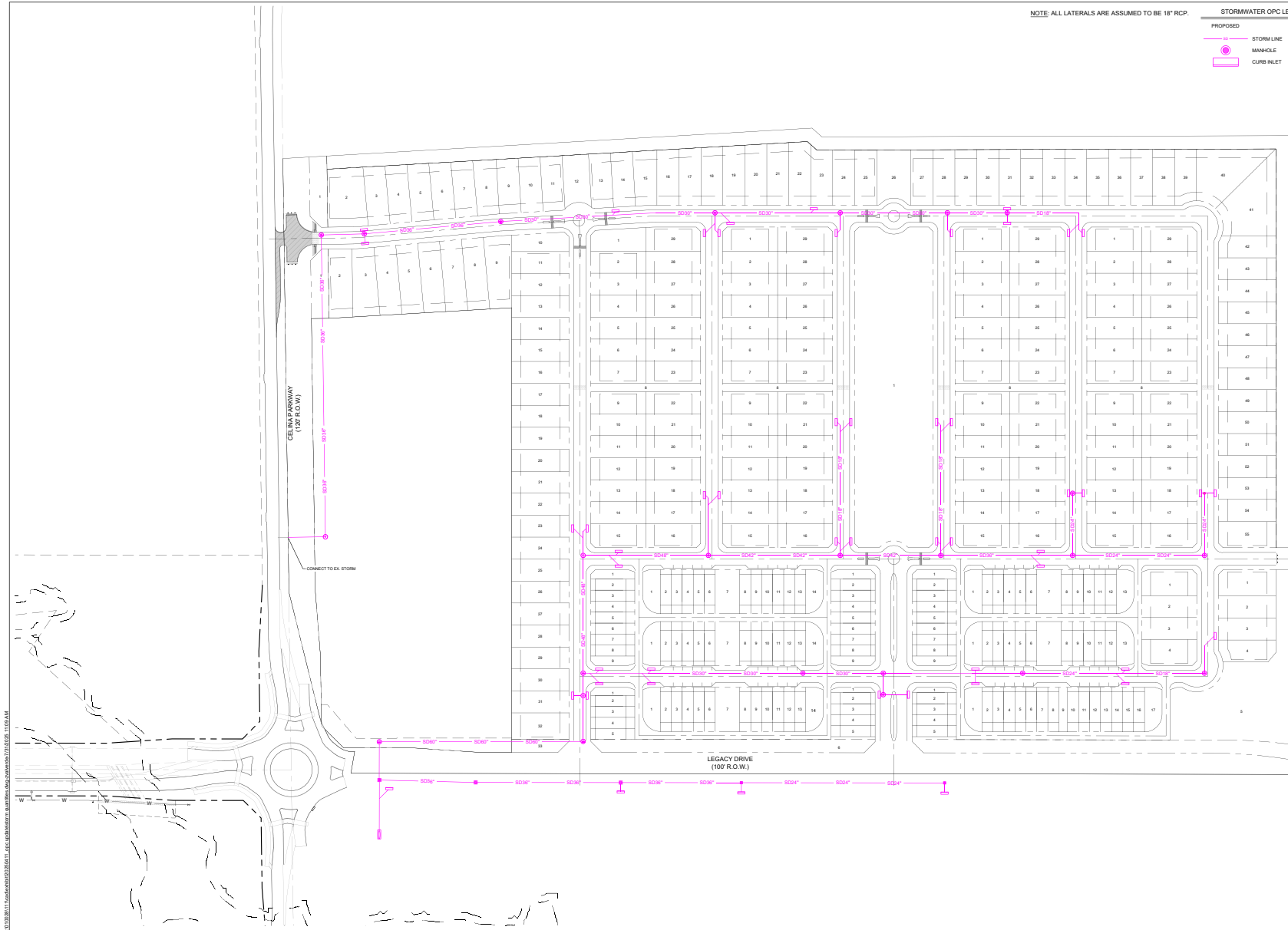
PROJECT
ARCADIA AT LEGACY HILL
CELINA, TEXAS

TITLE
PID PAVING

CLIENT
CENTURION AMERICAN
FARMERS BRANCH, TEXAS



PROJECT NUMBER
03200000X
DESIGNED BY
JLV
DATE
2004/05/24
SHEET
PAV1

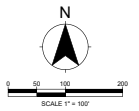


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DALLAS, TEXAS 75019
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TBP# #: F-20821

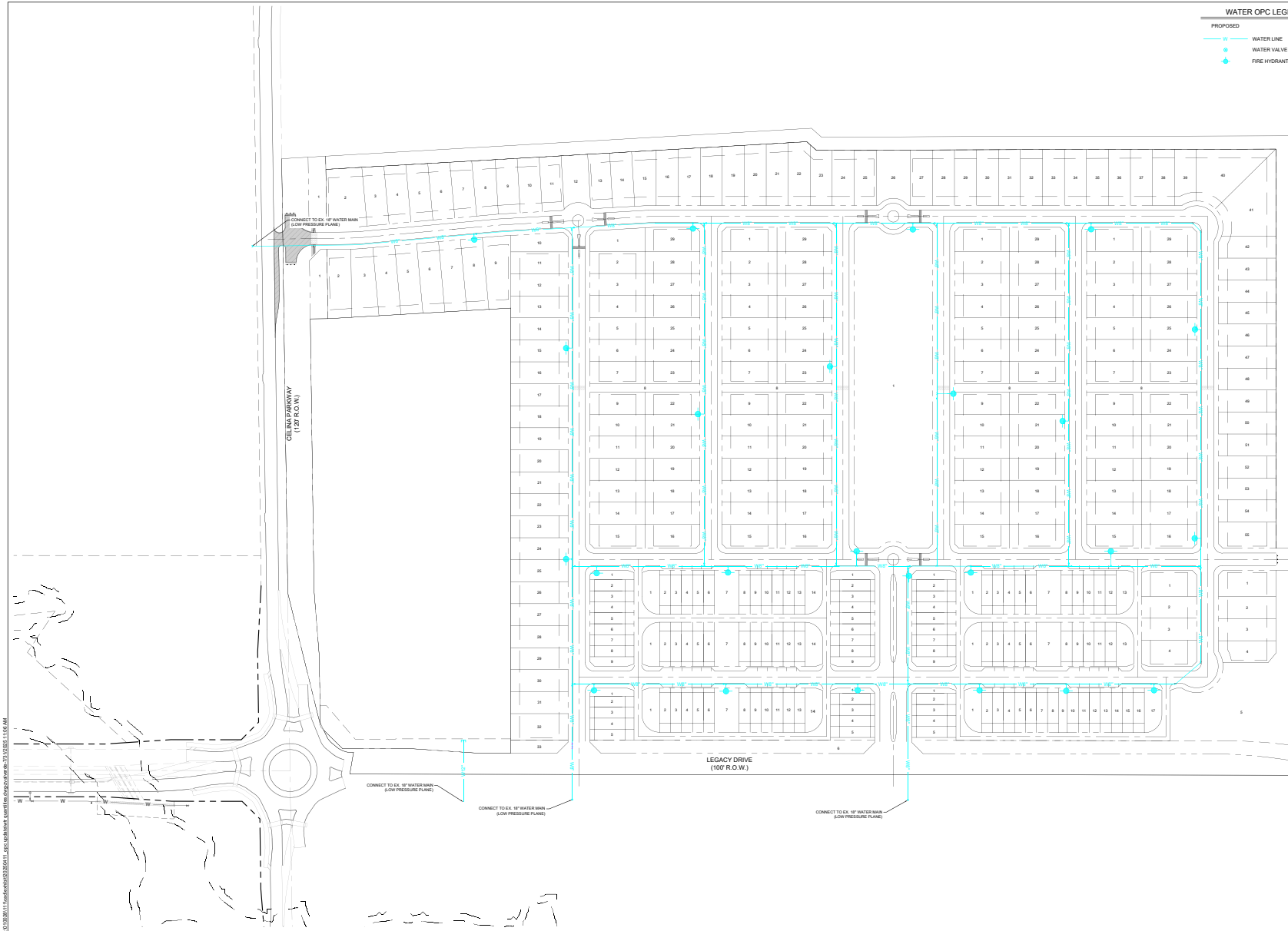
PROJECT
ARCADIA AT LEGACY HILL
CELINA, TEXAS

TITLE
PID STORM

CLIENT
CENTURION AMERICAN
FARMERS BRANCH, TEXAS



PROJECT NUMBER
0320000000
DRAWN BY
ZLV
DATE
2024/05/24
SHEET
STM1

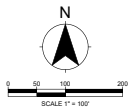


KFM
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DALLAS, TEXAS 75019
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WWW.KFM-LLC.COM
TBP# #: F-20821

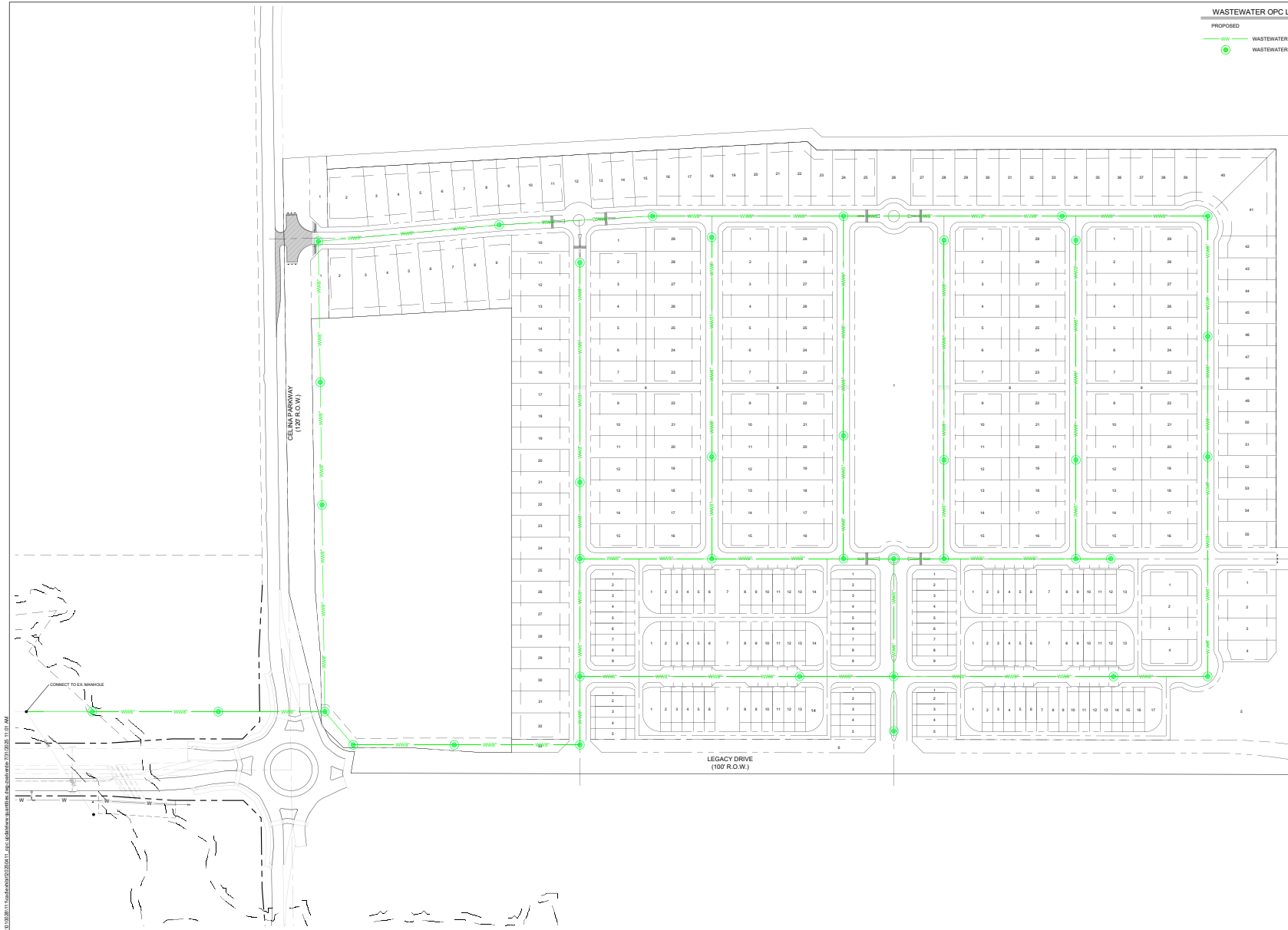
PROJECT
ARCADIA AT LEGACY HILL
CELINA, TEXAS

TITLE
PID WATER

CLIENT
CENTURION AMERICAN
FARMERS BRANCH, TEXAS



PROJECT NUMBER
032000000
DRAWN BY
ZLV
DATE
2004/04/23
SHEET
WTR1



KFM
 ENGINEERING & DESIGN
 3501 OLYMPUS BLVD
 SUITE 100
 DALLAS, TEXAS 75019
 PHONE: (469) 899-0536
 WWW.KFM-LLC.COM
 TBPE #: F-20821

APPENDIX E
ASSESSMENT PER UNIT, PROJECTED LEVERAGE AND PROJECTED TAX RATE
EQUIVALENTS

Appendix E

For purposes of calculating and allocating the Assessments, the Assessed Property has been classified in one of two Lot Types.

“Lot Type 1” means Lots identified as such on an Assessment Roll, typically single-family Lots typically with a width of approximately 50 feet.

“Lot Type 2” means Lots identified as such on an Assessment Roll, typically single-family Lots typically with a width of approximately 25 feet.

A) Proposed Development

Table E-1 shows the proposed Lot Types to be developed within the PID.

Table E-1
Proposed Development within the PID

Proposed Development	Quantity	Measurement
Lot Type 1 (50 Ft Lot)	201	Units
Lot Type 2 (25 Ft Lot)	100	Units
Total	301	Units

B) Calculation of Equivalent Units

As explained under Section IV, for purpose of this Service and Assessment Plan, the City Council has determined that the Budgeted Costs of the Authorized Improvements to be financed with the PID Bonds and under the terms of the PID Reimbursement Agreement shall be allocated to the Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

For purposes of this Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to the Assessed Property on the basis of the average value of each Lot Type, and that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefited. In determining the average value of each Lot Type, the City Council has taken into consideration (i) the type of lots (i.e., 50 Ft Lots, 25 Ft Lots, etc.); (ii) current and projected values; (iii) the costs of the Authorized Improvements, and (iv) the ability of different property types (primarily commercial vs residential) to proportionally utilize and benefit from the Authorized Improvements.

Having taken into consideration the matters described above, the City Council has determined that allocating the Assessments among Parcels based on average value is best accomplished by creating classifications of benefited Parcels based on the Lot Types. These classifications from Lot Type 1 (50 Ft Lot) representing the highest value to Lot Type 2 (25 Ft Lot) representing the lowest value for Lots are set forth in Table E-2. Assessments are allocated to each Lot Type on the basis of the average home value for each class of Lots. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of Lots within each assessment class, setting

the Equivalent Unit factor for Lot Type 1 (50 Ft) to 1.0 and the Equivalent Unit factor for Lot Type 2 (25 Ft) to 0.64.

Table E-2
Equivalent Unit Factors

Lot Type	Estimated Average Value¹	Equivalent Unit Factor
Lot Type 1 (50 Ft Lot)	\$600,000	1.00 per dwelling unit
Lot Type 2 (25 Ft Lot)	\$385,000	0.64 per dwelling unit

¹Lot Type 1 and Lot Type 2 average values provided by the Developer.

The total Equivalent Units for the PID are shown in Table E-3 as calculated based on the Equivalent Unit factors shown in Table E-2, estimated Lot Types and number of units estimated to be built within the PID.

Table E-3
Equivalent Units - PID

Lot Type	No. of units	Equivalent Unit Factor	Total Equivalent Units
Lot Type 1 (50 Ft Lot)	201	1.00	201.00
Lot Type 2 (25 Ft Lot)	100	0.64	64.00
Total	301		265.00

C) Allocation of Assessments to Lots within the PID

The total amount of the PID Bonds and the amount due under the PID Reimbursement Agreement, which represents the total Assessment to be allocated on all Parcels within the PID, is \$14,794,374. As shown in Table E-3, there are a total of 265.00 Equivalent Units, resulting in an Assessment per Equivalent Unit of \$55,827.83 (i.e., \$14,794,374 ÷ 265.00 = \$55,827.83).

Table E-4 sets forth the Assessment per dwelling unit within the PID.

Table E-4
Assessment Per Unit - PID

Lot Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor	Assessment per Equivalent Unit	Total Assessments
Lot Type 1 (50 Ft Lot)	201	\$55,827.83	1.00	\$55,827.83 per dwelling unit	\$11,221,393
Lot Type 2 (25 Ft Lot)	100	\$55,827.83	0.64	\$35,729.81 per dwelling unit	\$3,572,981
Total	301				\$14,794,374

The projected leverage is calculated based on the estimated land values, finished lot values and home values for each unit is shown in Table E-5.

Table E-5
Projected Leverage – PID

Lot Type	Planned No. of Units	Estimated Finished Lot Value per Unit	Projected Value per Unit	Assessment per Equivalent Unit	Leverage (Lot Value)	Leverage (Value per Unit)
Lot Type 1 (50 Ft Lot)	201	\$125,000	\$600,000	\$55,827.83	2.24	10.75
Lot Type 2 (25 Ft Lot)	100	\$86,750	\$385,000	\$35,729.81	2.43	10.78

The projected tax rate equivalent is calculated based on the estimated finished lot values and projected average value per unit is shown in Table E-6.

Table E-6
Estimated Tax Rate Equivalents – PID

Lot Type	Planned No. of Units	Estimated Finished Lot Value per Unit	Projected Value per Unit	Projected Average Annual Installment per Equivalent Unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Value)
Lot Type 1 (50 Ft Lot)	201	\$125,000	\$600,000	\$4,797	\$3.84	\$0.80
Lot Type 2 (25 Ft Lot)	100	\$86,750	\$385,000	\$3,070	\$3.54	\$0.80

The Assessment and Annual Installments for each Parcel or Lot located within the PID is shown on the Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

APPENDIX F
PID ASSESSMENT NOTICE

AFTER RECORDING RETURN TO:

_____]¹

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF CELINA, TEXAS
CONCERNING THE FOLLOWING PROPERTY

PROPERTY ADDRESS

LOT TYPE _____ PRINCIPAL ASSESSMENT: \$_____

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Celina Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Legacy Celina 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. The exact amount of each annual installment will be approved each year by the City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[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 COLLIN §

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF COLLIN

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

APPENDIX G
PROPOSED ASSESSMENT ROLL

Appendix G-1
Proposed Assessment Roll

**Parcel
Equivalent Units
Assessment**

**All Parcels
265.00
\$14,794,374**

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	Administrative Expenses ⁴	Additional Interest ⁵	Capitalized Interest	Total Annual Installment
9/30/2026	\$0	\$604,811	\$0	\$0	\$0	\$0	(\$604,811)	\$0
9/30/2027	\$127,000	\$657,800	\$61,000	\$309,911	\$65,300	\$50,600	\$0	\$1,271,611
9/30/2028	\$135,000	\$649,545	\$64,000	\$305,867	\$66,606	\$49,965	\$0	\$1,270,983
9/30/2029	\$144,000	\$640,770	\$68,000	\$301,624	\$67,938	\$49,290	\$0	\$1,271,622
9/30/2030	\$153,000	\$631,410	\$72,000	\$297,115	\$69,297	\$48,570	\$0	\$1,271,392
9/30/2031	\$162,000	\$621,465	\$77,000	\$292,342	\$70,683	\$47,805	\$0	\$1,271,294
9/30/2032	\$172,000	\$610,935	\$81,000	\$287,236	\$72,096	\$46,995	\$0	\$1,270,263
9/30/2033	\$183,000	\$599,755	\$86,000	\$281,866	\$73,538	\$46,135	\$0	\$1,270,295
9/30/2034	\$195,000	\$587,860	\$92,000	\$276,164	\$75,009	\$45,220	\$0	\$1,271,253
9/30/2035	\$207,000	\$575,185	\$98,000	\$270,065	\$76,509	\$44,245	\$0	\$1,271,004
9/30/2036	\$221,000	\$561,730	\$104,000	\$263,567	\$78,040	\$43,210	\$0	\$1,271,547
9/30/2037	\$235,000	\$547,365	\$110,000	\$256,672	\$79,600	\$42,105	\$0	\$1,270,742
9/30/2038	\$250,000	\$532,090	\$117,000	\$249,379	\$81,192	\$40,930	\$0	\$1,270,591
9/30/2039	\$266,000	\$515,840	\$124,000	\$241,622	\$82,816	\$39,680	\$0	\$1,269,958
9/30/2040	\$284,000	\$498,550	\$132,000	\$233,401	\$84,473	\$38,350	\$0	\$1,270,773
9/30/2041	\$302,000	\$480,090	\$141,000	\$224,649	\$86,162	\$36,930	\$0	\$1,270,831
9/30/2042	\$322,000	\$460,460	\$150,000	\$215,301	\$87,885	\$35,420	\$0	\$1,271,066
9/30/2043	\$343,000	\$439,530	\$159,000	\$205,356	\$89,643	\$33,810	\$0	\$1,270,339
9/30/2044	\$366,000	\$417,235	\$170,000	\$194,814	\$91,436	\$32,095	\$0	\$1,271,580
9/30/2045	\$390,000	\$393,445	\$180,000	\$183,543	\$93,264	\$30,265	\$0	\$1,270,518
9/30/2046	\$416,000	\$368,095	\$192,000	\$171,609	\$95,130	\$28,315	\$0	\$1,271,149
9/30/2047	\$444,000	\$341,055	\$204,000	\$158,880	\$97,032	\$26,235	\$0	\$1,271,202
9/30/2048	\$473,000	\$312,195	\$218,000	\$145,354	\$98,973	\$24,015	\$0	\$1,271,537
9/30/2049	\$505,000	\$281,450	\$232,000	\$130,901	\$100,952	\$21,650	\$0	\$1,271,953
9/30/2050	\$538,000	\$248,625	\$247,000	\$115,519	\$102,972	\$19,125	\$0	\$1,271,241
9/30/2051	\$575,000	\$213,655	\$263,000	\$99,143	\$105,031	\$16,435	\$0	\$1,272,264
9/30/2052	\$613,000	\$176,280	\$280,000	\$81,706	\$107,132	\$13,560	\$0	\$1,271,678
9/30/2053	\$654,000	\$136,435	\$298,000	\$63,142	\$109,274	\$10,495	\$0	\$1,271,347
9/30/2054	\$699,000	\$93,925	\$317,000	\$43,385	\$111,460	\$7,225	\$0	\$1,271,995
9/30/2055	\$746,000	\$48,490	\$337,374	\$22,368	\$113,689	\$3,730	\$0	\$1,271,651
Total	\$10,120,000	\$13,246,076	\$4,674,374	\$5,922,503	\$2,533,133	\$972,405	(\$604,811)	\$36,863,680

- 1 – The 9/30/XX dates represent the fiscal year end for the Bonds. Annual Installments can be prorated in the same manner as property taxes.
- 2- Represents the principal and interest on the PID Bonds. Interest is calculated assuming an estimated interest rate of 6.50%.
- 3- Represents the principal and interest on the PID Reimbursement Agreement. Interest is calculated assuming an interest rate of 6.63%.
- 4- Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.
- 5- Additional Interest is only charged on the Assessments associated with the PID Bonds.

Appendix G-2
Proposed Assessment Roll by Lot Type

Lot Type
Assessment
Equivalent Unit

Lot Type 1 (50 Ft)
\$55,828
1.00

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	Administrative Expenses ⁴	Additional Interest ⁵	Capitalized Interest	Total Annual Installment
9/30/2026	\$0	\$2,282	\$0	\$0	\$0	\$0	(\$2,282)	\$0
9/30/2027	\$479	\$2,482	\$230	\$1,169	\$246	\$191	\$0	\$4,799
9/30/2028	\$509	\$2,451	\$242	\$1,154	\$251	\$189	\$0	\$4,796
9/30/2029	\$543	\$2,418	\$257	\$1,138	\$256	\$186	\$0	\$4,799
9/30/2030	\$577	\$2,383	\$272	\$1,121	\$261	\$183	\$0	\$4,798
9/30/2031	\$611	\$2,345	\$291	\$1,103	\$267	\$180	\$0	\$4,797
9/30/2032	\$649	\$2,305	\$306	\$1,084	\$272	\$177	\$0	\$4,793
9/30/2033	\$691	\$2,263	\$325	\$1,064	\$278	\$174	\$0	\$4,794
9/30/2034	\$736	\$2,218	\$347	\$1,042	\$283	\$171	\$0	\$4,797
9/30/2035	\$781	\$2,171	\$370	\$1,019	\$289	\$167	\$0	\$4,796
9/30/2036	\$834	\$2,120	\$392	\$995	\$294	\$163	\$0	\$4,798
9/30/2037	\$887	\$2,066	\$415	\$969	\$300	\$159	\$0	\$4,795
9/30/2038	\$943	\$2,008	\$442	\$941	\$306	\$154	\$0	\$4,795
9/30/2039	\$1,004	\$1,947	\$468	\$912	\$313	\$150	\$0	\$4,792
9/30/2040	\$1,072	\$1,881	\$498	\$881	\$319	\$145	\$0	\$4,795
9/30/2041	\$1,140	\$1,812	\$532	\$848	\$325	\$139	\$0	\$4,796
9/30/2042	\$1,215	\$1,738	\$566	\$812	\$332	\$134	\$0	\$4,796
9/30/2043	\$1,294	\$1,659	\$600	\$775	\$338	\$128	\$0	\$4,794
9/30/2044	\$1,381	\$1,574	\$642	\$735	\$345	\$121	\$0	\$4,798
9/30/2045	\$1,472	\$1,485	\$679	\$693	\$352	\$114	\$0	\$4,794
9/30/2046	\$1,570	\$1,389	\$725	\$648	\$359	\$107	\$0	\$4,797
9/30/2047	\$1,675	\$1,287	\$770	\$600	\$366	\$99	\$0	\$4,797
9/30/2048	\$1,785	\$1,178	\$823	\$549	\$373	\$91	\$0	\$4,798
9/30/2049	\$1,906	\$1,062	\$875	\$494	\$381	\$82	\$0	\$4,800
9/30/2050	\$2,030	\$938	\$932	\$436	\$389	\$72	\$0	\$4,797
9/30/2051	\$2,170	\$806	\$992	\$374	\$396	\$62	\$0	\$4,801
9/30/2052	\$2,313	\$665	\$1,057	\$308	\$404	\$51	\$0	\$4,799
9/30/2053	\$2,468	\$515	\$1,125	\$238	\$412	\$40	\$0	\$4,798
9/30/2054	\$2,638	\$354	\$1,196	\$164	\$421	\$27	\$0	\$4,800
9/30/2055	\$2,815	\$183	\$1,273	\$84	\$429	\$14	\$0	\$4,799
Total	\$38,189	\$49,985	\$17,639	\$22,349	\$9,559	\$3,669	(\$2,282)	\$139,108

1 – The 9/30/XX dates represent the fiscal year end for the Bonds. Annual Installments can be prorated in the same manner as property taxes.

2- Represents the principal and interest on the PID Bonds. Interest is calculated assuming an estimated interest rate of 6.50%.

3- Represents the principal and interest on the PID Reimbursement Agreement. Interest is calculated assuming an interest rate of 6.77%.

4- Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

5- Additional Interest is only charged on the Assessments associated with the PID Bonds.

Appendix G-3
Proposed Assessment Roll by Lot Type

Lot Type
Assessment
Equivalent Unit

Lot Type 2 (25 Ft Lot)
\$35,730
0.64

Year ¹	Principal ²	Interest ²	Principal ³	Interest ³	Administrative Expenses ⁴	Additional Interest ⁵	Capitalized Interest	Total Annual Installment
9/30/2026	\$0	\$1,461	\$0	\$0	\$0	\$0	(\$1,461)	\$0
9/30/2027	\$307	\$1,589	\$147	\$748	\$158	\$122	\$0	\$3,071
9/30/2028	\$326	\$1,569	\$155	\$739	\$161	\$121	\$0	\$3,070
9/30/2029	\$348	\$1,548	\$164	\$728	\$164	\$119	\$0	\$3,071
9/30/2030	\$370	\$1,525	\$174	\$718	\$167	\$117	\$0	\$3,071
9/30/2031	\$391	\$1,501	\$186	\$706	\$171	\$115	\$0	\$3,070
9/30/2032	\$415	\$1,475	\$196	\$694	\$174	\$113	\$0	\$3,068
9/30/2033	\$442	\$1,448	\$208	\$681	\$178	\$111	\$0	\$3,068
9/30/2034	\$471	\$1,420	\$222	\$667	\$181	\$109	\$0	\$3,070
9/30/2035	\$500	\$1,389	\$237	\$652	\$185	\$107	\$0	\$3,070
9/30/2036	\$534	\$1,357	\$251	\$637	\$188	\$104	\$0	\$3,071
9/30/2037	\$568	\$1,322	\$266	\$620	\$192	\$102	\$0	\$3,069
9/30/2038	\$604	\$1,285	\$283	\$602	\$196	\$99	\$0	\$3,069
9/30/2039	\$642	\$1,246	\$299	\$584	\$200	\$96	\$0	\$3,067
9/30/2040	\$686	\$1,204	\$319	\$564	\$204	\$93	\$0	\$3,069
9/30/2041	\$729	\$1,159	\$341	\$543	\$208	\$89	\$0	\$3,069
9/30/2042	\$778	\$1,112	\$362	\$520	\$212	\$86	\$0	\$3,070
9/30/2043	\$828	\$1,062	\$384	\$496	\$216	\$82	\$0	\$3,068
9/30/2044	\$884	\$1,008	\$411	\$470	\$221	\$78	\$0	\$3,071
9/30/2045	\$942	\$950	\$435	\$443	\$225	\$73	\$0	\$3,068
9/30/2046	\$1,005	\$889	\$464	\$414	\$230	\$68	\$0	\$3,070
9/30/2047	\$1,072	\$824	\$493	\$384	\$234	\$63	\$0	\$3,070
9/30/2048	\$1,142	\$754	\$526	\$351	\$239	\$58	\$0	\$3,071
9/30/2049	\$1,220	\$680	\$560	\$316	\$244	\$52	\$0	\$3,072
9/30/2050	\$1,299	\$600	\$597	\$279	\$249	\$46	\$0	\$3,070
9/30/2051	\$1,389	\$516	\$635	\$239	\$254	\$40	\$0	\$3,073
9/30/2052	\$1,480	\$426	\$676	\$197	\$259	\$33	\$0	\$3,071
9/30/2053	\$1,579	\$330	\$720	\$152	\$264	\$25	\$0	\$3,070
9/30/2054	\$1,688	\$227	\$766	\$105	\$269	\$17	\$0	\$3,072
9/30/2055	\$1,802	\$117	\$815	\$54	\$275	\$9	\$0	\$3,071
Total	\$24,441	\$31,991	\$11,289	\$14,303	\$6,118	\$2,348	(\$1,461)	\$89,029

1 – The 9/30/XX dates represent the fiscal year end for the Bonds. Annual Installments can be prorated in the same manner as property taxes.

2- Represents the principal and interest on the PID Bonds. Interest is calculated assuming an estimated interest rate of 6.50%.

3- Represents the principal and interest on the PID Reimbursement Agreement. Interest is calculated assuming an interest rate of 6.63%.

4- Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

5- Additional Interest is only charged on the Assessments associated with the PID Bonds.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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[CLOSING DATE]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project)” (the “Bonds”), dated November 13, 2025, in the principal amount of \$_____, we have examined the legality and validity of the issuance thereof by the City of Celina, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature on September 1 in each of the years specified in an Indenture of Trust (the “Indenture”), dated as of November 1, 2025, with U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), approved by the City Council of the City pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City authorizing the issuance of the Bonds, unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from the Trust Estate, except to the extent the

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enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D-1

FORM OF CITY DISCLOSURE AGREEMENT

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**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT
PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of November 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among the City of Celina, Texas (the “Issuer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District 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 November 1, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Additional Bonds” shall have the meaning assigned to such term in the Indenture.

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The initial Administrator is MuniCap, Inc.

“Annual Collections Report” shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in subsection 4(a) of this Disclosure Agreement.

“Annual 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 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.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean MM Legacy Celina 75, LLC, a Texas limited liability company, and its designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of November 1, 2025, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the Director of Finance of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Legacy Celina 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 twelve-month period from October 1 through September 30.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

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

“Prepayment” shall mean the payment of all or a portion of an 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 subsection 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trust Estate” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2026, 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.

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(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments; and

(C) The assets and liabilities of the Trust Estate;

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(i) 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”); and

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) 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 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 financial statements of

the Issuer are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited financial statements of the Issuer no later than the Annual Financials Filing Date and audited 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 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 the date of 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, and 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 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 on 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.

Any sale by the Developer of real property within 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 Bonds without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent 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, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the

effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 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 Continuing Disclosure Services, a division of Hilltop Securities Inc. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the Disclosure Agreement of Developer. 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 Information 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 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 Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Administrative Expenses collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from

information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive 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 Sections 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 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.

The Issuer, the Administrator and the Dissemination Agent agree that the legal expenses of the Dissemination Agent, which it is expressly entitled to be paid under this paragraph 12(a), are expenses which may be paid from the Administrative Expenses.

(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 Administrative Expenses collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Administrator’s negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the

provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

The Issuer, the Administrator and the Dissemination Agent agree that the legal expenses of the Administrator, which it is expressly entitled to be paid under this paragraph 12(b), are expenses which may be paid from the Administrative Expenses.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council member, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses 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 Administrative Expenses component of the Annual Installments collected from the property owners in the District, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator each respectively make the following representation and verifications pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Disclosure Agreement. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Dissemination Agent and the Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm

entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties.

Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and neither the Issuer nor its consultants have verified such information.

SECTION 21. Notice. Any written notice required to be given or made hereunder among or between any of the Issuer, the Trustee, 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 to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such under this Disclosure Agreement.

If to the Trustee:

U.S. Bank Trust Company, National Association
Attn: Bond Operations
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402
Email: misty.gutierrez@usbank.com

If to the Dissemination Agent: HTS Continuing Disclosure Services
Attn: Tanya Calvit
717 North Harwood Street, Suite 3400
Dallas, Texas 75201
Email: Tanya.calvit@hilltopsecurities.com

If to Administrator: MuniCap, Inc.
600 E. John Carpenter Freeway, Suite 150
Irving, Texas 75062
Email: TXPID@municap.com

With a copy to: Attn: Keenan Rice
8965 Guilford Road, Suite 210
Columbia, Maryland 21046
Email: Keenan.rice@municap.com

If to the Issuer: City of Celina, Texas
Attn: City Manager
142 North Ohio Street
Celina, Texas 76201
Email: rranc@celina-tx.gov

If to Participating Underwriter: FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034
E-mail: Tdavenport@fmsbonds.com

SECTION 22. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 23. 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 CELINA, TEXAS

By: _____
Mayor

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.
(as Dissemination Agent)

By: _____
Authorized Officer

MuniCap, Inc.
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION][ANNUAL COLLECTIONS REPORT]
[AUDITED/UNAUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Celina, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025
(Legacy Celina Public Improvement District Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Celina, Texas (the “Issuer”), has not provided [an Annual Financial Information][an Annual Collections Report][audited/unaudited financial statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of November 1, 2025, by and among the Issuer, MuniCap, Inc., as “Administrator,” and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as “Dissemination Agent.” The Issuer anticipates that [the Annual Financial Information][the Annual Collections Report][audited/unaudited financial statements] will be filed by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities Inc.,
on behalf of the City of Celina, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Celina, Texas

EXHIBIT B

CITY OF CELINA, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025 (LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT PROJECT)

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.
Address: [_____]
City: []
Telephone: () ____-____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				—
				—
Total				

Section 4(a)(i)(B)

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾

(1) As such information is provided by the Trustee.

*Excluding audited financial statements of the Issuer

Section 4(a)(i)(C)**ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[] Trust Statements: Audited Unaudited

Accounting Type: Cash Accrual Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>

Top [Five] Assessment Payers in the District⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>

⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of the District

The [YEAR] certified total assessed value for the Assessed Property in the District is approximately \$[AMOUNT] according to the Collin Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Delinquent Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Total Annual Installment Billed	Parcels Levied ⁽¹⁾	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of [9/1]	Delinquent % as of [9/1]	Total Assessments Collected ⁽²⁾
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

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

⁽²⁾ [Does/does not] include interest and penalties.

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.

Fiscal Year Ended (9/30)	Delinquent % as of 9/1	Parcel Numbers
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)

[Insert a line item for each applicable listing]

EXHIBIT C

CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT
PROJECT)

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities Inc.
Address: [_____]
City: [_____, Texas ____]
Telephone: (____) ____-____
Contact Person: Attn: _____

SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN
COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE
AGREEMENT

Foreclosure History Related To The Annual Installments⁽¹⁾

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	<u>Foreclosure</u> <u>Sales</u>	Foreclosure Proceeds <u>Received</u>
20__	\$		\$		\$

(i) Period covered includes October 1, 20__ through March 1, 20__.

Collection and Delinquency of Annual Installments ⁽¹⁾

Succeeding Fiscal Year 20__	Total Annual Installments <u>Levied</u> \$	Parcels <u>Levied</u> ⁽²⁾	Delinquent Amount as <u>of 3/1</u> \$	Delinquent % <u>as of 3/1</u> %	Total Annual Installments <u>Collected</u> ⁽³⁾ \$

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

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

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments ⁽¹⁾

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	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. Issuer and Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.
March 1	28/29	Trustee pays bond interest payments to Owners.
April 1	59/60	At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of a draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw on the Reserve Fund.

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33, and 34, Texas Tax Code, as amended (the "Code"), and the Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas, an amendment to the Code, or otherwise, such modifications shall control.

July 1

152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the County Tax Assessor-Collector procedures.²

Preliminary Foreclosure activity commences in accordance with Tax Assessor/Collector's procedures.

Issuer notifies Trustee and 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, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent and the Trustee. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court as soon as practicable, in accordance with the Tax Assessor/Collector's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

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.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

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 D-2

FORM OF DEVELOPER DISCLOSURE AGREEMENT

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**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT
PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of November 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among MM Legacy Celina 75, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of November 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:

“Administrative Expenses” 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 MuniCap, Inc., as the initial Administrator.

“Affiliate” shall mean an entity that owns property within the District and is controlled by, controls, or is under common control with the Developer, including any Homebuilder.

“Amenities” shall mean the amenity centers to be constructed by the Developer in the Legacy Hills Development, as such term is defined in the Limited Offering Memorandum.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Authorized Improvements” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Certification Letter” shall mean a certification letter provided by the Developer or Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean MM Legacy Celina 75, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean the Legacy Celina Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into an Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Issuer” shall mean the City of Celina, Texas.

“Limited Offering Memorandum” means the Limited Offering Memorandum with respect to the Bonds.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“Parcel” shall have the meaning assigned to such term in the Indenture.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall have the meaning assigned to such term in the Indenture.

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

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning March 31, 2026.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Homebuilder who has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Homebuilder” shall mean a Homebuilder that then owns 30 or more of the single family residential lots within 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, beginning with March 31, 2026, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until a Significant Homebuilder Acknowledgement (as defined herein) with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or

liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any recommended 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 recommended changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and direct the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, with a copy to each Reporting Party, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the

failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereto.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within the District to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within the District, including the Authorized Improvements, and the Amenities;

(iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of the District undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within the District owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, 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 the District, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District 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 the District to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Lot Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party. 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 subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Authorized Improvements or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Authorized Improvements or Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of

written acknowledgement of assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in the District resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party's disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F, acknowledging and assuming the Developer's obligations under this Disclosure Agreement with respect to the real property transferred (the "Significant Homebuilder Acknowledgment"). Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) above. Upon any such transfer to a Significant Homebuilder and such Significant Homebuilder's delivery of the Significant Homebuilder Acknowledgment, 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 the Significant Homebuilder Acknowledgment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership of real property, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of a Reporting Party under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Reporting Party, including their respective affiliates and/or successors and assigns, no longer owns 30 or more single family residential lots within the District, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned

by the Reporting Party, including their respective Affiliates and/or successors and assigns, respectively; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with Section 6(a) above, the reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns, collectively no longer own 30 or more single family residential lots within the District, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) of this Section 7 and any Termination Notice required by subsection (b) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer and any other Reporting Party in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' notice to the Issuer, the Developer, and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each Reporting Party of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator, and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its

consent to any amendment so requested in writing by the Developer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of a Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Developer. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into in accordance with this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent a Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, such Reporting Party shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided on their behalf by a Reporting Party provided hereunder.

SECTION 12. Default. In the event of a failure of any Reporting Party or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and (ii) at the request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, the Dissemination Agent shall take such actions as may be necessary and appropriate to cause the applicable Reporting Party, and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party, or the Administrator

to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by any Reporting Party or the Administrator. Additionally, a default by any Reporting Party of its obligations under this Disclosure Agreement shall not be deemed a default by any other Reporting Party of under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Developer, Significant Homebuilder, and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding (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 hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding (i) liabilities due to the Administrator's breach, negligence, or willful misconduct, and (ii) liabilities resulting from claims made by the Developer against the Administrator. The obligations of the Developer under this Section shall survive 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) are Administrative Expenses.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation, or agreement of any Reporting Party, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, agent, or employee of the Reporting Party, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder, or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act, or action, or part thereof, is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to be effective, operative, made, entered into, or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating

Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Administrative Expenses component of the Annual Installments collected from the property owners in the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Reporting Parties, the Administrator, the Dissemination Agent and/or Participating Underwriter, shall be given or made by e-mail, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer: MM Legacy Celina 75, LLC
Attn: Matthew Dawson
1800 Valley View Lane, Suite 300
Farmers Branch, Texas 75234
Email: mdawson@centurionamerican.com

With a copy to: Boghetich Law, PLLC
Attn: Travis Boghetich
1800 Valley View Lane, Suite 360
Farmers Branch, Texas 75234
Email: travis@txreallaw.com

If to the Trustee: U.S. Bank Trust Company, National Association
Attn: Attention: Bond Operations
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402
Email: Brian.jensen@usbank.com

If to Administrator: MuniCap, Inc.
600 E. John Carpenter Freeway, Suite 333
Irving, Texas 75062
Email: TXPID@municap.com

With a copy to: MuniCap, Inc.
8965 Guilford Road
Suite 210
Columbia, MD 21046
Keenan.rice@municap.com

If to the Issuer: City of Celina, Texas
Attn: City Manager
142 N. Ohio Street
Celina, Texas 76201
Email: kstovall@celina-tx.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 this Disclosure Agreement.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.,
Dissemination Agent

By: _____
Authorized Officer

MM LEGACY CELINA 75, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its Manager

MuniCap, Inc.,
Administrator

By: _____
Name: _____
Title: _____

EXHIBIT A

**CITY OF CELINA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT
PROJECT)**

DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 2025

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc.

Address:

City:

Telephone:

Contact Person: Attn:

I. Expenditures Paid from Accounts under Indenture

1. TOTAL BUDGETED COSTS REQUIRED TO COMPLETE AUTHORIZED IMPROVEMENTS: \$_____
2. Of the budgeted costs for Authorized Improvements shown in the Service and Assessment Plan:
 - a. Actual costs drawn from the Improvement Area Improvement Account¹:
\$_____
 - b. Actual costs drawn from the Major Improvement Account: \$_____ ²
 - c. Actual costs drawn from the Developer Improvement Account: \$_____ ³

II. Status of Authorized Improvements

Projected/actual completion date of the Authorized Improvements

1. [Actual/Expected] date of completion of the Authorized Improvements:
[_____]

¹ Improvement Area Improvement Account means the account titled Authorized Improvements Account held under the Project Fund in the Indenture.

² Not applicable.

³ Developer Improvement Account means the account titled Developer Improvement Account held under the Project Fund in the Indenture.

2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: _____]

III. Unit Mix in the District

<u>Product Type</u>	<u>Number of Units</u>
Single Family __'	
Single Family __'	

IV. Lot Status in the District

Of the 301 lots in the District, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 301
2. Planned lots as of the date of this Quarterly Report: _____
3. Lots developed: _____
4. Lots platted: _____
5. Expected completion date of all lots in the District (if incomplete): _____

V. Ownership of Lots/Units in the District

PLANNED LOTS IN THE DISTRICT: 301

Of the 301 lots in the District:

1. Number of lots owned by the Developer: _____
2. Number of lots under contract but not closed to Homebuilder(s): _____
3. Number of lots owned by all Homebuilder(s): _____⁴
 - a. Number of lots owned by [insert name of Homebuilder]: _____⁵
 - b. Number of lots owned by [insert name of Homebuilder]: _____
4. Number of units owned by homeowners: _____

VI. Home Sales Information in the District

PLANNED HOMES IN THE DISTRICT: 301

Of the 301 homes planned for the District:

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]: _____²
 - b. Number of building permits issued during the current quarter for [insert name of Homebuilder]: _____²

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 Include a line item for each individual Homebuilder.

2. How many total homes have closed with homebuyers **during the current quarter?**

a. Number of homes closed with homebuyers during the current quarter for
[insert name of Homebuilder]: _____²

b. Number of homes closed with homebuyers during the current quarter for
[insert name of Homebuilder]: _____⁶

3. How many total homes have closed with homebuyers **cumulatively?** _____

a. Number of homes closed with homebuyers cumulatively for [insert name of
Homebuilder]: _____³

b. Number of homes closed with homebuyers cumulatively for [insert name of
Homebuilder]: _____³

VII. Amenities⁷

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: \$[_____]

Of the \$[_____] [expected/actual] costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: \$[_____]

2. [Actual/Expected] completion date of Amenities: [_____]

VIII. Material Changes

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so,

⁶ Include a line item for each individual Homebuilder.

⁷ Amenities means mean the amenity centers to be constructed by the Developer in the Legacy Hills Development, as such term is defined in the Limited Offering Memorandum.

provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?

5. **Reserved.**
6. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.
7. **Other** – Provide any other material information that should be disclosed.

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Celina, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Legacy Celina
Public Improvement District Project) (the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 2025

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer”]⁸) [“Significant Homebuilder”]) has not provided the
[Quarterly Information][Quarterly Report] [the [Quarterly Information][Quarterly Report] was not
filed in a timely manner due to [_____] for the period ending on [Insert
Quarterly Ending Date] with respect to the Bonds as required by the Continuing Disclosure
Agreement of Developer related to such Bonds, by and among MM Legacy Celina 75, LLC, a
Texas limited liability company (the “Developer”), MuniCap, Inc., as Administrator, and HTS
Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent. The
[Developer][Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be
[provided][filed] by _____.

Dated: _____

HTS Continuing Disclosure Services, a division of
Hilltop Securities, Inc.,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Celina, Texas

⁸ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Celina, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 2025

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

HTS Continuing Disclosure Services, a
division of Hilltop Securities, Inc.

City of Celina, Attn: City Manager
142 N. Ohio Street
Celina, Texas 76201

MM Legacy Celina 75, LLC
1800 Valley View Lane
Farmers Branch, Texas 75234

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer”] [“Significant Homebuilder”]) is no longer
responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the
Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure
Agreement of Developer related to such Bonds, by and among MM Legacy Celina 75, LLC, a
Texas limited liability company (the “Developer”), MuniCap, Inc., as Administrator, and HTS
Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent.

Dated: _____

MuniCap, Inc.
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 Celina, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 2025

Re: Quarterly Report for Legacy Celina Public Improvement District

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among MM Legacy Celina 75, LLC, a Texas limited liability company¹ (the “Developer”), MuniCap, Inc., as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as Dissemination Agent, this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

By:

MM LEGACY CELINA 75, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its Manager

¹ If applicable, replace with applicable successor(s)/assign(s).

[OR
SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)]

By: _____
Name: _____
Title: _____

EXHIBIT E

FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT OF DEVELOPER REPORTING OBLIGATIONS

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Legacy Celina Public Improvement District – Continuing Disclosure Obligation

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 2025, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Authorized Improvements or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within the District of the Legacy Celina Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among MM Legacy Celina 75, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Authorized Improvements or Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

MM LEGACY CELINA 75, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its Manager

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: Legacy Celina Public Improvement District – Continuing Disclosure Obligation

Dear _____,

As of _____, 2025, you own ____ lots within the Legacy Celina Public Improvement District (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the “Disclosure Agreement of Developer”) by and among MM Legacy Celina 75, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project),” any entity that owns 30 or more of the single family residential lots within the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

MM LEGACY CELINA 75, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its Manager

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____
Title” _____

APPENDIX E
APPRAISAL

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APPRAISAL REPORT

PROJECT # A25-0701-01



**LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT
64.866 ACRES CONTAINING 301 PROSPECTIVE RESIDENTIAL LOTS
CELINA, COLLIN COUNTY, TX 75009**

FOR:

**FMSBONDS, INC.
5 COWBOYS WAY, SUITE 300-25
FRISCO, TEXAS 75034**

**EFFECTIVE DATE OF APPRAISAL:
OCTOBER 1, 2026 (DATE OF SUBSTANTIAL COMPLETION) FOR 301 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 REAL ESTATE APPRAISER, AND
BRANDON LAWSON, APPRAISER TRAINEE
OF:**

**PEYCO SOUTHWEST REALTY, INC.
1703 NORTH PEYCO DRIVE
ARLINGTON, TEXAS 76001**

September 29, 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
Legacy Celina Public Improvement District comprising of 64.866 acres containing 301
prospective residential lots,
Celina, Collin 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 proposed 301 residential lots located in the Legacy Celina Public Improvement District (Referred to as Legacy Celina PID). Legacy Celina PID has a total of 64.866-acres consisting of the following:

- Prospective Market Value “Upon Completion” as of **October 1, 2026 for 301 residential lots on approximately 64.866 acres within Legacy Celina PID. The lots are as follows:**
 - o **100 attached townhome lots with 25-foot frontages, and**
 - o **201 detached single family residential lots with 50-foot frontages**

The client for the assignment is FMSbonds, Inc., The intended users are FMSbonds, Inc. and the City of Celina. 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 Celina or Collin County, nor is it the basis of a determination of the benefit of any constructed or installed public improvements will have on properties within Legacy Celina PID.

At Substantial Completion, which is October 1, 2026 for Legacy Celina PID, the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots. Development of the subject property is governed by a Development Agreement between the City of Celina and MM Legacy Celina 75, LLC, the landowner and developer which will allow single-family development at the subject property. Each of the lots are located in Celina Independent School District (ISD).

Per the developer, Legacy Celina PID is comprised of approximately 64.866 contiguous acres of land with an estimated build-out of 100 attached 25-FF townhome lots, and 201 detached single-family residential 50-foot frontage lots totaling 301 improved residential lots, located in the City of Celina, Collin County, Texas. The subject property of this assignment - Legacy Celina PID - will be developed in one phase. However, the entirety of Legacy Celina PID will be developed in multiple phases.

Within the Legacy Celina PID, each of the 25-FF townhome lot types will have an average of 2,500-SF, and each 50-FF lot types will have an average of 6,250-SF. The average lot depths for the 25-FF townhome lots will be 100’ in depth, and the 50-FF lots of the subject property will be 125’ in depth. The two lot types may have

Legacy Celina Public Improvement District

different market values with identical characteristics; however, the homebuilder and developer reflect different market values in their Estimated Lot Value as such: \$85,000 for the 25-FF townhome lots and \$125,000 for the 50-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 Legacy Celina PID are as follows:

LEGACY CELINA PID, CELINA			
Size (Acres)	25' Attached Townhome Lots	50' Detached Lot Type	Total Lots Appraised
64.866-AC	100	201	301

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 for Legacy Celina PID 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 KFM Engineering & Design, the Professional Engineers, dated July 1, 2025 for 301 improved residential lots in Legacy Celina PID.
- All information relative to the property located within Legacy Celina PID including land areas, lot totals, lot sizes, and other pertinent data that was provided by MM Legacy Celina 75, LLC (Developer), KFM Engineering & Design (Professional Engineers and Surveyors), the City of Celina, Collin County, and the Collin Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected prospective completion date of October 1, 2026 for Legacy Celina PID; 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.

Legacy Celina Public Improvement District

This appraisal report is intended to conform with the 2024-2025 Uniform Standards of Professional Appraisal Practice (USPAP) and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our final value conclusion as of the Expected Completion Date is as follows:

FINAL MARKET VALUE CONCLUSION LEGACY CELINA PID			
	Cost	Sales	Income (Subdivision)
<i>Fee Simple Interest, Complete October 1, 2026</i>	N/A	N/A	\$30,361,000
<i>301 Improved Residential Lots</i>			(\$101,000/Lot Rounded)

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty



James L. Maibach, C.P.M
TX-1323658
State Certified General Real Estate Appraiser



Leslie Tolliver
TX-1381494
State Certified General Real Estate Appraiser
Associate Member, Appraisal Institute



Brooke Clock
TX-1350743
State Licensed Residential Appraiser



Brandon Lawson
TX-1343865
Appraiser Trainee
Associate Member, Appraisal Institute

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EXECUTIVE SUMMARY

Property Name	Legacy Celina PID
Property Type	Master-Planned Community
Location	South of County Road 58 and east of Celina Parkway
City, County, State, Zip	City of Celina, Collin County, TX 75009
Legal Descriptions (Collin CAD)	ABS A0140 GABRIEL CHENOWETH SURVEY, SHEET 2, TRACT 36, 64.866 ACRES
Owner of Record	MM Legacy Celina 75, LLC
Census Tract	0303.06
Tax ID – Collin Central Appraisal District	2933790
Total Land Area	64.866-AC - Total Land Area (Per Survey)
Total Lots	100 25-FF Attached Townhome Lots in Improvement Area #1 201 50-FF Detached Lots in Improvement Area #1
Topography	Gently Sloping
FEMA Flood Zones	Zone X
FEMA Panel	48085C0110J
FEMA Map Date	6/2/2009
Utilities	
Water	City of Celina
Sewer	City of Celina
Electric	Oncor
Natural Gas	Atmos
Zoning (City of Celina)	Planned Development
Future Land Use	Single-Family Residential Subdivision
Highest & Best Use	Single-Family Residential Subdivision
Final Value Conclusion	\$30,361,000 (\$101,000/Lot) Effective Date of October 1, 2026, for 301 Improved Residential Lots on 64.866 Acres
Exposure Period	6-12 Months
Marketing Period	6-12 Months
Date of Inspection	July 3, 2025
Date of Valuation	October 1, 2026
Report Date	September 29, 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) Brandon Lawson has physically viewed the subject property. James L. Maibach, CPM, Leslie Tolliver and Brooke Clock 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 October 1, 2026 for the Fee Simple interest of 301 improved single-family residential lots in Legacy Celina PID as such.
 - o 100 attached townhome lots with 25-FF, and
 - o 201 detached single family residential lots with 50-FF

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

Legacy Celina Public Improvement District

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 – Collin Central Appraisal District(CCAD)
- Legal descriptions
- Deed Records – Collin County
- Legacy Celina PID concept plan by KFM Engineering & Design, Professional Engineers

Type and Extent of Data Researched

The following information was reviewed in preparing this report:

- Public record data
 - City of Celina 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.
 - Concept Plan by KFM Engineering & Design, Professional Engineers
 - Estimated development costs provided by KFM Engineering & Design, the Professional Engineers
 - Conversations with developers and homebuilders in DFW market
 - Information provided by the client
 - Executed Contract between the seller, Centurion American Acquisitions, LLC, and William Ryan Homes Texas, Inc, the Buyer
 - Development Agreement between LMR Holdings, LTD and the City of Celina

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:

- 301 Improved Residential Lots (25-FF and 50-FF) within the Legacy Celina PID.

Improved Attached and Detached Single-Family Residential Lots (301 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. Legacy Celina PID is being developed in multiple phases and there are no major improvements in place, *the Cost Approach is not the most appropriate and thus was not utilized* for the 301 Improved Residential Lots in Legacy Celina PID.

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 between approximately 6%-8% 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 301 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 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 Legacy Celina PID is summarized as follows:

Approach	Applicability to Subject	Use in Assignment
Cost Approach	<i>Not Appropriate Since the Legacy Celina PID is Developed in Multiple Phases</i>	<i>Not 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 60% is industrial warehouse, 20% is Class B and C office and 20% in retail product in Tarrant, Dallas, and Johnson counties. Mr. Maibach has been personally involved in over 250 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 Celina, Collin County, Texas.

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 Celina 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 Celina 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 **September 29, 2025**. The initial draft of this appraisal report was completed on **July 9, 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 **October 1, 2026** for Legacy Celina PID, which is the expected date of Substantial Completion. Brandon Lawson inspected the property on **July 3, 2025**. James L. Maibach, Leslie Tolliver, and Brooke Clock have not inspected the subject property.

ASSIGNMENT CONDITIONS

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the "Assumptions and Limiting Conditions". There are no other material and specific hypothetical conditions or extraordinary assumptions other than those referenced in this report.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this assignment are the Fee Simple Estate in the subject property. A commitment for Title Insurance was not submitted to the appraisers and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

ASSETS APPRAISED

The assets appraised in this appraisal assignment include land, any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value were included in the valuation process.

ENVIRONMENTAL CONDITIONS

No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain the status of the property regarding asbestos and other hazardous materials.

HISTORY OF SUBJECT PROPERTY

Collin County deed records indicate the subject property is owned by MM Legacy Celina 75, LLC. The subject property consists of one parcel. The subject property is within a 75-acre tract that was purchased for \$13,231,350 (\$176,418/AC) on December 12, 2024. The subject property was deeded as follows:

- Per Collin County Appraisal District parcel number 2933790, was deeded to MM Legacy Celina 75, LLC on December 12, 2024, from Stephen L. Robinson and Thomas Lee Robinson via deed instrument 2024000155014. This transaction appears to be arms-length and the purchase price was within market rates at the time of sale.
- Per Collin County Appraisal District parcel number 2933790, was deeded to Stephen L. Robinson and Thomas Lee Robinson on October 4, 2024, from LMR Holdings, LTD via deed instrument 2024000122893. This transaction appears to be arms-length and the sales price was not disclosed to the appraiser.

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 DESCRIPTION

The legal description of the subject property is ABS A0140 GABRIEL CHENOWETH SURVEY, SHEET 2, TRACT 36, 64.866 ACRES (Collin County Tax ID Number 2933790).

PENDING TRANSACTIONS TO BUILDERS

The land within the development is owned by MM Legacy Celina 75, LLC who appears to be under the corporate umbrella of Centurion American. The subject property has one executed sales contract. The Purchase and Sale Agreement is between Centurion American Acquisitions, LLC (seller) and William Ryan Homes Texas, Inc. (Buyer) dated August 13, 2024, to purchase approximately 100 fully developed, 25-FF townhome lots and 201 fully developed 50-FF lots in the Legacy Celina PID. Per the purchase contract, William Ryan Homes Texas, Inc., is to purchase 100 of the 25-FF townhome lots at \$85,000 each and 193 of the 50-FF lots at 125,000 each within the Legacy Celina PID. The additional consideration for these lots will accrue at a rate of 7.0%. William Ryan Homes Texas, Inc. will also pay \$2,000 per lot to the seller for amenity fees, \$500 per lot for marketing fees, and 3,900 per lot lagoon fee to the homeowner's association. The agreed upon sales prices are within range of market values of comparable vacant improved townhome and single-family lots. This transaction appears to be arms-length.

According to the Purchase and Sales Agreements, the following quarterly takedowns are projected for the 301 improved residential lots within Legacy Celina PID.

Projected Quarterly Takedown Summary - Legacy Celina PID											
Lot Type	Oct-2026	Jan-2027	Apr-2027	July-2027	Oct-2027	Jan-2028	Apr-2028	July-2028	Oct-2028	Jan-2029	TOTAL
25-FF	20	10	10	10	10	10	10	10	10	-	100
50-FF	30	20	20	20	20	20	20	20	20	11	201
Total	50	30	30	30	30	30	30	30	30	11	301

As seen in the previous table, sales are expected to begin in October 2026 for all lot sizes. The sell out date is different for each lot size with the 25-FF townhome lots expected to sell out during 4Q2028 and the 50-FF lots are expected to sell out during 1Q2029.

Real Estate Taxes Collin Central Appraisal District

Real estate tax assessments are administered by the Collin Central Appraisal District (CCAD) 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 2025 tax year are shown in the following table which include taxes to the City of Celina, Collin County, Collin College, and Celina ISD. The projected combined tax rate for those entities is **2.064531 per \$100 assessed** as shown in the table below:

Property Taxes - 2025	
Entity	Rate
City of Celina	0.598168
Collin County	0.149343
Collin College	0.081220
Celina ISD	1.235800
Total	2.064531

The Legacy Celina PID (64.866-AC) is one tract of land consisting of one tax parcel. The 2025 tax burden for the entire tract – which is currently undeveloped land – is \$130.15 which is heavily reduced due to the Agricultural Exemptions. A table of the assessed values and property taxes of the current year (2025) is shown below:

TAXES (Collin CAD - 2025)							
ID	Owner	Size (AC)	Improvement Market Value	Land Market Value	Ag Exemption	Assessed Value	Estimated Taxes
2933790	MM Legacy Celina 75, LLC	64.866	\$ -	\$ 11,302,252	\$ 11,295,948	\$ 6,304	\$ 130.15
Total Combined:		64.866	\$0.00	\$11,302,252	\$ 11,295,948	\$6,304	\$130.15

The Land area represented by Collin Central Appraisal District are not necessarily accurate. The land market that Collin Central Appraisal District (“Collin CAD”) has determined - **\$11,302,252 which is \$174,143/AC, \$4.00/SF** – would lead to a tax burden of \$233,338 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 (June 4, 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

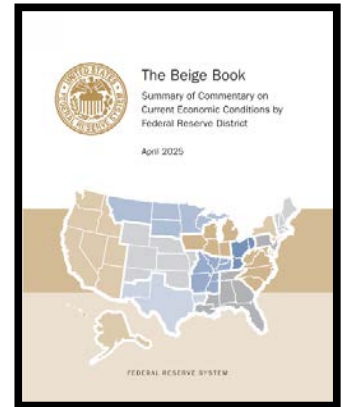
Economic activity was little changed since the previous report, but uncertainty around international trade policy was pervasive across reports. Just five Districts saw slight growth, three Districts noted activity was relatively unchanged, and the remaining four Districts reported slight to modest declines. Non-auto consumer spending was lower overall; however, most Districts saw moderate to robust sales of vehicles and of some nondurables, generally attributed to a rush to purchase ahead of tariff-related price increases. Both leisure and business travel were down, on balance, and several Districts noted a decline in international visitors. Home sales rose somewhat, and many Districts continued to note low inventory levels. Commercial real estate (CRE) activity expanded slightly as multifamily propped up the industrial and office sectors. Loan demand was flat to modestly higher, on net. Several Districts saw a deterioration in demand for non-financial services. Transportation activity expanded modestly on balance. Manufacturing was mixed, but two-thirds of Districts said activity was little changed or had declined. The energy sector experienced modest growth. Agricultural conditions were fairly stable across multiple Districts. Cuts to federal grants and subsidies along with declines in philanthropic donations caused gaps in services provided by many community organizations. The outlook in several Districts worsened considerably as economic uncertainty, particularly surrounding tariffs, rose.

Labor Markets

Employment was little changed to up slightly in most Districts, with one District reporting a modest increase, four reporting a slight increase, four reporting no change, and three reporting a slight decline. This is a slight deterioration from the previous report with a few more Districts reporting declines. Hiring was generally slower for consumer-facing firms than for business-to-business firms. The most notable declines in headcount were in government roles or roles at organizations receiving government funding. Several Districts reported that firms were taking a wait-and-see approach to employment, pausing or slowing hiring until there is more clarity on economic conditions. In addition, there were scattered reports of firms preparing for layoffs. Most Districts and markets reported an improvement in overall labor availability, although there were some reports of constraints on labor supply resulting from shifting immigration policies in certain sectors and regions. Wages generally grew at a modest pace, as wage growth slowed from the previous report in multiple Districts.

Prices

Prices increased across Districts, with six characterizing price growth as modest and six characterizing it as moderate, similar to the previous report. Most Districts noted that firms expected elevated input cost growth resulting from tariffs. Many firms have already received notices from suppliers that costs would be increasing. Firms reported adding tariff surcharges or shortening pricing horizons to account for uncertain trade policy. Most businesses expected to pass through additional costs to customers. However, there were reports about margin compression amid increased costs, as demand remained tepid in some sectors, especially for consumer-facing firms.



ELEVENTH DISTRICT

FEDERAL RESERVE BANK OF DALLAS – June 4, 2025

Summary of Economic Activity

Growth in the Eleventh District economy slowed to a slight pace over the reporting period. Non-financial services activity was flat, but manufacturing output rose modestly. Retail sales dipped, and loan demand increased slightly. Commercial real estate activity was stable, while housing demand remained tepid. Oilfield activity rose modestly. Employment and wages grew, while input cost pressures accelerated largely due to the expected pass through of higher tariff costs. Out looks worsened with weakening demand, policy uncertainty, and inflation cited as primary concerns going forward. Numerous contacts voiced concern that heightened uncertainty stemming from on-again, off-again tariffs was making it increasingly challenging to plan. Stricter immigration policy, federal government layoffs, and a cutback in spending were also cited as headwinds for growth.

Labor Markets

Employment rose modestly over the reporting period. Several contacts noted a wait-and-see posture on hiring amid elevated domestic and trade policy uncertainty, while some firms, including airlines, cited layoffs. Energy executives said layoffs are expected this year, and that the pace may increase if oil prices remain close to or fall below \$60. Wage pressures were stable during the reporting period. One manufacturer noted cutting wages due to cash flow issues. Firms expect wage growth to slow to 3.4% over the next 12 months, down from 3.8% over the past 12 months.

Prices

Prices continued to increase at a moderate pace. Firms broadly expressed trepidation about the effect of tariffs on demand and costs, with some contacts indicating they will not be able to pass on the increases to clients. Several manufacturers cited higher raw material prices. The impact of tariffs on steel and machinery prices was a drag on the energy sector, particularly for firms with ongoing construction projects for whom the materials were a sizable share of costs. A few construction and real estate contacts said that tariffs had given their suppliers an excuse to raise prices, and some retailers cited being notified by their vendors of forthcoming tariff surcharges. Manufacturers and retailers expect selling price increases to accelerate over the next 12 months, while service sector executives expect price growth to remain moderate.

Manufacturing

Manufacturing output rebounded in March after weakening in February. The pickup in production spanned both durable and nondurable goods, with strength seen in transportation equipment, machinery, computer products, and food manufacturing. Utilization rates at Gulf Coast refineries remained at healthy levels despite seasonal softness. While manufacturing activity picked up, out looks worsened. Manufacturers widely voiced concern that tariffs were becoming an increasing source of uncertainty, dampening demand, pushing up prices, and delaying and complicating business planning.

Retail Sales

Retail sales dipped during the reporting period. Declining growth in sales of nondurable consumer products outweighed growth in durable goods. Among durables, auto vehicle sales strengthened in anticipation of the announced tariffs. Overall retail outlooks weakened, as the potential impact of tariffs on pricing and demand weighed on sentiment.

Nonfinancial Services

Activity in nonfinancial services stalled out following moderate growth in the previous reporting period. Revenue rose in some sectors, however, with increases seen in transportation, health, and professional and business services. Demand for staffing services was flat to slightly up. Airlines noted that passenger demand had softened, with some of the weakness attributable to a marked decline in federal government travel. Port traffic remained strong as companies accelerated their inventory purchases ahead of tariffs. Growth paused in the leisure and hospitality sector, which was

Legacy Celina Public Improvement District

attributed to uncertainty causing consumers to be more cautious with their discretionary spending. Outlooks deteriorated overall, with numerous contacts stating that heightened uncertainty surrounding domestic and trade policy was hindering their ability to plan with confidence.

Construction and Real Estate

Housing demand remained tepid. The spring selling season was characterized as modest and choppy, with a slight pickup in sales seen toward the end of the reporting period. Incentives for new homes, including price discounts, remained prevalent. However, there were scattered reports of builders being less aggressive on mortgage rate buy downs due to high costs. Home inventories rose, and prices were flat to down. Outlooks were cautious, weighed down by sluggish demand, high mortgage rates, and concerns regarding the impact of immigration and trade policy on consumer sentiment, labor supply, and construction costs.

Commercial real estate activity was stable during the reporting period. Apartment demand remained solid, though rent growth continued to be lackluster. Office absorption was positive in some major markets, though vacancies remained elevated. Industrial demand stayed positive but there was apprehension about the impact of shifting trade policies on leasing activity and investment sales.

Financial Services

Loan volume and loan demand growth decelerated sharply in March. Credit tightening continued, but loan pricing declined. Loan nonperformance increased. In addition, bankers reported that business activity contracted after expanding over the last three months, and their outlooks retreated to cautiously optimistic. While respondents expect an improvement in loan demand and business activity six months from now, the sentiment is less broad-based, and it is tempered by expectations of a continued increase in loan nonperformance.

Energy

Activity in the oil and gas sector increased modestly over the reporting period. While drilling and completion activity is expected to remain steady over the next few months, contacts were worried that lower oil prices, eroding global growth outlooks, and tariffs would dampen activity later this year and lower spending plans for 2026. Outlooks worsened, and contacts expressed concern that heightened uncertainty surrounding tax, trade, and regulatory policy was making planning difficult and would likely hinder investment decisions.

Agriculture

Drought conditions persisted in parts of the district, though widespread rainfall was received late in the reporting period and provided much-needed moisture. Some extreme weather was seen, from wind and dust storms in the Texas panhandle to flooding along the coast. Grain prices moved down. Cattle and beef prices continued to trend up over most of the reporting period, with beef prices rising to new highs, though cattle prices faltered somewhat in early April. Drought conditions are a hurdle for ranchers looking to expand their herds. Looking ahead, contacts expressed some concern for agricultural exports due to tariff impacts.

Community Perspectives

Demand for social services remained elevated. Contacts said many private companies were under a hiring freeze, and the jobs posted online were not being filled. Nonprofit organizations, particularly those heavily reliant on federal funding, reported trimming budgets, implementing hiring freezes, laying off workers, and downsizing programming. There was a report of a housing services nonprofit possibly shutting down operations in mid-2025 due to funding disruptions. One contact noted that landlords were less willing to rent apartments to tenants reliant on federal funds due to the current policy climate and funding freezes. Some social service organizations said they have observed a slowdown in applications for new benefits and trepidation among clients seeking services in light of recent immigration policies. Research universities were also facing significant uncertainty due to the funding cuts from the National Institute of Health and National Science Foundation.

TEXAS ECONOMIC OUTLOOK (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
Jorge Barro (Updated June 17, 2025)

U.S. Unemployment Rate	U.S. Average Hourly Wage	U.S. Consumer Price Index	U.S. Total Nonfarm Employment
= 4.2%	▲ 3.9% YOY	▲ 2.3% YOY	▲ 139,000 JOBS

Summary

The U.S. economy showed signs of resilience in May as concerns over the global trade war mounted. The macroeconomic data indicated a growing divergence between “hard data,” reflecting actual economic activity, and “soft data,” reflecting general economic sentiment and the business outlook. First quarter 2025 gross domestic product declined 0.2%, largely resulting from efforts to front-load imports ahead of tariffs. Aside from this preemptive shift, macroeconomic aggregates remained largely unchanged. May labor market data showed almost no signs of impact from the trade war. Unemployment, labor force participation, hiring, and separations all remained roughly constant, indicating signs of current labor market stability.

While the historical data shows signs of resilience, the soft data paints a different picture of the macroeconomic outlook. The University of Michigan’s Consumer Sentiment Index remained low in May after dropping sharply to one of its lowest levels on record in April. The business outlook also deteriorated as uncertainty over the trade war affected business planning. Business survey data from several sources showed declines in expected hiring, which could lead to a spike in the unemployment rate. Although the soft data is showing signs of concern among consumers and businesses, the outlook could change quickly with a de-escalation of the global trade war.

Federal trade and fiscal policy also weighed on financial markets as the 10-year Treasury yield rose more than 25 basis points (bps) in May. Three policy-related factors are placing upward pressure on long-term interest rates. First, the recent passage of the federal budget in the U.S. House of Representatives is expected to add \$4.3 trillion to U.S. debt over the next ten years, contributing to rising long-term interest rates. Second, tariffs have introduced upside inflation risk, raising both the inflation premium and an interest rate premium, accounting for the monetary policy response. Finally, the trade war introduces risk to foreign investors in U.S. assets, which increases domestic interest rates. Rising interest rates further constrain households and businesses seeking to finance expenditures.

Stories We’re Following

- **Tariffs**
 - **The issue:** On April 2, 2025, President Trump initiated a series of tariffs on global imports. These tariffs and the retaliatory tariffs levied by other countries impacted trade and capital markets while adding risk to the macroeconomic outlook. As uncertainty over the duration and magnitude of the tariffs hangs over consumers and businesses, the possibility of sustained tariffs could contribute to disruptions and restructuring of economic activity.
 - **Updates:** Aside from preemptive spending shifts to avoid tariffs, the macroeconomic landscape remains largely unchanged and the outlook largely uncertain. The current macroeconomic data shows no signs of impact on labor markets and a modest impact on financial markets. However, the Fed’s May 2025 Beige Book, which highlights regional economic activity in the 12 Federal Reserve Bank districts, showed growing concerns over the economic outlook, largely stemming

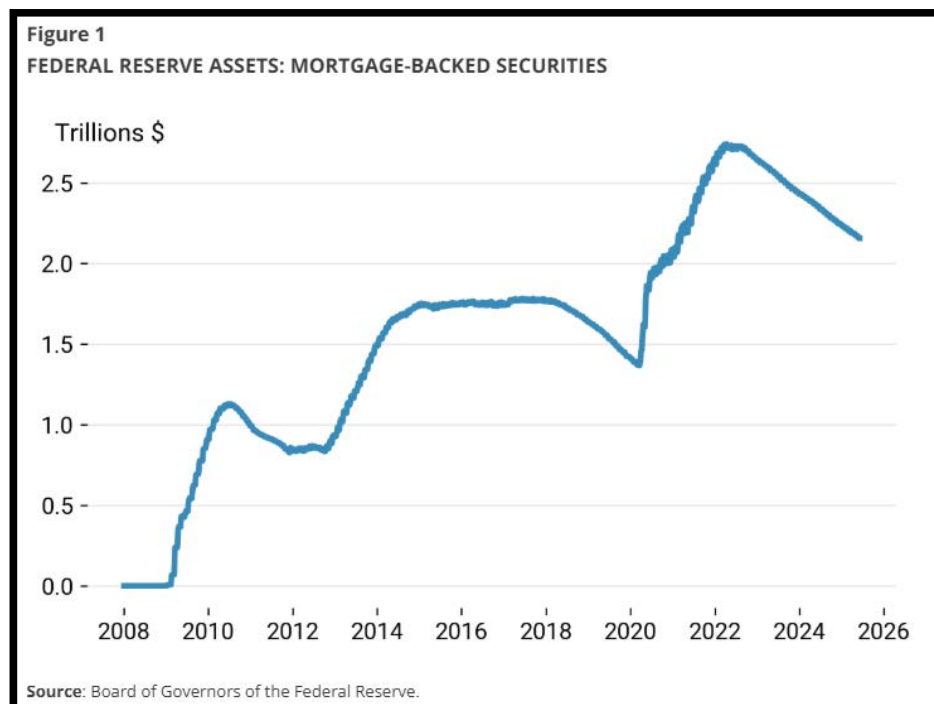
from tariffs and policy uncertainty.

- **Federal Tax Return**

- *The issue: President Trump and Congressional Republicans are working on a fiscal package that could extend several provisions of the 2017 tax reform. While reducing rates could stimulate economic growth, restructuring deductions could have implications for real estate and economic growth in Texas. Expanding the state and local tax deduction, for example, could dampen Texas' low-tax appeal, impacting future migration decisions.*
- *Updates: On May 22, 2025, the U.S. House of Representatives passed the One Big Beautiful Bill Act, which is expected to grow the deficit. Financial markets responded by increasing yields on long-term government debt, reflecting tightening capital supply, heightened inflation risk, and rising credit risk on federal debt.*

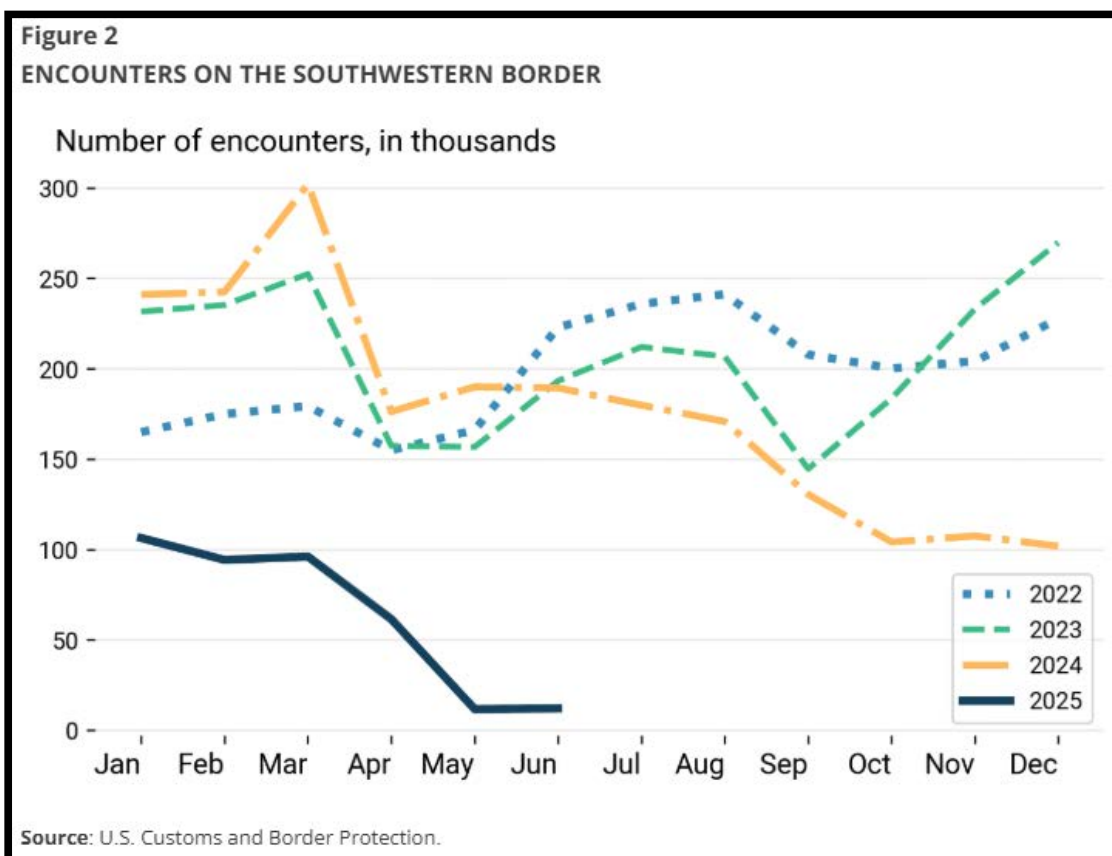
- **Federal Reserve Policy**

- *The issue: Since the middle of 2022, the Federal Reserve (Fed) has been implementing contractionary monetary policy to combat inflation. The federal funds rate, which the Fed targets to influence the broader economy, remains elevated. As part of a larger asset reduction effort, the Fed is also reducing its holdings of certain private assets, including mortgage-backed securities (MBS) (Figure 1). Reducing the share of mortgages held by the Fed causes other private investors to absorb the new debt issuance, which contributes to heightened mortgage rates.*
- *Updates: In March 2025, the Fed reaffirmed its commitment to allowing MBS to run off its balance sheet and reinvest debt payments in Treasuries instead of new MBS. Although the Fed caps this MBS runoff at \$35 billion per month, the actual average monthly runoff is roughly half of this amount. As long as the Fed continues reducing MBS holdings, the policy will contribute to elevated mortgage rates, adding to headwinds in the real estate market.*



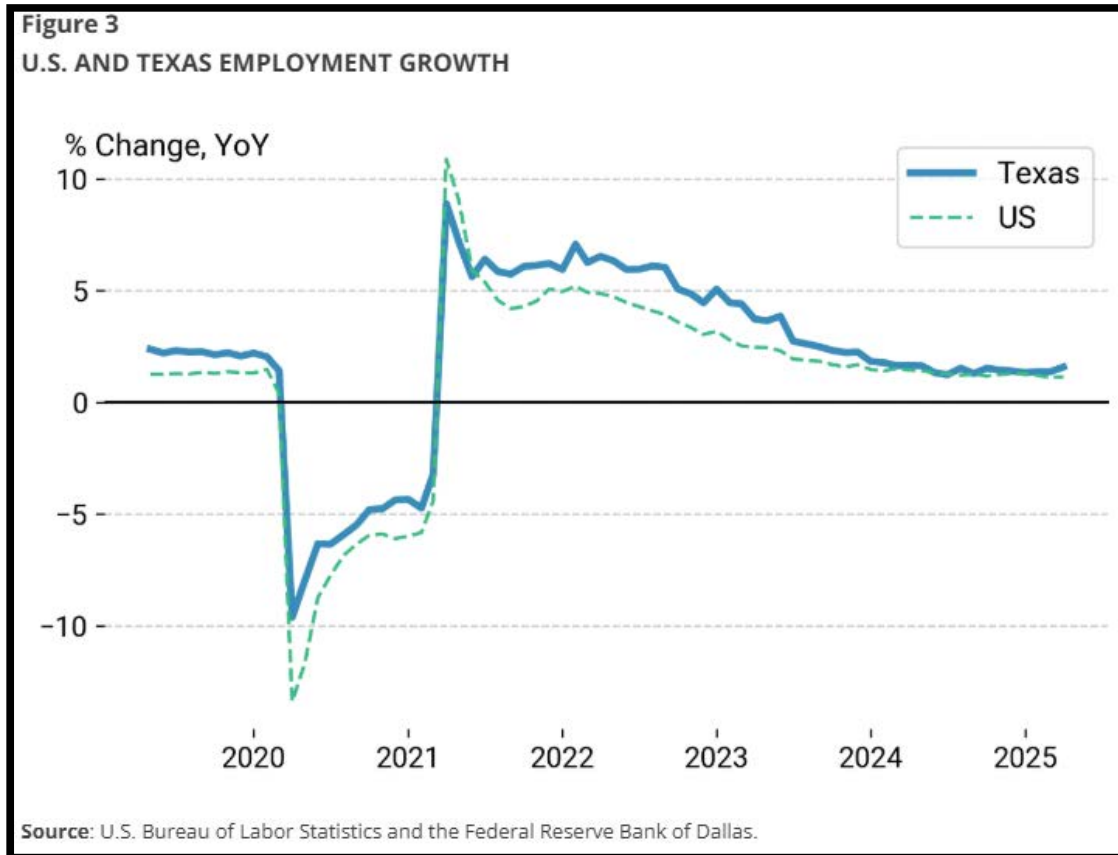
- Immigration

- The issue: Immigration—both legal and illegal—influences domestic population growth and labor markets. An estimated 8.1% of the Texas labor market and 4.8 percent of the U.S. labor market is comprised of unauthorized immigrants. The Trump administration is increasing enforcement of immigration laws, leading to a sharp reduction in border crossings (Figure 2). This, combined with possible deportations, could impact certain industries, like the construction industry, that employ a disproportionately large share of undocumented immigrants. Moreover, stemming the flow of legal immigration could also contribute to changes in economic activity.
- Update: A recent survey of Texas business executives conducted by the Federal Reserve Bank of Dallas showed that 18% of firms expect immigration policy to impact their ability to hire and retain workers this year. Many of these firms indicated an inclination to respond by increasing current worker productivity, implementing labor-saving technology, and taking other actions.



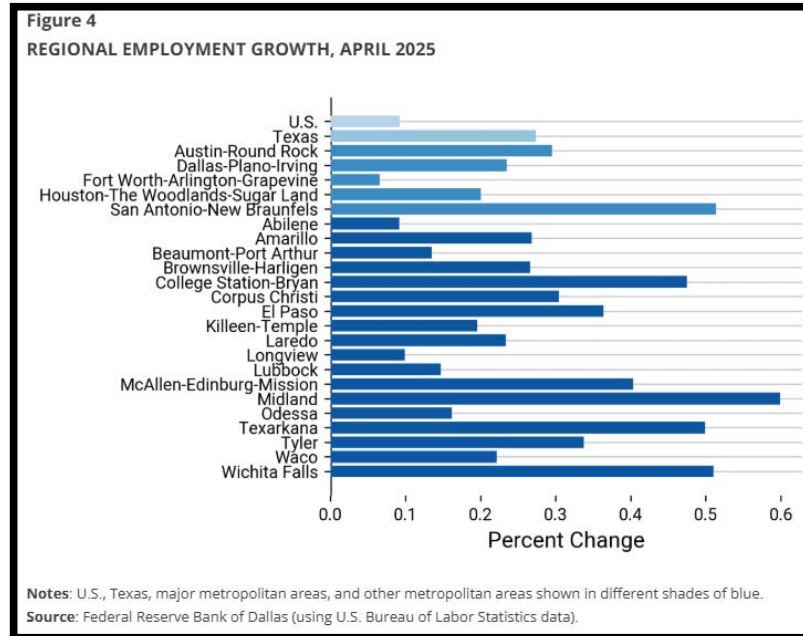
Texas Economic Indicators

The Texas economy mirrored the national economy in the disparity between the historical “hard” data and the forward-looking “soft” data. Employment growth remained strong and slightly above the U.S. employment growth rate (Figure 3). Survey data from the Federal Reserve Bank of Dallas, however, showed growing weakness in the business outlook, which could materialize as a decline in economic activity in the coming months.

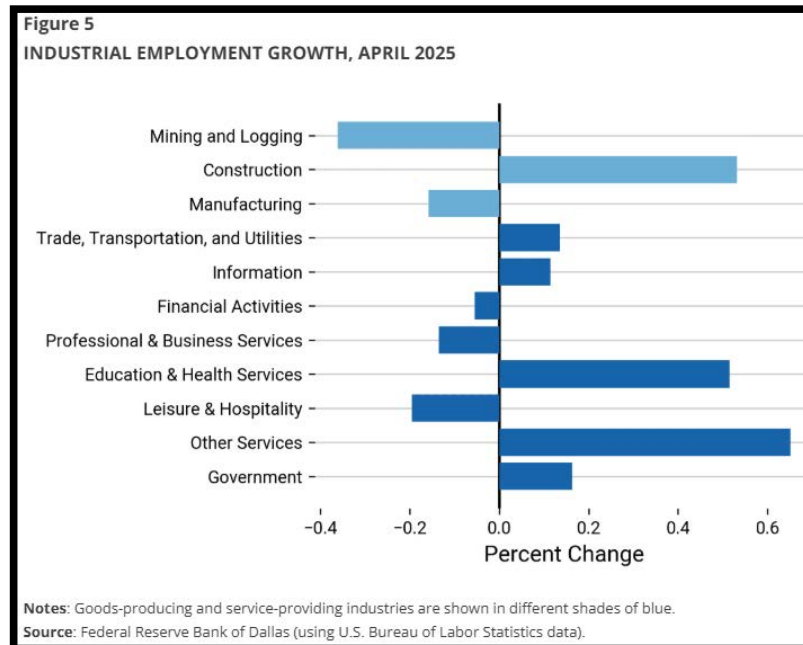


Employment

Month-over-month (MoM) employment growth was positive in every metropolitan area of Texas (Figure 4). The San Antonio metropolitan area experienced extraordinary employment growth in April, led by significant growth in the service industry.

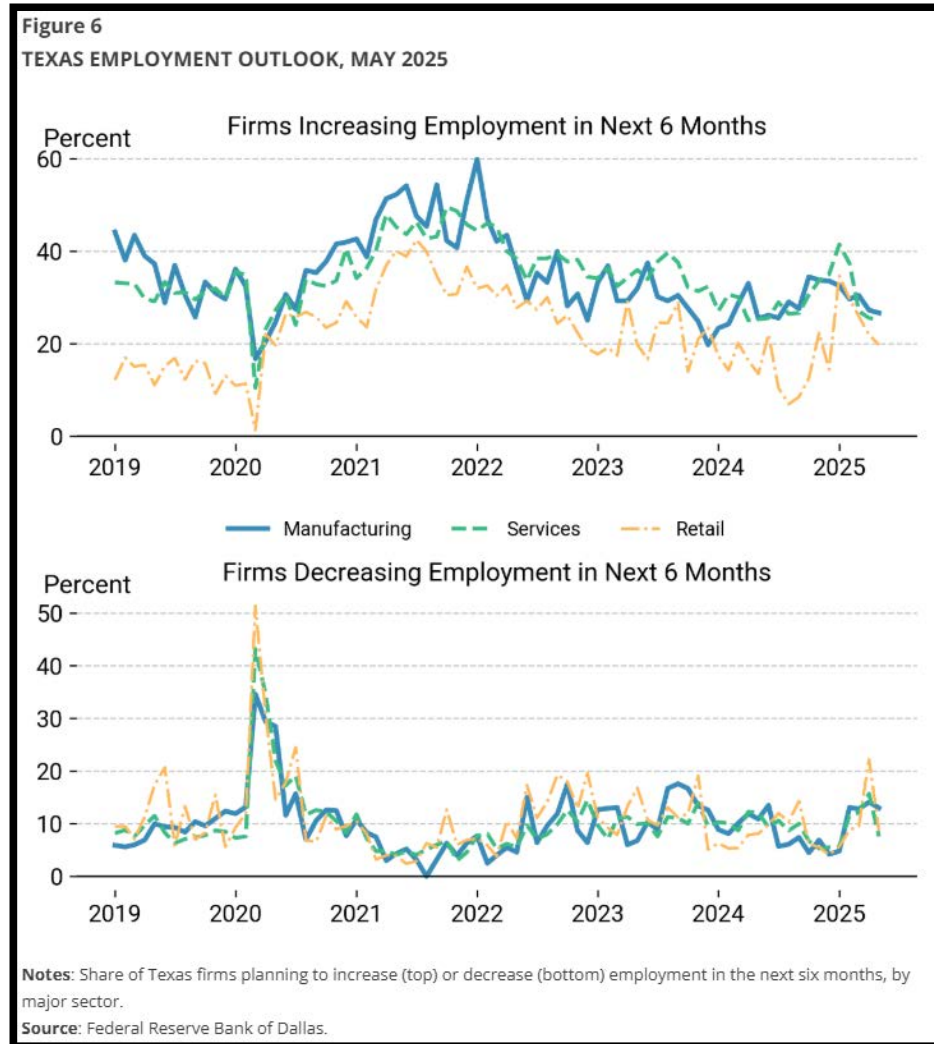


Industrial MoM employment growth in Texas varied significantly across the sectors, with five of the 11 sectors showing negative growth in April (Figure 5). Mining and logging experienced the largest losses with a 0.36% decline in employment, while Construction, Education, and Health Services, and Other Services led employment gains with 0.53%, 0.51%, and 0.65% increases, respectively.



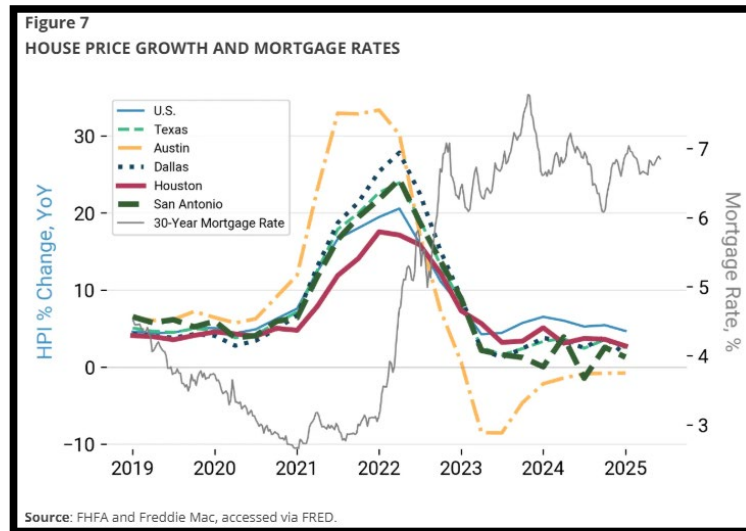
Employment Outlook

The business outlook survey administered by the Federal Reserve Bank of Dallas provides a summary of Texas firms' expectations of employment changes over the next two quarters (Figure 6). The share of firms planning on hiring remained low in all major sectors, reflecting the impact of tariff announcements. The number of firms planning to decrease employment has also dropped significantly in every industry. This reflects a moderation in the employment outlook as many firms wait for more clarity on the economic outlook before making employment changes. However, even if layoffs remain low, a slowdown in hiring could lead to an increase in the unemployment rate.

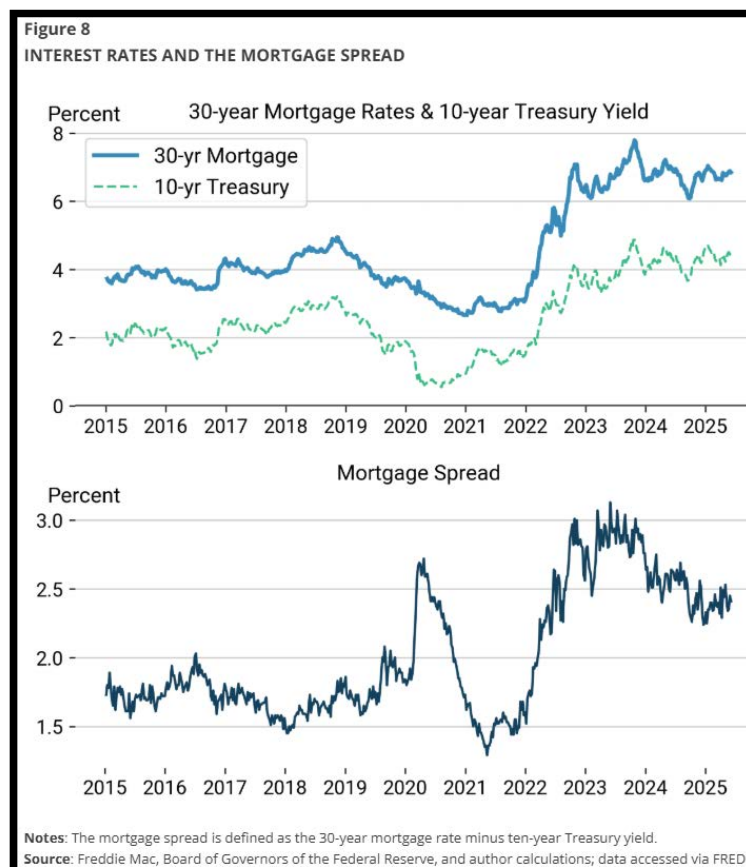


Housing

High mortgage rates continued weighing on house prices in the U.S. and across Texas. According to first quarter 2025 house price index data, Texas house prices grew below the national average (Figure 7), but price growth was positive at the state level. The Austin metropolitan area experienced the slowest growth and remains the only large Texas metropolitan area in negative territory.



The average mortgage rate remains elevated and continues to create headwinds in the housing market. The mortgage spread, conventionally defined as the difference between the average 30-year mortgage rate and the ten-year Treasury yield, indicates an interest rate premium paid by mortgage borrowers. Although the mortgage spread remains well above its typical range of around 150-175 bps, it has been steadily declining since the middle of 2023 (Figure 8). This means the mortgage rate could follow the ten-year Treasury yield more closely as the economic expansion matures.



TEXAS HOUSING INSIGHT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
 Yanling Mayer (May 27, 2025)



Summary

Total home sales declined in first quarter 2025. The recent surge in inventory was not enough to counteract a slowdown in home sales, with February and March contributing to the overall decline. As mortgage rates held high near 6.75% and 7%, the slowdown in sales underscored ongoing affordability challenges weighing on buyer demand.

New listings entering the market continue to accelerate at a record pace, contributing to rapid inventory growth and pushing availability to its highest levels since the 2007-08 housing crash. The current rate of inventory growth is nearly double that of the build-up during the Great Financial Crisis, when foreclosures flooded the market and demand plummeted.

Entry-level homes lead the surge in inventory growth, underscoring how high mortgage rates have disproportionately impacted first-time and moderate-income homebuyers who often have limited savings and rely heavily on financing.

High inventory and slow sales have motivated sellers to slash prices at record rates to attract buyers. Price cuts in 1Q2025 accelerated compared to 2023 and 2024, reaching their highest since 2011, a period marked by widespread foreclosures and a sharp decline in housing activity.

The Federal Reserve's latest decision to hold interest rates steady at 4.25% to 4.5% means mortgage rates will remain elevated this spring and likely beyond, offering no relief from high borrowing costs while further limiting affordability and dampening demand. Whether this move—eliminating interest rate uncertainty—will encourage previously hesitant buyers to re-enter the market remains to be seen with the incoming data. While affordability is unlikely to improve soon, current inventory conditions have put pressure on sellers, giving buyers more room to negotiate lower prices.

Slow First Quarter Sales

Despite the surge in inventory in recent months, total home sales declined in first quarter 2025, weighed down by weak home sales in February and March.

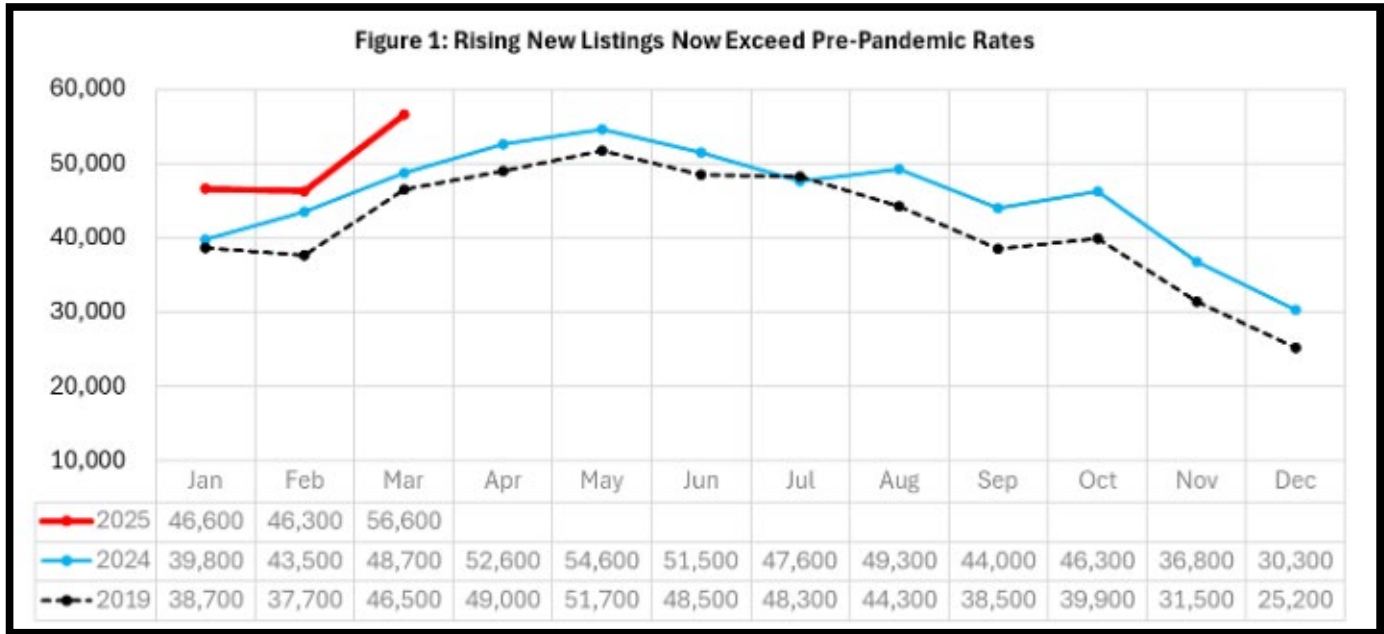
Mar-2025	Monthly Closed Sales	Year-Over-Year % vs. Mar 2024	Year-To-Date % vs. Q1 2024	Median Sale Price
Texas	28,190	(1.8%)	(1.7%)	\$340,000
U.S.	315,000	(3.1%)	(2.2%)	\$403,700

A total of 28,020 home sales (including new and existing homes) were recorded statewide, comprising 8.9% of homes sales nationwide.

- March home sales declined 1.8% from last year, contributing to the 1.7% decline in 1Q home sales.
- March home sales increased month-over-month (MoM) from February (not shown), but the seasonal momentum was softer than normal.
- Nationally, March and 1Q home sales were down at 3.1% and 2.2%, respectively, weighed down by weak home sales in Southern states, according to the National Association of Realtors.
- Statewide median sales price was \$340,000, up by 1% from a year ago (\$336,600). The national median home was \$403,700.

New Listing Drive Continued Inventory Growth

The rise in new listings continues to drive rising inventory availability. As highlighted in the January and February issues of Texas Housing Insights, inventory has reached its highest level since 2016, driven in part by the influx of new listings.

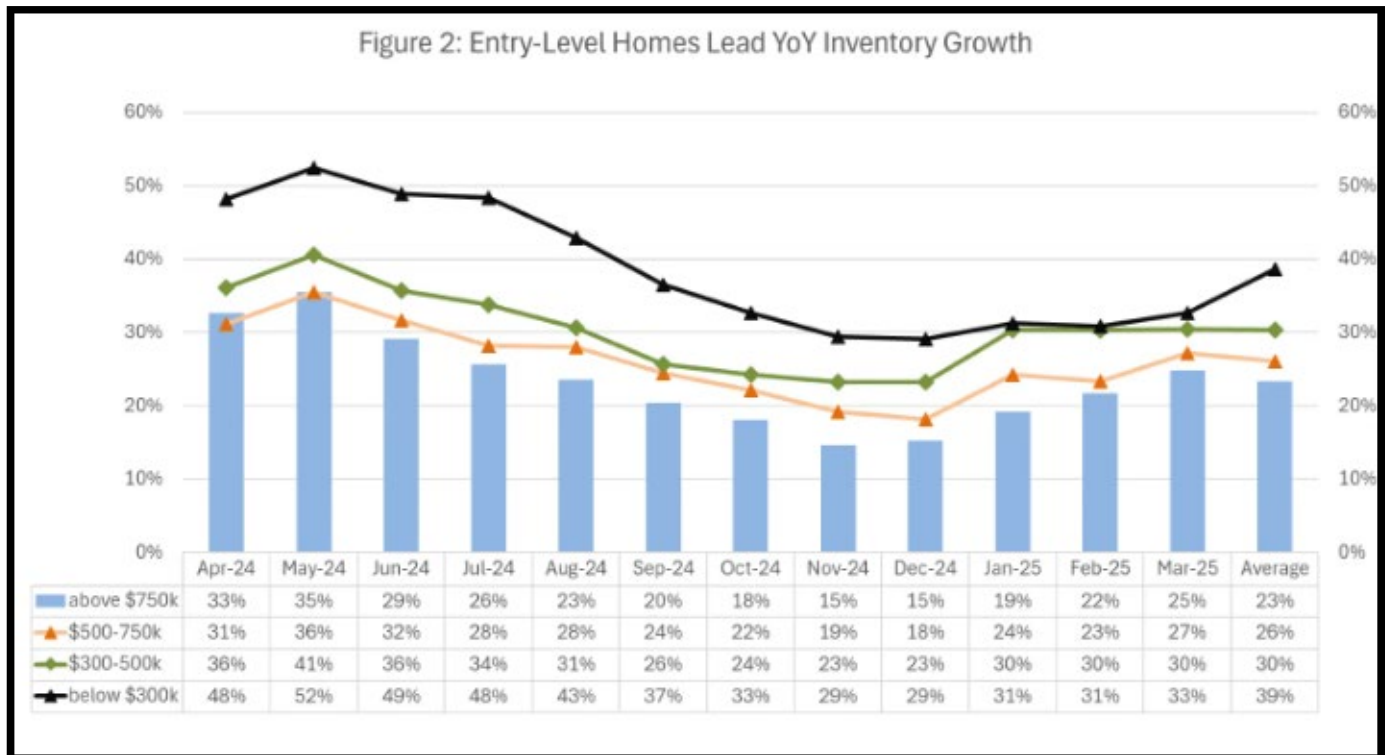


In Figure 1:

- New listings surged by 16.2% year-over-year (YoY) in March following increases of 6.4% in February and 17.1% in January. These gains sent 1Q new listings to 13.3% above 1Q2024 levels.
- March and 1Q new listings surpassed pre-pandemic levels by approximately 22%.
- With the current surge in new listings and slowing demand, inventory is on track to expand and push availability to new highs.

Entry-Level Homes Lead Inventory Surge

Total active inventory has been rising at an average of 31% YoY since spring 2024, reaching 132,140 at the end of March. The current pace of inventory growth is nearly double that of the build-up following the 2007-08 housing market crash and the Great Financial Crisis. When broken down by different price tiers, entry-level homes have seen fastest accelerations in inventory growth.

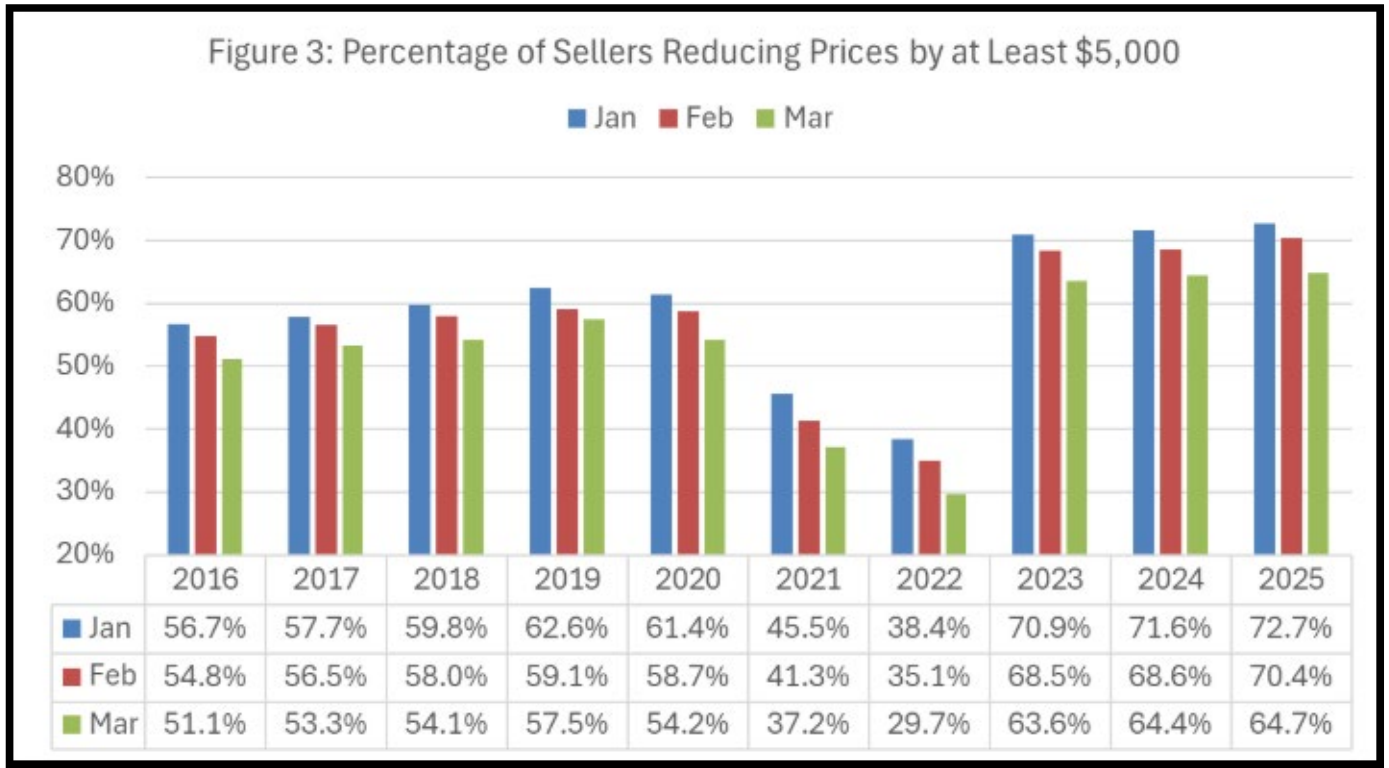


In Figure 2:

- Entry-level homes (listing price below \$300,000) have shown the steepest inventory accelerations, reaching an average of 39% YoY since April 2024. While still reflecting a record-setting pace, inventory growth of other price tiers was not as rapid as entry-level homes.
- In March, entry-level home inventory increased 33% YoY, followed by a 30% rise for homes listed between \$300,000 and \$500,000, 27% for homes priced between \$500,000 and \$750,000, and 25% for homes listed above \$750,000.
- Not shown: Entry-level homes accounted for 34% of all active listings. The remaining 66% is distributed as follows: 37% in the low mid-price range (\$300,000-\$500,000), 16% in the high mid-price range (\$500,000-\$750,000), and 13% in the top price tier (above \$750,000).

More Sellers Are Cutting Prices amid Weak Sales and Rising Inventory

High inventory and weak demand have motivated sellers to slash prices at record rates to attract buyers. More than 70% of closed sales in 1Q cut prices by \$5,000 or more. The rate of price cuts was even slightly higher than in 1Q2011, a time when foreclosure rates were high. As highlighted in the January and February Texas Housing Insights, recent market indicators—including inventory buildup, days on market (DOM), and inventory turnover ratios—reveal home sales are at their slowest rates since 2016 while homes are sitting on the market longer than usual, prompting sellers to cut prices to attract offers.

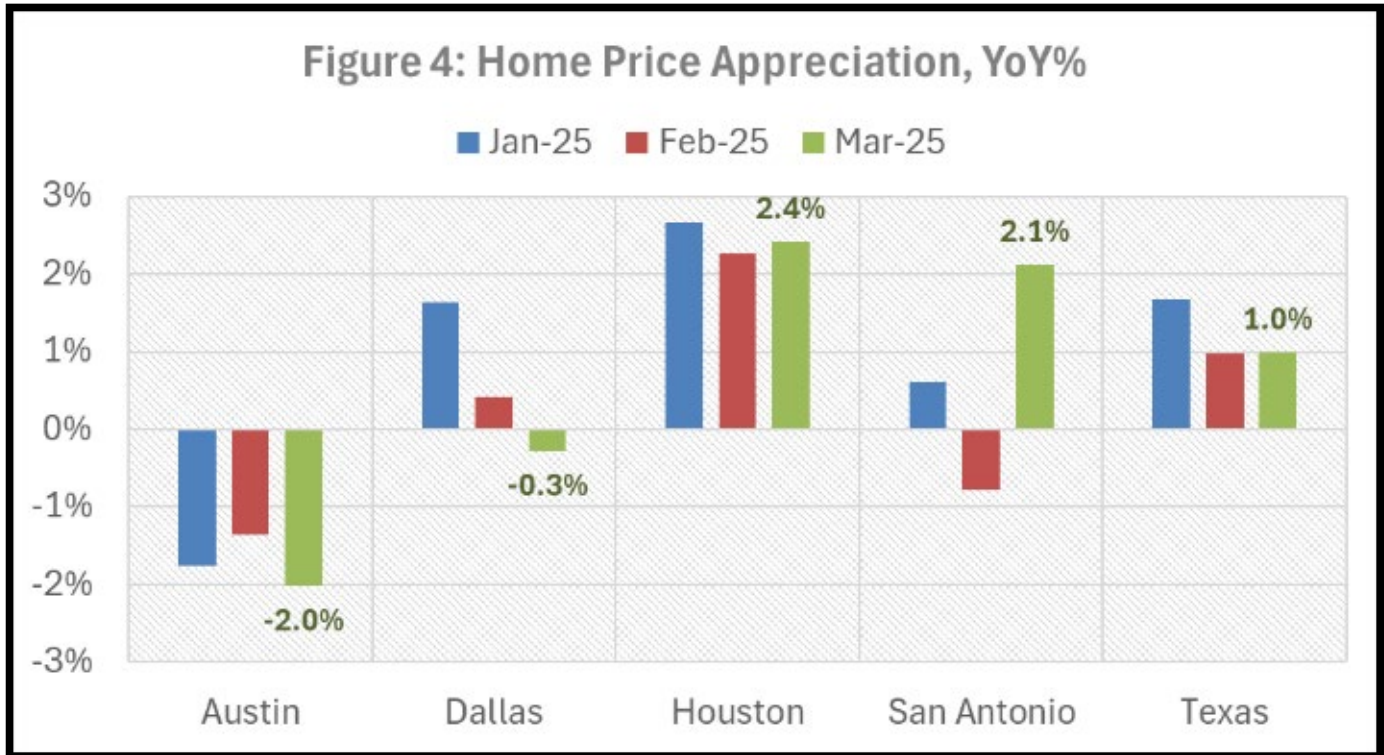


In Figure 3:

- In March, 64.7% of home sales saw price reductions of at least \$5,000. In January and February, the percentage of sales with price cuts was higher, at 72.7% and 70.4%, respectively. Slower winter sales months typically see more price cuts by sellers.
- Sellers have become more aggressive with price reductions than in 2024 and 2023. Not shown: In March, median price reductions were \$12,500, compared to \$10,000 in March 2024.
- As a percentage, the median price reduction amounted to 3.6% of the listing price.
- Price reductions have reached their highest levels compared to the pre-pandemic market or to 2023 and 2024.

Houston Leads with Steady Home Price Appreciation

The Texas Real Estate Center Home Price Index (Texas HPI) continues to capture steady prices with gradual home price appreciation across the state. In March, the Texas HPI recorded a 1% increase YoY after rising at a similar pace in January (1.7%) and February (1%).



In Figure 4:

- Houston continues to lead with the largest YoY increase at 2.4%, making the 17th consecutive month of steady-pace upward momentum in home prices.
- In Dallas, home prices weakened over the past three months, driven by rapid inventory growth, especially in the Dallas-Plano-Irving area.
- The March San Antonio HPI recorded a 2.1% YoY increase. Compared to Dallas, Houston, and Austin, San Antonio's HPI tend to exhibit greater volatility, as reflected in its fluctuating YoY trends over the past three months. Overall, the city's 1Q2025 home prices rose 0.7% YoY.
- As of March 2025, Austin continues to experience a modest 2% price decline YoY.

Local Housing Markets Indicators

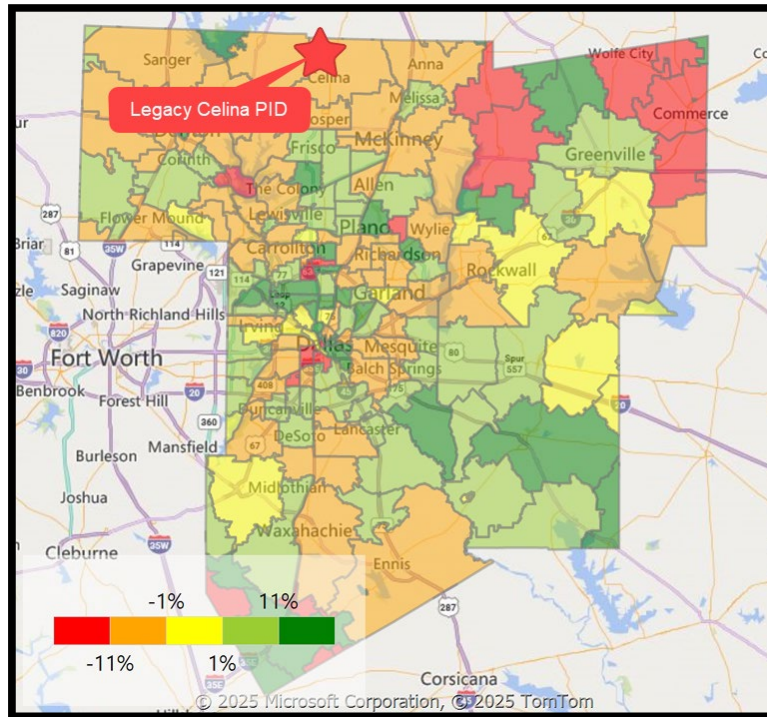
March 2025 Inventory Velocity			
Texas Metros	Active Listings	Active Listings YoY%	New Listings YoY%
Dallas-Fort Worth-Arlington	29,819	36.1%	18.6%
Statewide	132,140	29.7%	17.1%
Source: Texas Real Estate Research Center			

New Construction Year-to-Date (January through March 2025)			
Building Permits	Year-to-Date (YTD)	YTD% from a Year Ago	Permit Unit Value \$
Dallas-Fort Worth-Arlington	10,988	(10.0%)	\$299,484
Statewide	38,426	(6.8%)	\$289,307
Note: Texarkana, Victoria, and Eagle Pass have few building permits authorized and are not reported.			
Source: U.S. Census Bureau			

Legacy Celina Public Improvement District

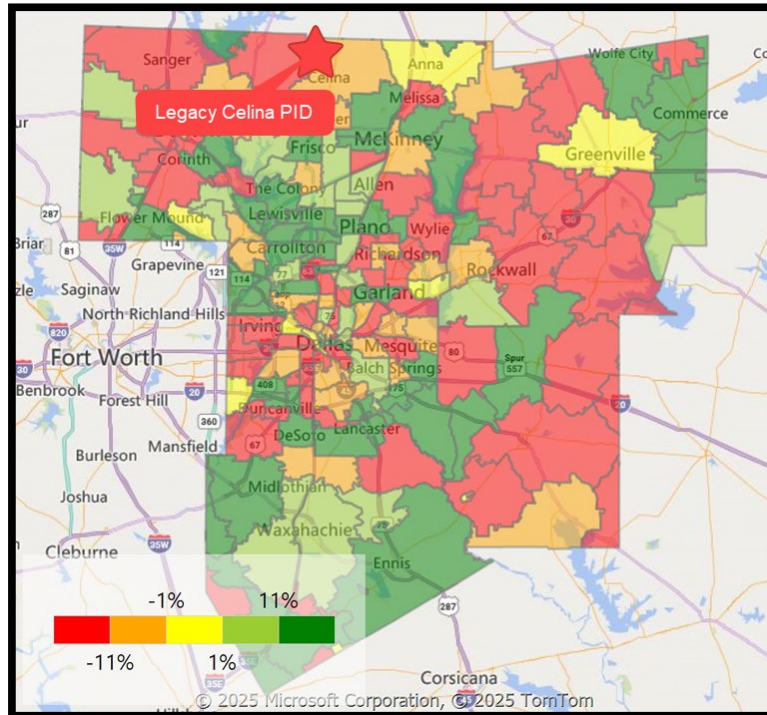
Median Price Change (YoY)

According to TREC, median sale price change year-over-year (YoY) near Legacy Celina PID decreased between 1% and 11%.



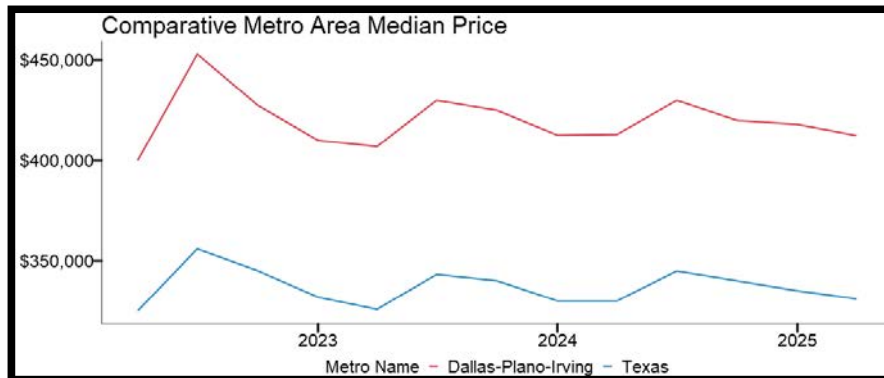
Sales Volume Change (YoY)

According to TREC, sales volume change year-over-year (YoY) in the subject's area near Legacy Celina PID decreased between 1% and 11%.

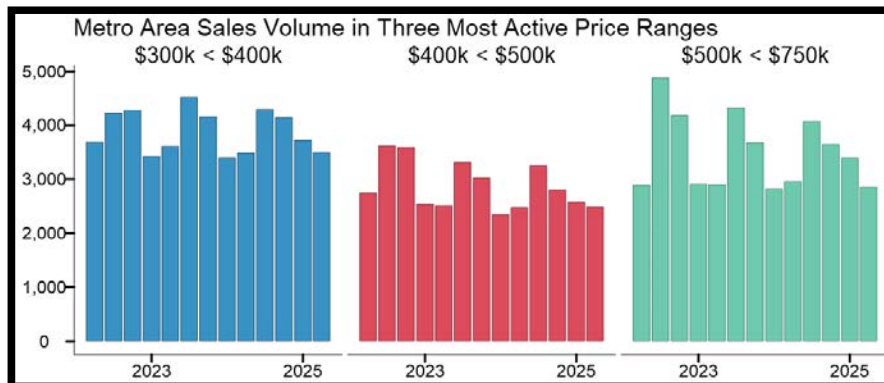


Legacy Celina Public Improvement District

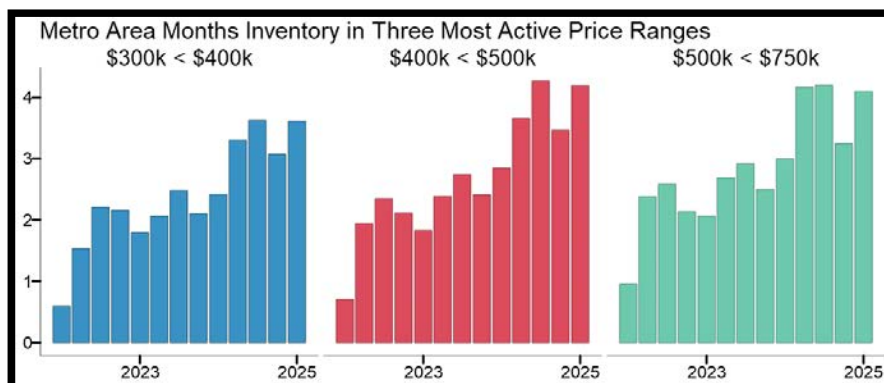
Median price in the Dallas-Plano Irving metro decreased by approximately 0.1% year-over-year, from \$413,000 to \$412,400. Metro area price exceeded the statewide median price of \$331,000 by \$81,400 as shown in the following chart:



2025 Q1 total sales volume increased by approximately 0% year-over-year, from 13,423 to 13,424. Sales of homes between \$300k and \$400k rose from 3,492 to 3,500, while homes between \$500k and \$750k dipped from 2,958 to 2,858, and homes between \$400k and \$500k rose from 2,469 to 2,482 as shown in the following graph:

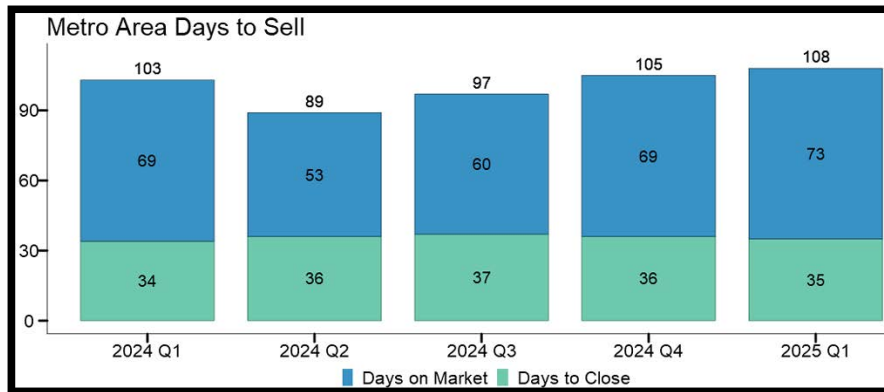


Metro area months inventory increased year-over-year from 2.89 to 4 months. Homes between \$300k and \$400k rose year-over-year, from 2.41 to 3.61 months, while homes between \$500k and \$750k rose year-over-year, from 3 to 4.1 months and homes between \$400k and \$500k rose year-over-year, from 2.84 to 4.19 months as shown in the following graph:

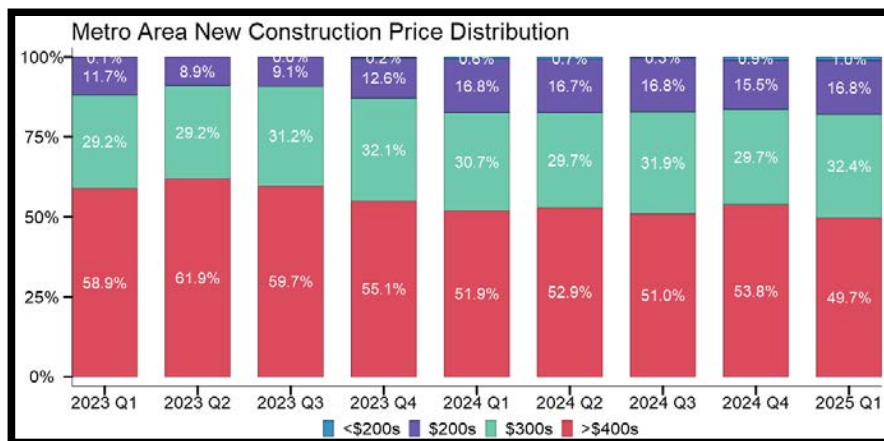


Legacy Celina Public Improvement District

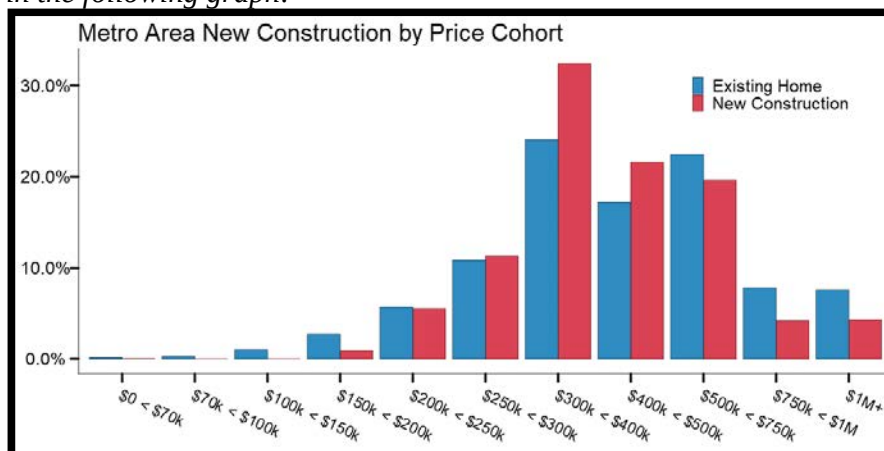
Average days to sell throughout the metro area increased from 87 to 97 days, an increase of 11.5%-year over-year. Average days to sell for homes between \$300k and \$400k increased from 84 to 95 days, a 13.1% increase year-over-year as shown in the following graph:



Homes in the \$400s and above fell to 49.7% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which grew from 30.7% to 32.4% year-over-year as shown in the following graph:



In the latest quarter, the average price was \$485,688 for new homes sold through the MLS, a decrease over last year's figure of \$488,832. Average price for existing homes was \$543,722, an increase over last year's figure of \$528,019 as shown in the following graph:



Legacy Celina Public Improvement District

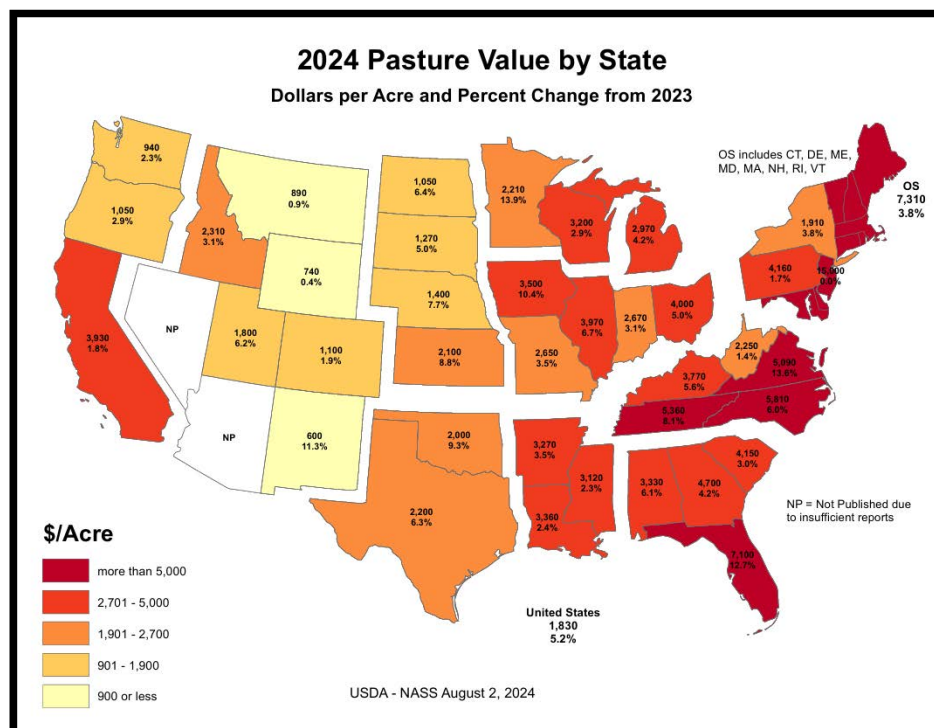
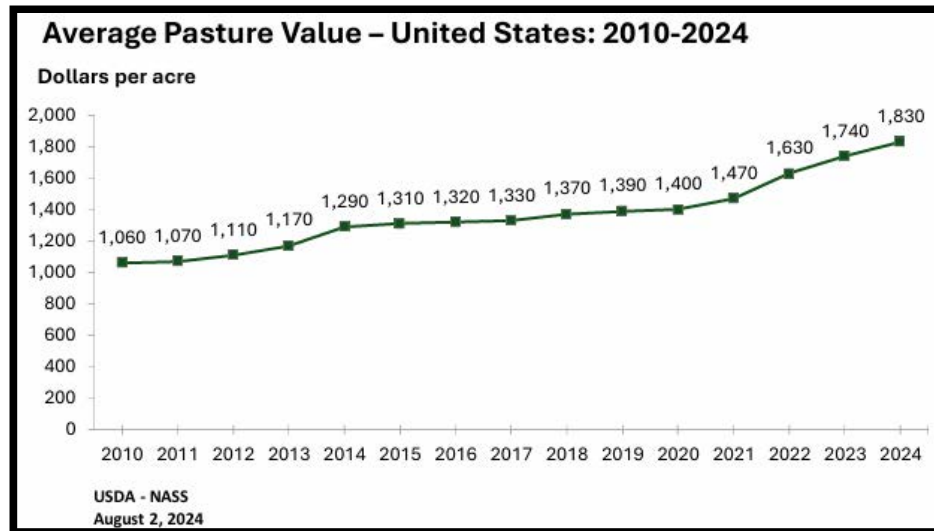
The following chart shows the housing metrics for Collin County:

Collin 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	3	100%	0%	***	***	***	***	1	1.5	***	***
\$70k < \$100k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$100k < \$150k	4	-56%	0%	***	***	***	***	8	3.7	***	***
\$150k < \$200k	51	113%	1%	\$190,370	2%	\$171.40	0%	18	1.3	1,130	2024
\$200k < \$250k	105	69%	3%	\$230,000	-1%	\$168.25	-4%	57	2.2	1,402	2024
\$250k < \$300k	218	21%	6%	\$280,000	0%	\$179.28	-4%	206	2.8	1,550	2024
\$300k < \$400k	814	8%	23%	\$356,000	-1%	\$187.31	-6%	1,015	3.4	1,873	2023
\$400k < \$500k	792	2%	22%	\$448,643	0%	\$202.52	-4%	1,003	3.5	2,243	2012
\$500k < \$750k	1,085	2%	30%	\$589,000	1%	\$209.53	-3%	1,500	3.4	2,863	2010
\$750k < \$1M	273	-24%	8%	\$830,000	0%	\$231.85	1%	587	4.5	3,642	2010
\$1M+	234	18%	7%	\$1,320,750	6%	\$301.57	5%	495	5.4	4,601	2012

*** Not displayed when fewer than five sales

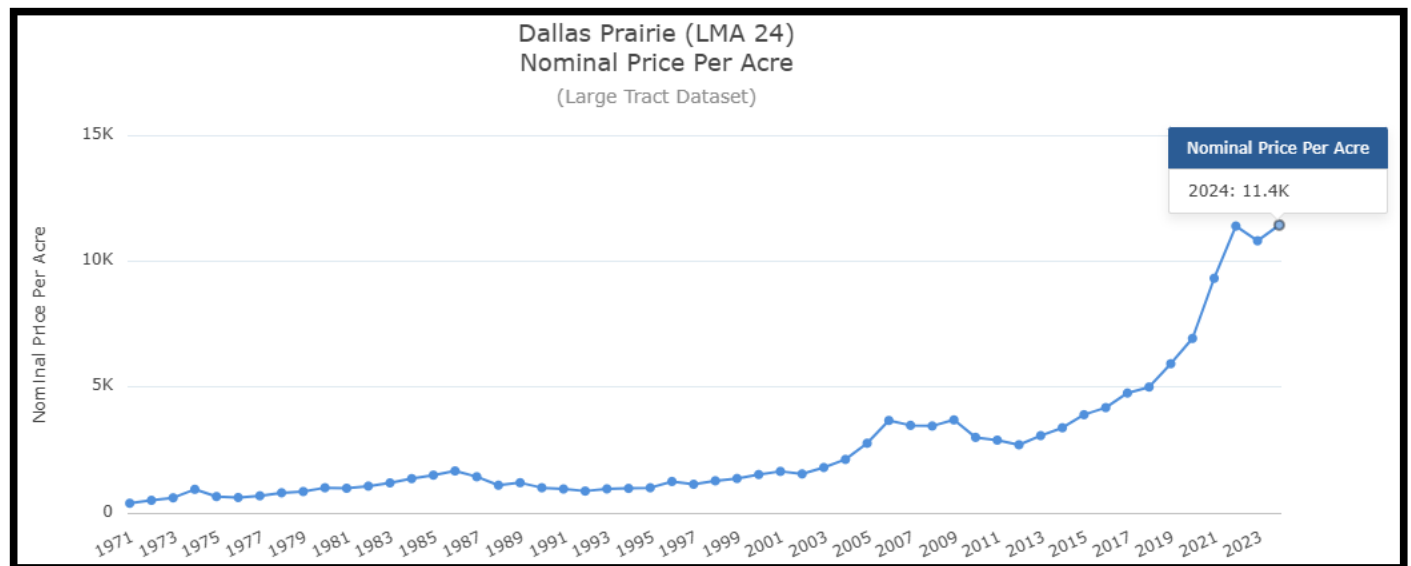
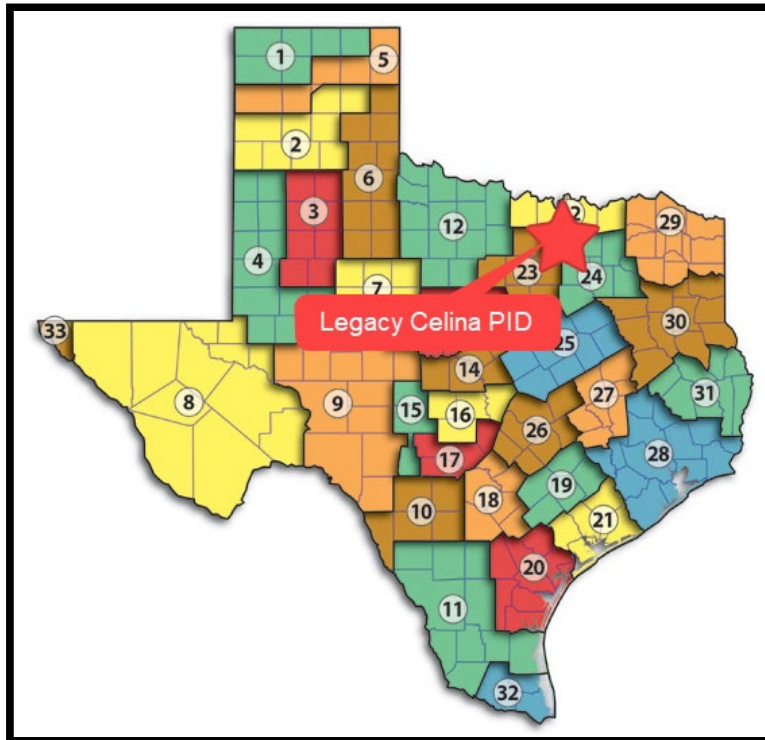
USDA NASS

We reviewed research from the Texas A&M Real Estate Center, the United States Department of Agriculture's (USDA) National Agricultural Statistics Service (NASS), and the Texas Chapter of the American Society of Farm Managers & Rural Appraisers to establish the market trends of rural land transactions. According to the USDA NASS, the value of a typical US pasture (measuring land) averaged \$1,830 per acre for 2024. Below shows the average pasture value national and by state which was \$2,200/acre in Texas – up 6.3% annually



Texas Real Estate Research Center – Texas Rural Land Value Trends

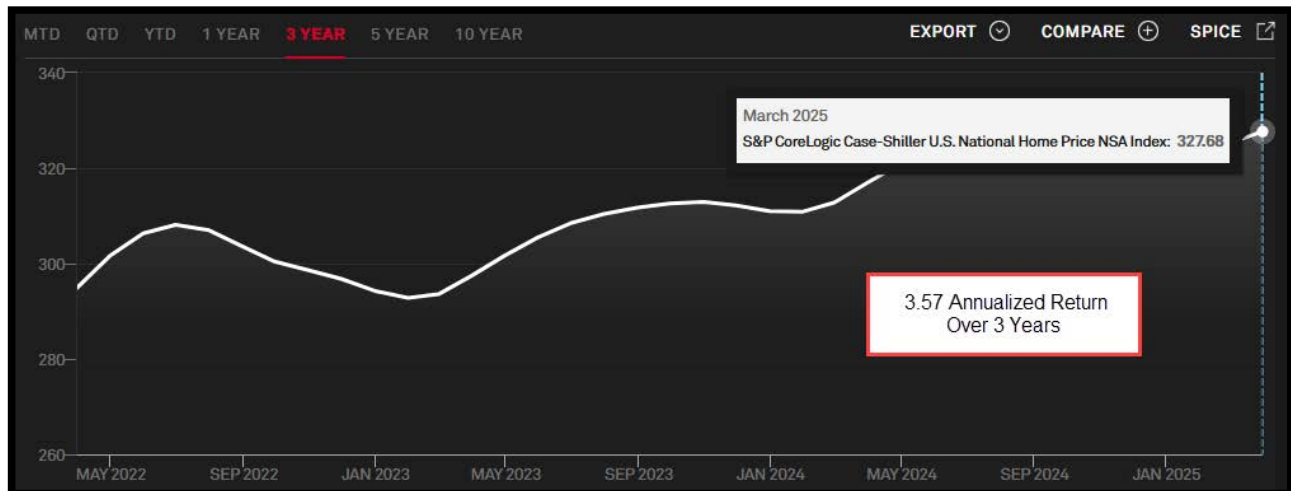
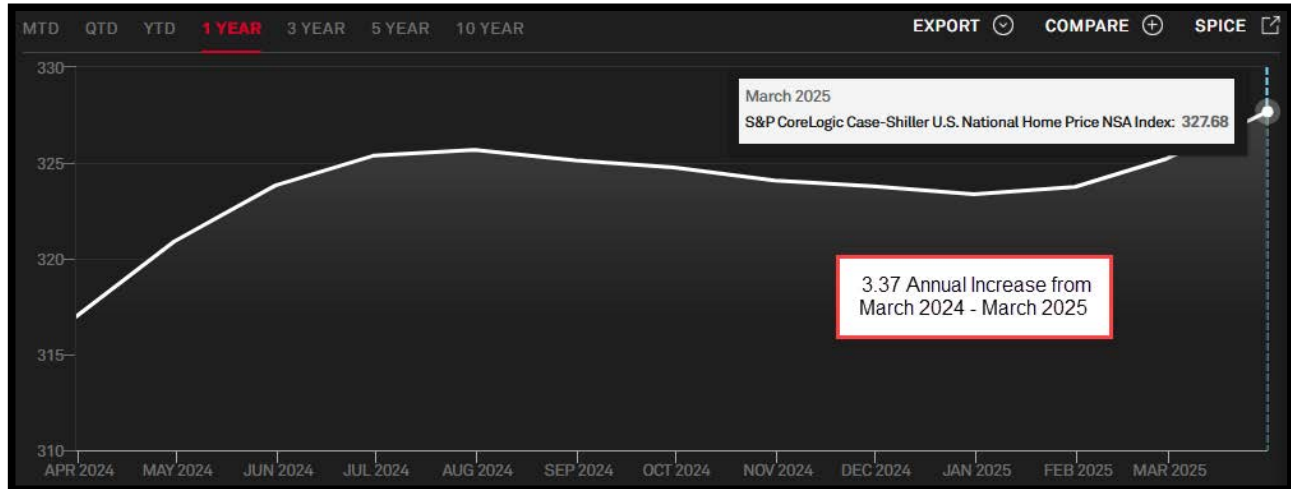
According to the Texas A&M Real Estate Center, the nominal median price per acre in the area around the subject property – Dallas Prairie increased 5.79% in 2024. Prices from 2023 were down -5.13%. This shift in change can be attributed to the continued relocation of out-of-state home buyers to the Dallas-Fort Worth Market. Our research shows that this increase in prices in the subject's market area continues to reflect sales well into the second quarter of 2025.



S&P CORELOGIC CASE-SHILLER INDEX

March 2025

Data reported from the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from end of March 2025 showed that home prices nationally were up 3.37% YoY while the Dallas Metropolitan also increased by 0.19% (Dallas Metro). Prices have retreated in mostly the western and northern states; however, the southern region has remained steady compared to the national average.



Metropolitan Area	March 2025 Level	March/February Change (%)	February/January Change (%)	1-Year Change (%)
Dallas	295.71	0.52%	0.12%	0.19%
Composite-10	358.64	1.20%	0.84%	4.76%
Composite-20	338.89	1.11%	0.73%	4.07%
U.S. National	327.68	0.76%	0.45%	3.37%

Sources: S&P Dow Jones Indices and CoreLogic
Data through March 2025

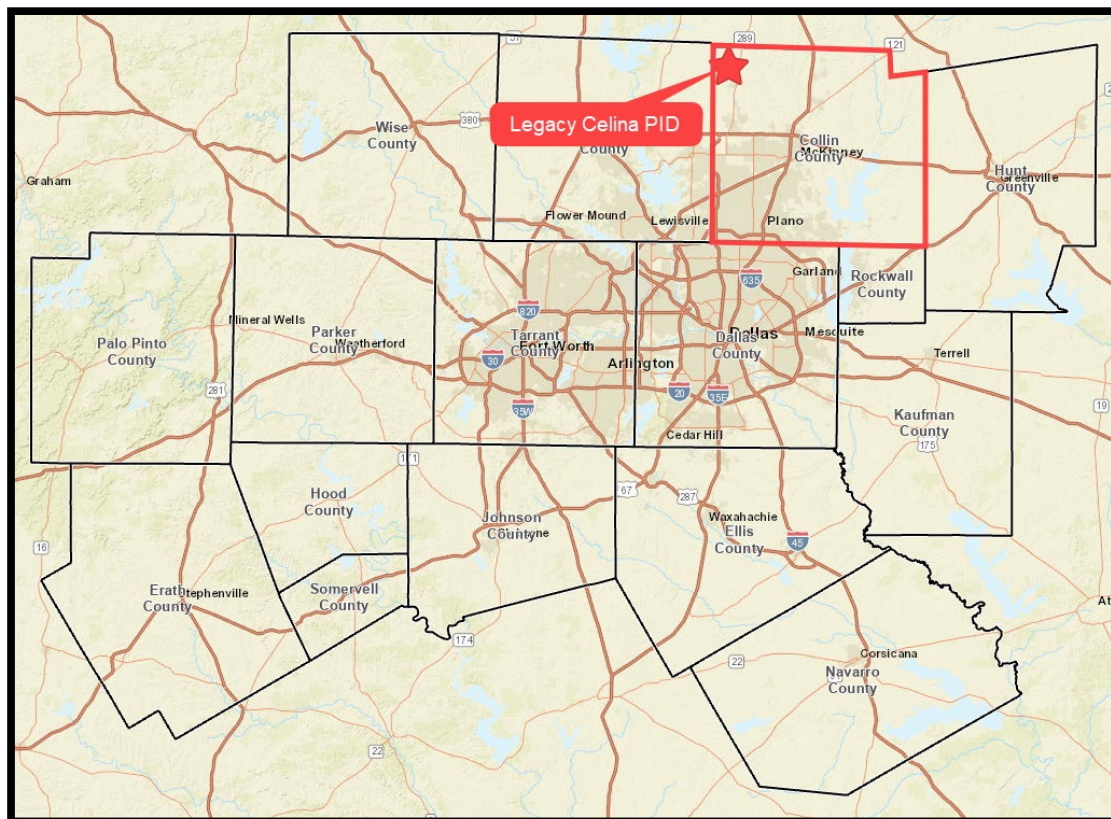
REGIONAL ANALYSIS

The subject is located in Collin 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

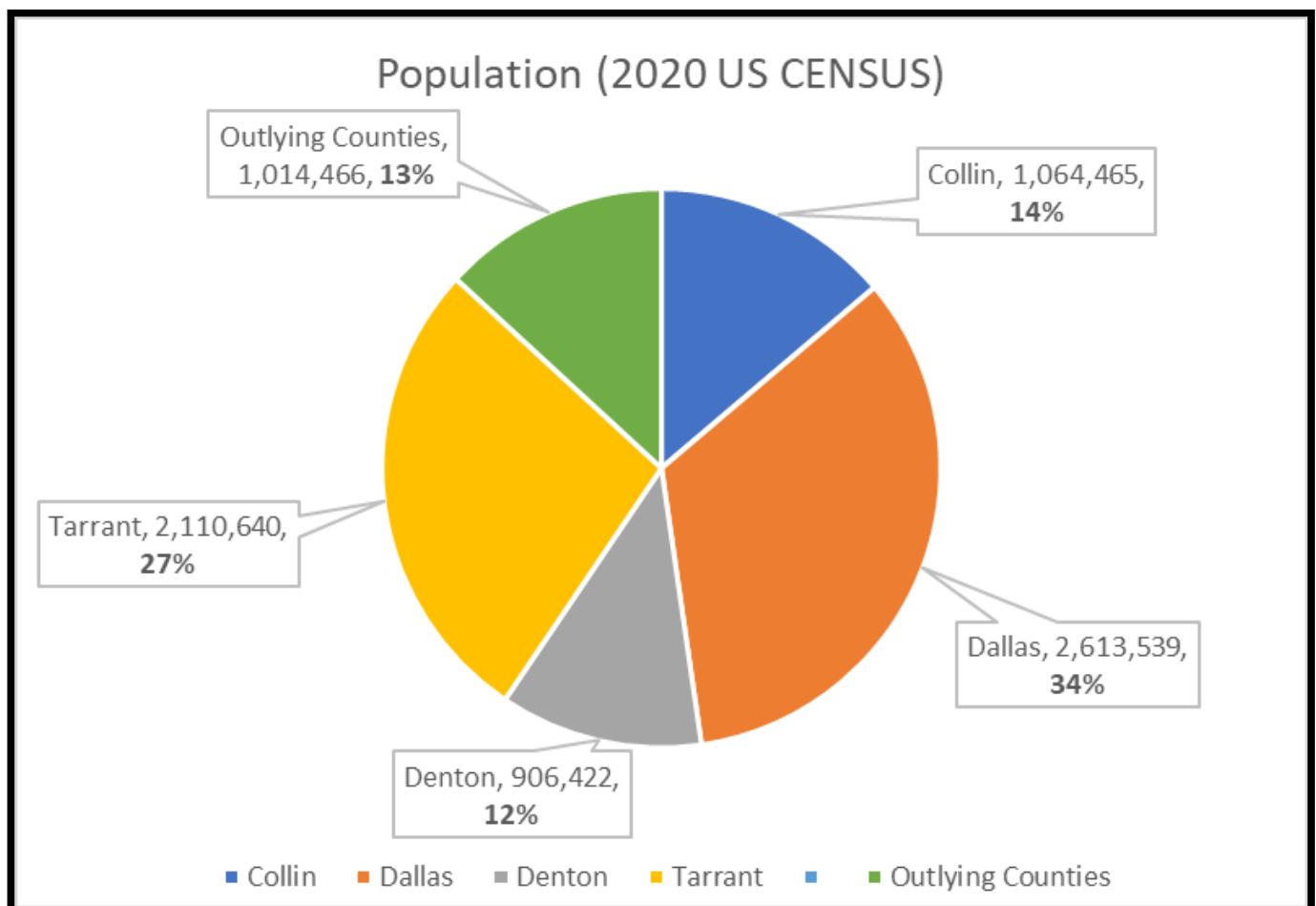
Red Lines Showing Collin County Boundary



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 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, Palo Pinto etc. add up to another 1,014,476 residents. The subject property is in the northwest quadrant of Collin County.

PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX



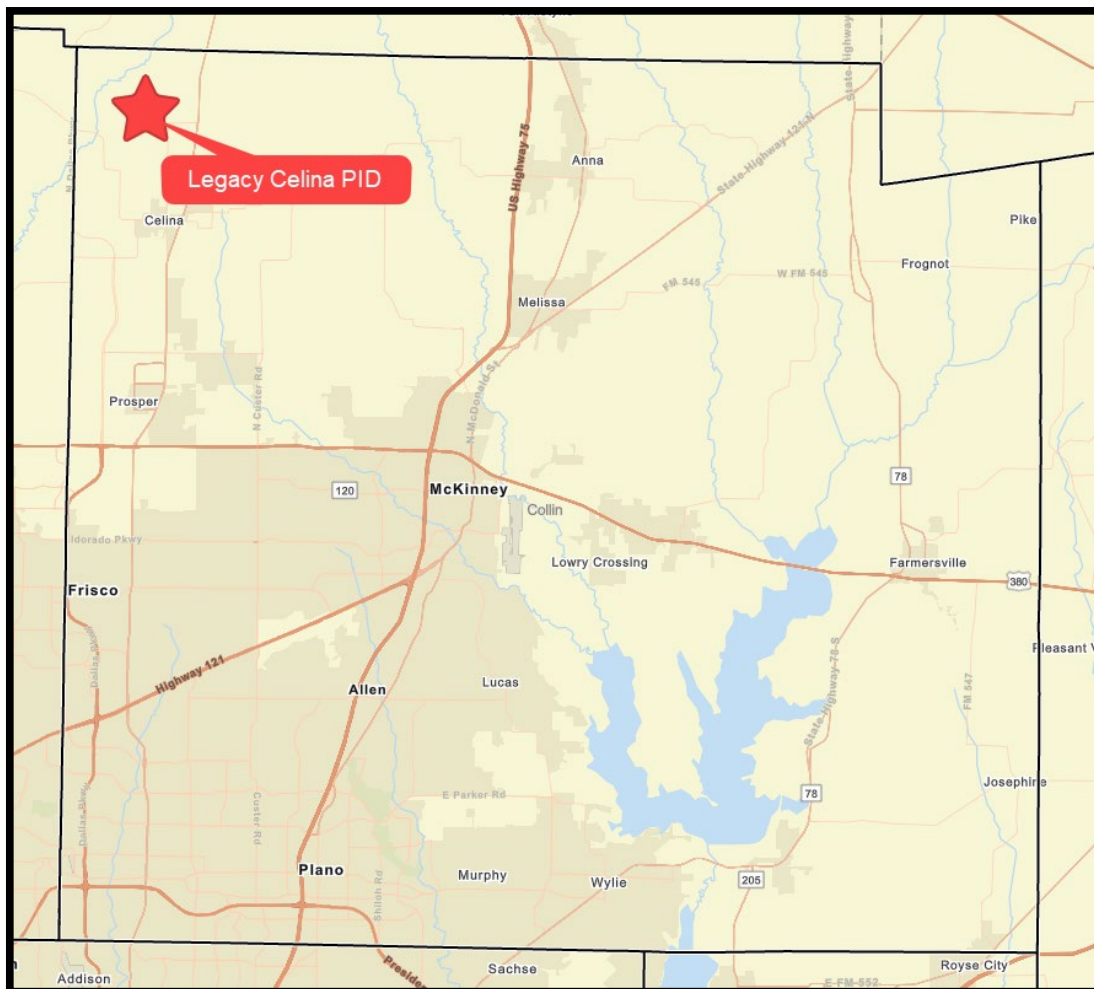
COLLIN COUNTY OVERVIEW

Legacy Celina Public Improvement District

Collin County, located in the northeastern portion of the Dallas-Fort Worth metropolitan area, is one of the fastest-growing counties in Texas. Known for its strong economic base, excellent public schools, and expanding infrastructure, the county has become a prime destination for residential development. Major cities within Collin County include Plano, McKinney, Frisco, and Allen, each contributing to the region's dynamic growth. The county benefits from proximity to major employment centers, including the Telecom Corridor and Legacy West, and offers a blend of suburban comfort with access to urban amenities. As of mid-2025, Collin County continues to experience robust population growth, supported by ongoing investments in transportation, education, and public services.

Collin County stands out for its proactive approach to regional planning and infrastructure development, which supports sustained growth across multiple sectors. The county's transportation network includes major highways such as U.S. 75, the Sam Rayburn Tollway, and the Dallas North Tollway, facilitating easy access to employment hubs and surrounding communities. In addition, Collin County's emphasis on parks, cultural amenities, and public safety enhances its overall quality of life, attracting residents and businesses alike. With a diverse economic base ranging from technology and healthcare to retail and professional services, Collin County continues to reinforce its position as one of Texas's most desirable regions for long-term investment and residential stability.

MAP OF COLLIN COUNTY *Subject Located in Northwest Collin County*



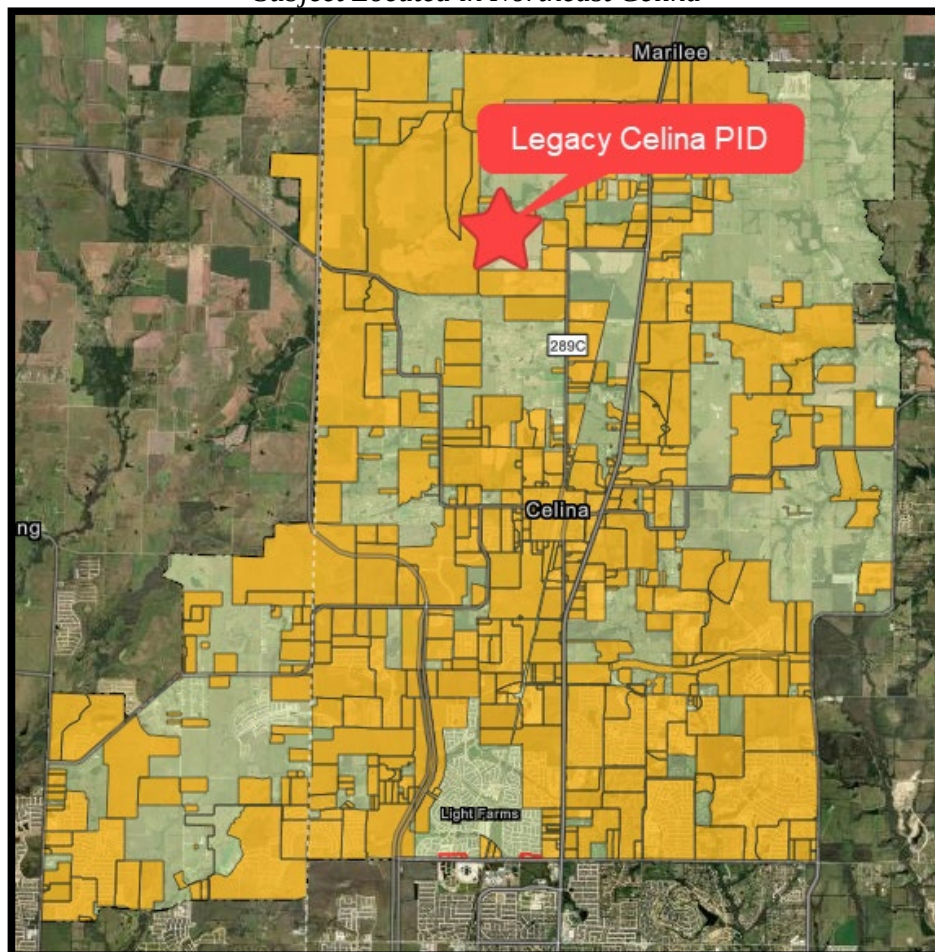
CITY OF CELINA OVERVIEW

The City of Celina, located in Collin and Denton counties, is one of North Texas's most rapidly expanding communities. Positioned along the Dallas North Tollway extension and State Highway 289, Celina offers strategic connectivity to the broader Dallas-Fort Worth metroplex while maintaining its small-town charm. The city's population has surged from just over 6,000 in 2010 to more than 50,000 by mid-2025, with long-term projections exceeding 300,000 residents. This growth is supported by Celina's commitment to urban planning, quality education through the Celina Independent School District, and a vibrant downtown square that blends historic character with modern amenities.

Celina's development strategy emphasizes master-planned communities, infrastructure investment, and a high standard of living. The city's subdivision ordinance outlines detailed requirements for platting, drainage, roadway design, and parkland dedication, ensuring orderly and sustainable growth across its jurisdiction and extraterritorial areas. Recent residential projects, such as Legacy Hills and Ten Mile Creek, reflect Celina's appeal to both families and developers, offering extensive amenities and access to green space. With a diversified economic base and a proactive municipal government, Celina continues to attract residential investment while preserving its identity as a welcoming and forward-looking community.

MAP OF THE CITY OF CELINA

Subject Located in Northeast Celina

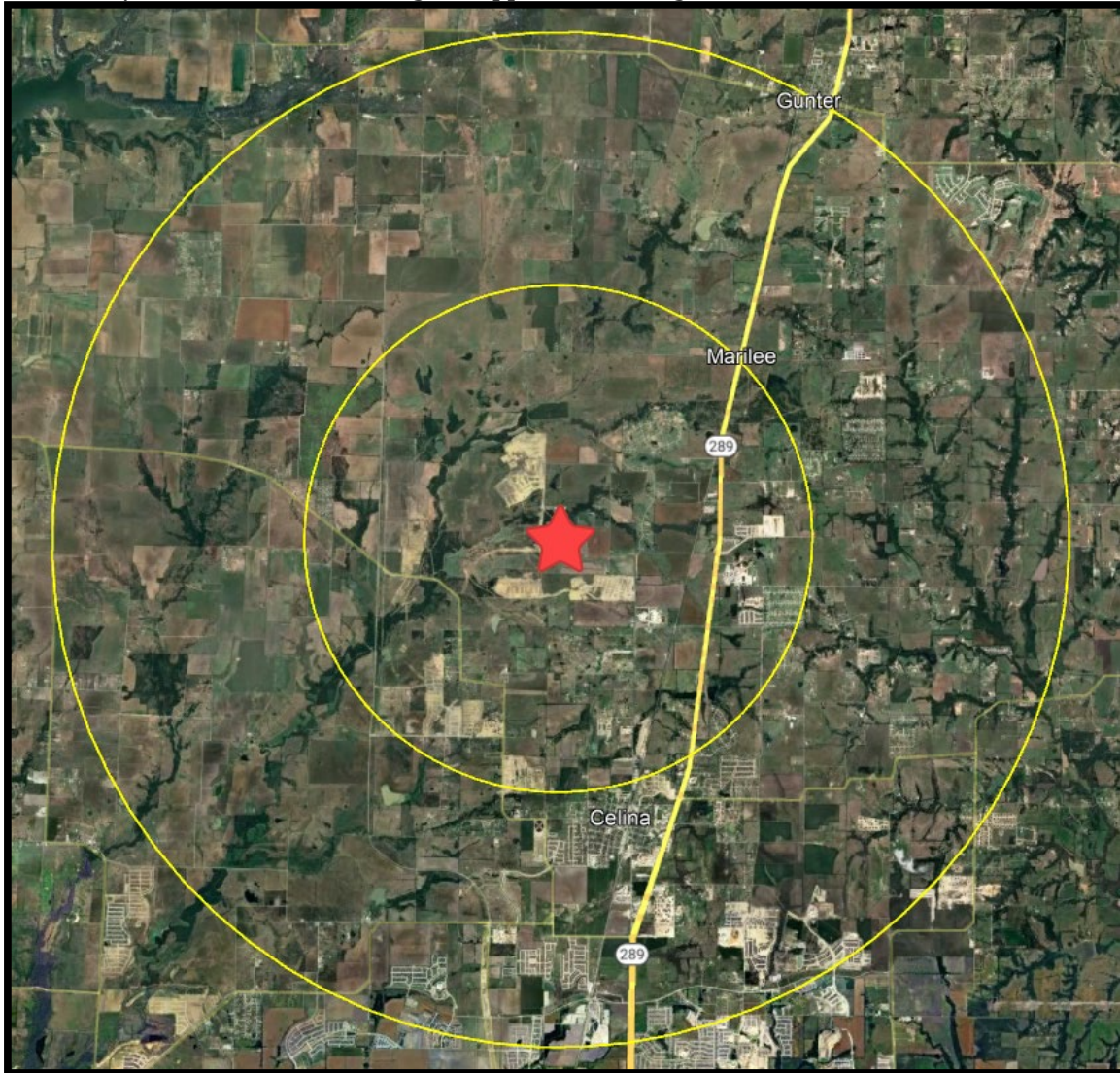


NEIGHBORHOOD ANALYSIS

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. Legacy Celina PID is located within the City of Celina, Collin County, Texas and is within the Dallas-Plano-Irving MSA.

NEIGHBORHOOD MAP

Geographic radii of 3 and 6 miles indicating the approximate neighborhood boundaries around the Subject

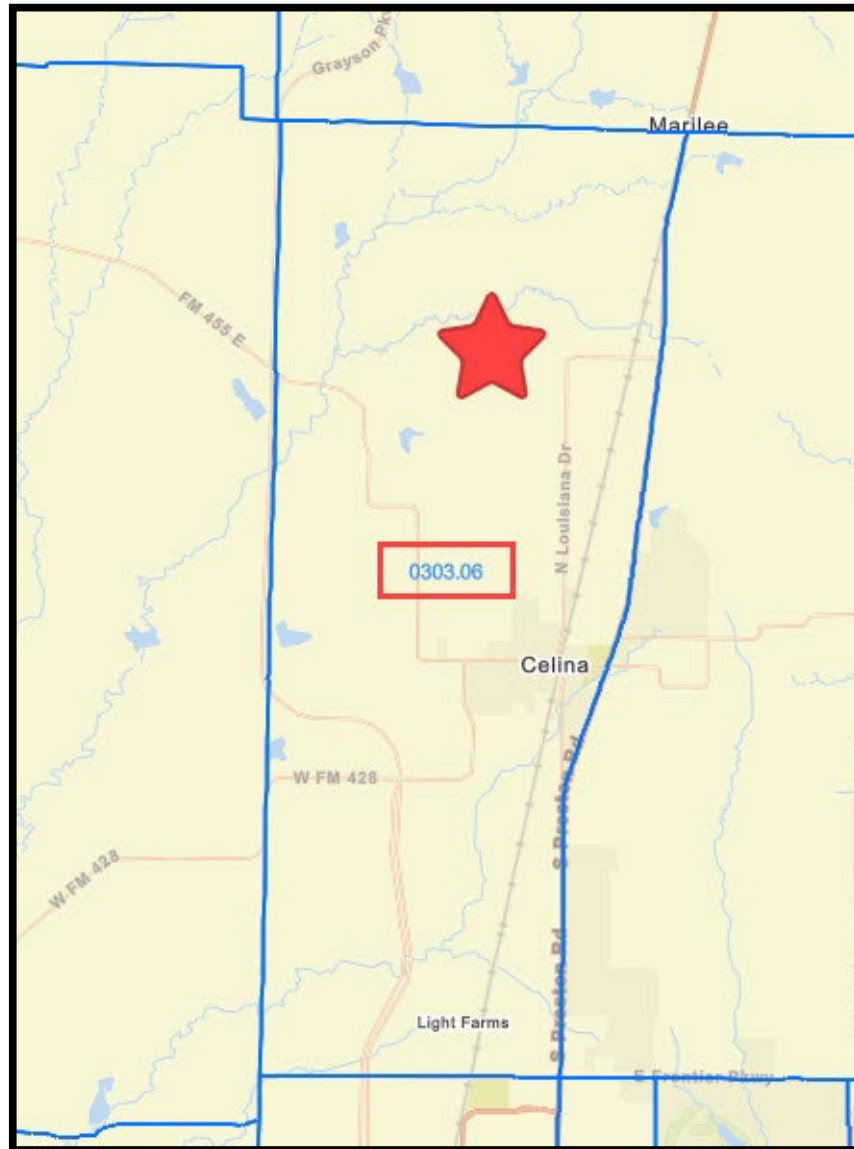


	3 Miles	6 Miles
North	Old Scaggs School Road	West Main Street
East	CR 132	CR 173
South	CR 455	West Punk Carter Parkway
West	Riley Road	FM 1358

NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 0303.06 with the FFIEC Geocode Census Report shown on the following page. The census tract report for 0303.06 indicates that 11,608 people reside in the tract and family median income levels are in the upper tier with estimated median family incomes of \$158,931. Within census tract 0303.06, approximately 85% of housing units are owner-occupied with 12% being renter-occupied and 4% being vacant. These housing and demographics statistics indicate middle-to-upper class residents who tend to live in 10-to-20-year-old single-family homes.

Census Tract 0303.06 Map



Tract 0303.06 Census Report



2024 FFIEC Geocode Census Report

Address: Selected Tract
MSA: 19124 - DALLAS-PLANO-IRVING, TX
State: 48 -
County: 085 - COLLIN COUNTY
Tract Code: 0303.06

Summary Census Demographic Information

Tract Income Level	Upper
Underserved or Distressed Tract	No
2024 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$110,300
2024 Estimated Tract Median Family Income	\$158,931
2020 Tract Median Family Income	\$127,260
Tract Median Family Income %	144.09
Tract Population	11608
Owner-Occupied Units	2552
1- to 4- Family Units	2993

Census Income Information

Tract Income Level	Upper
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	16.76
Tract Median Family Income %	144.09
2020 Tract Median Family Income	\$127,260
2024 Estimated Tract Median Family Income	\$158,931
2020 Tract Median Household Income	\$109,531

Census Population Information

Tract Population	11608
Number of Families	2431
Number of Households	2902

Census Housing Information

Total Housing Units	3016
1- to 4- Family Units	2993
Median House Age (Years)	13
Owner-Occupied Units	2552
Renter Occupied Units	350
Owner Occupied 1- to 4- Family Units	2552
Inside Principal City?	NO
Vacant Units	114

DEMOGRAPHIC SUMMARY

Analytics from CoStar of the area is provided below. Within a 10-mile radius of the subject there are 77,212 people which represents a 8.00% annual increase in population since 2020 and highlights steady growth that has occurred in this portion of the Dallas-Plano-Irving MSA. The population growth is expected to slow slightly in the coming years and grow another 4.7% annually over the next five years. Median household incomes in the 10-mile radius is \$141,653.

Population			
	2 miles	5 miles	10 miles
2020 Population	259	7,412	58,512
2024 Population	435	9,480	77,212
2029 Population Projection	551	11,709	95,215
Annual Growth 2020-2024	17.0%	7.0%	8.0%
Annual Growth 2024-2029	5.3%	4.7%	4.7%
Median Age	35.7	37.7	37.4
Bachelor's Degree or Higher	47%	44%	48%
U.S. Armed Forces	1	10	95

Income			
	2 miles	5 miles	10 miles
Avg Household Income	\$168,931	\$129,542	\$162,095
Median Household Income	\$140,999	\$117,613	\$141,653
< \$25,000	0	99	1,298
\$25,000 - 50,000	19	367	1,572
\$50,000 - 75,000	17	471	2,268
\$75,000 - 100,000	3	385	2,420
\$100,000 - 125,000	7	220	2,189
\$125,000 - 150,000	25	371	3,262
\$150,000 - 200,000	13	694	4,578
\$200,000+	40	347	6,253

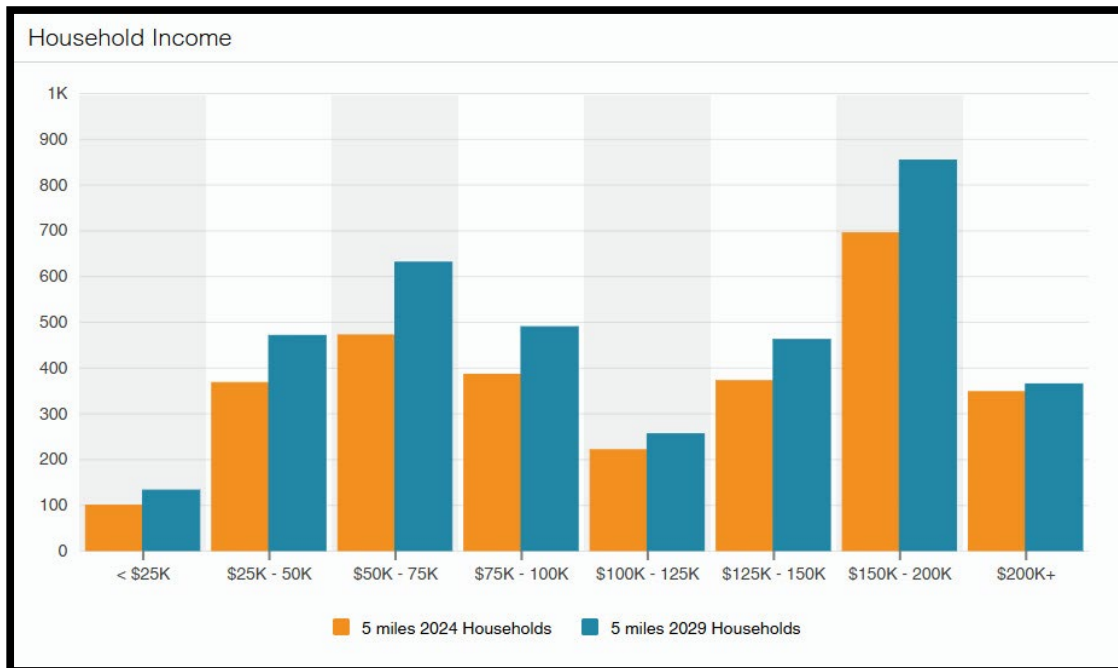
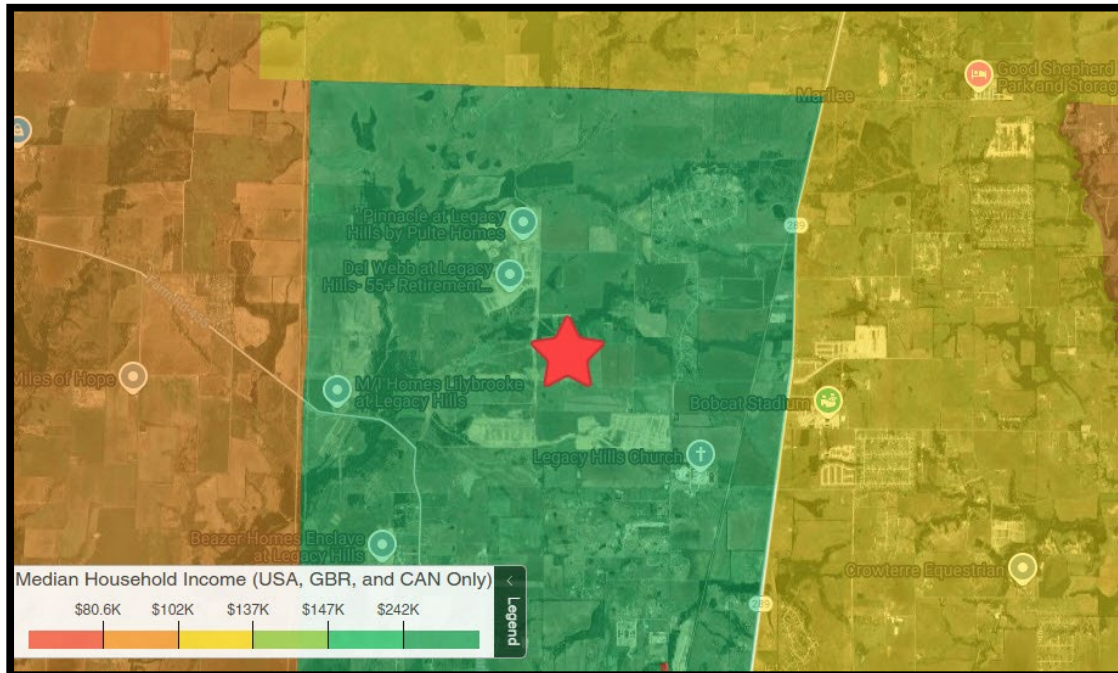
EMPLOYMENT DATA

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	30	7	2,475	335	12,093	1,862
Trade Transportation & Utilit...	7	1	377	59	1,406	252
Information	0	0	14	3	113	22
Financial Activities	4	1	619	63	1,558	284
Professional & Business Se...	7	2	232	45	1,280	278
Education & Health Services	6	1	632	81	4,197	545
Leisure & Hospitality	4	1	286	28	1,779	171
Other Services	2	1	157	46	973	274
Public Administration	0	0	158	10	787	36
Goods-Producing Industries	53	7	342	67	1,812	325
Natural Resources & Mining	4	2	17	6	151	33
Construction	5	2	197	44	1,031	230
Manufacturing	44	3	128	17	630	62
Total	83	14	2,817	402	13,905	2,187

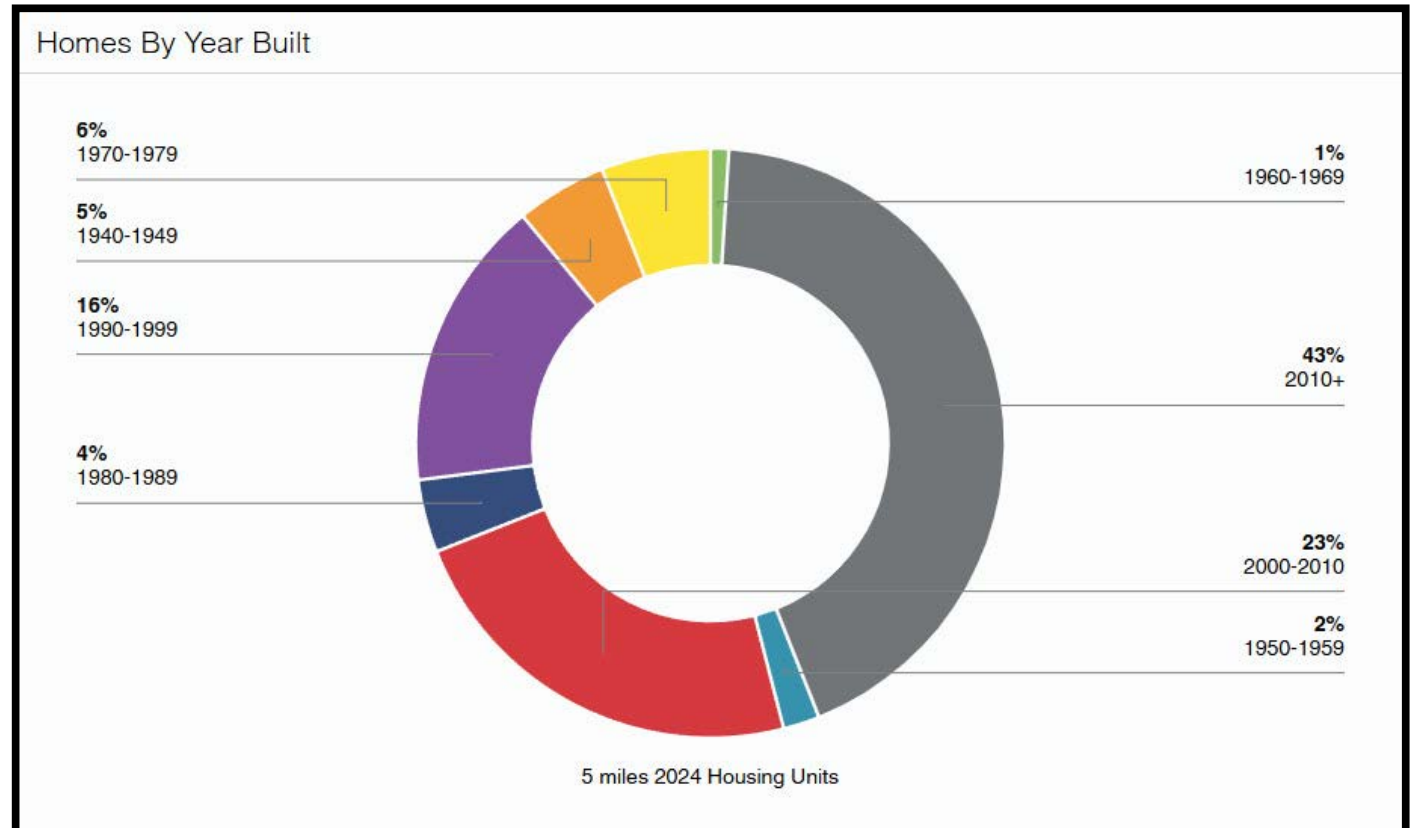
CoStar Analytics – Map of Median Household Income

As indicated by the map below, median incomes in the vicinity of the subject property are over 242K. Median incomes north 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 North of Dallas where affluent communities have concentrated for the past few decades.



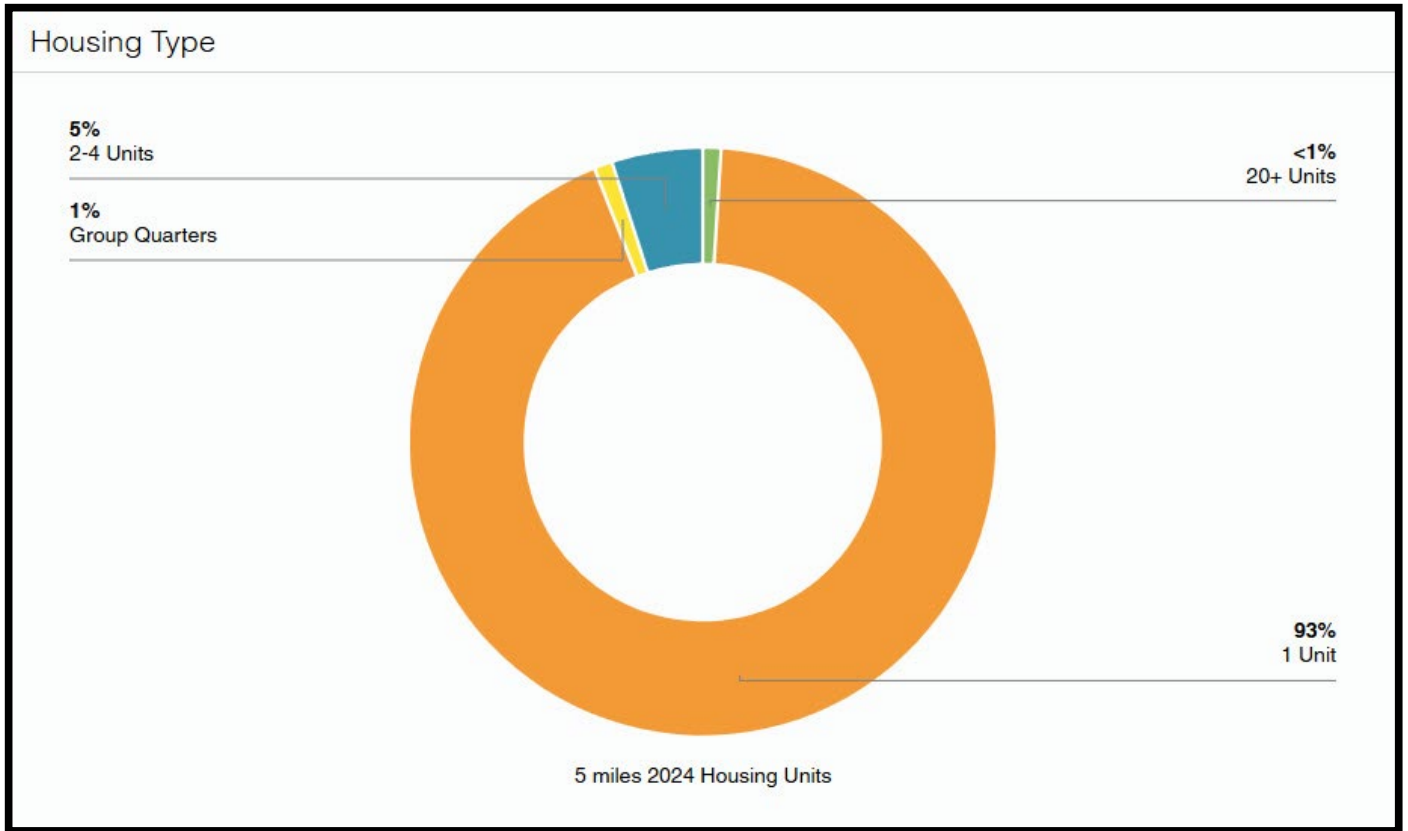
CoStar Analytics – Housing Statistics

Most housing in the area (66%) 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.



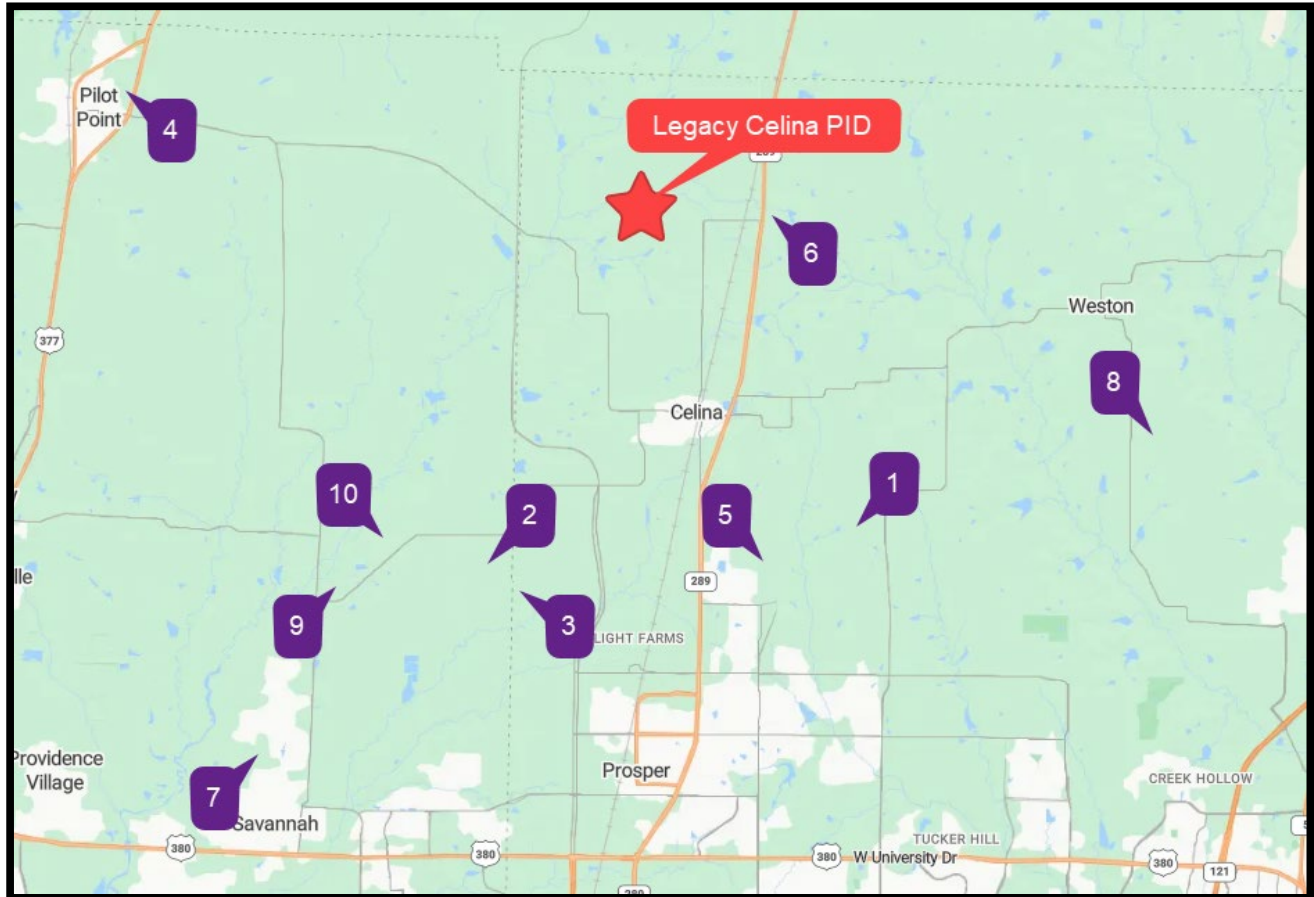
CoStar Analytics – Housing Statistics

In addition, the vast majority (93%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with both attached and detached single-family housing that is consistent with the surrounding area.



Map of Notable Nearby Developing Residential Subdivisions

A map of notable built out, developing, and planning single-family residential subdivisions are shown below which highlights the similar and conforming uses around the subject property.



MAP KEY			
1	Ten Mile Creek	6	Chalk Hill
2	Fortune Springs	7	Winn Ridge
3	Mosaic	8	Venetian Lagoon
4	Yarbrough Farms	9	Edgewood Creek
5	Celina Hills	10	Creekview Meadows

ABSORPTION ANALYSIS

RESIDENTIAL ANALYSIS

The subject property is Legacy Celina PID which consists of approximately 64.866 acres in Collin County being developed into attached and detached single-family lots for residential use. The property is owned and being developed by MM Legacy Celina 75, LLC, which appears to be under the corporate umbrella of Centurion American.

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 Celina. The neighborhood is best described as the area south of County Road 58 and east of Celina Parkway. The neighborhood is mainly residential developments and agricultural land. Approximately 2.6 miles east of the subject property, State Highway 289 which runs north/south, and several community commercial uses are located on this arterial traffic carrier.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved, and Celina 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 migration from outside DFW from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate in growing communities like Celina is expected to remain strong. Those end-user homebuyers in Legacy Celina PID are expected to be middle-to-upper income earners as the average home price for finished single-family homes in the community is expected to be \$385,000 for the 25-FF townhome Lots and \$600,000 for the 50-FF detached single family residential 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 –Legacy Celina PID– is removed from the large Central Business Districts in the Metroplex but relatively near areas of Collin County where many young families have migrated when searching for safe neighborhoods, good schools, relatively affordable new homes, and desirable residential amenities.

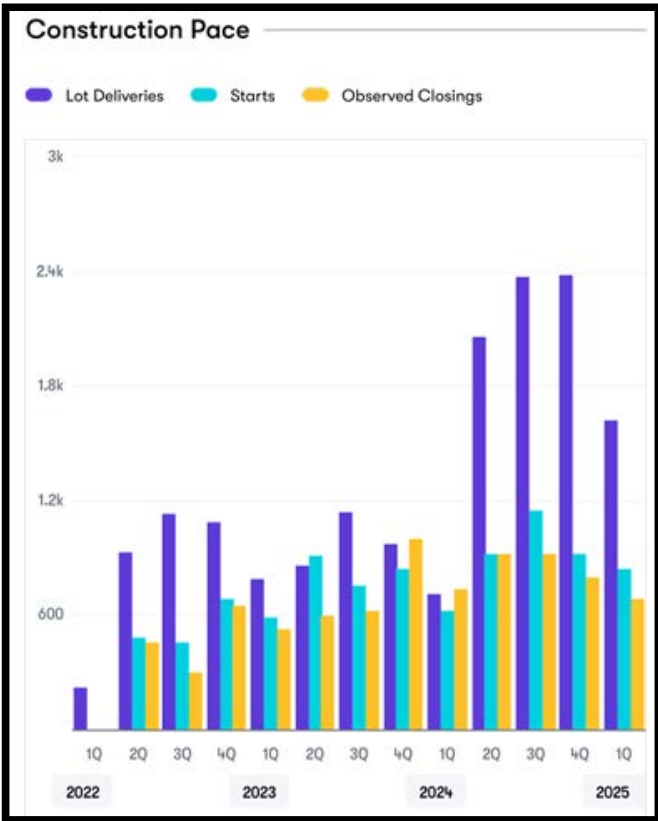
Based on the preceding, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends and current available data. Since the first residential lots are not scheduled to be complete until October 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 22'-55'.

Legacy Celina Public Improvement District

Based on the Construction Pace chart, there are notable shifts in residential activity across five recent quarters. Vacant Developed Lot (VDL) deliveries climbed sharply in Q2 and Q3 2024, reaching 2,063 and 2,382 respectively, then plateaued at 2,391 in Q4, before dropping to 1,628 in Q1 2025—still a 128% increase year-over-year from 714 in Q1 2024. Housing starts rose from 629 in Q1 2024 to a peak of 1,153 in Q3, dipped to 928 in Q4, and settled at 847 in Q1 2025, up 35% year-over-year. Observed closings, however, trended downward after a brief rise: starting at 740 in Q1 2024, climbing to 929 in Q2, then gradually declining to 695 in Q1 2025, a 6% annual decrease. This chart points to increased land development activity and builder preparation through late 2024, followed by a modest slowdown in both starts and closings entering 2025—potentially hinting at shifting buyer sentiment or broader market recalibration.

Construction & Supply						
	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	1Q 2025 VS 1Q 2024
Pace						
Quarterly VDL Deliveries	714	2,063	2,382	2,391	1,628	128.01%
Annual VDL Deliveries	3,704	4,903	6,138	7,550	8,464	128.51%
Quarterly Starts	629	926	1,153	928	847	35.00%
Annual Starts	3,153	3,162	3,556	3,636	3,854	22.00%
Quarterly Observed Closings	740	929	923	808	695	-6.00%
Annual Observed Closings	2,978	3,301	3,598	3,400	3,355	13.00%

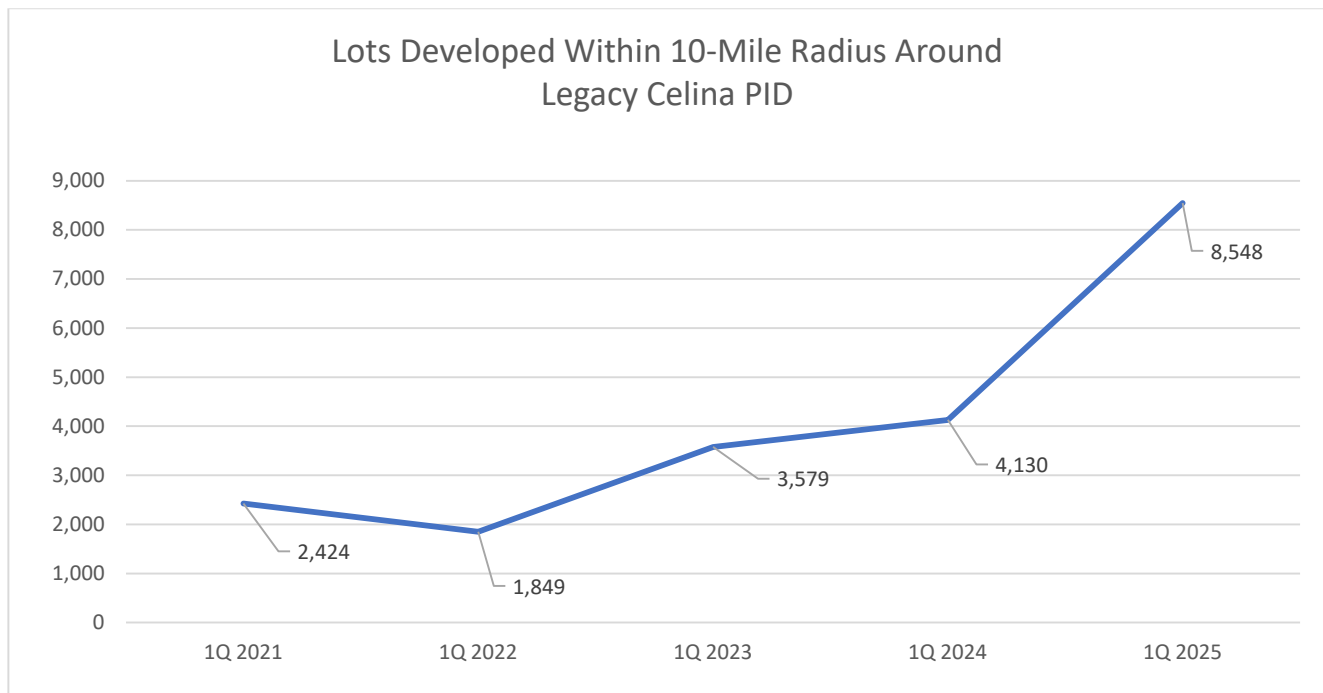


DEFINED SUBMARKET AREA

According to Zonda, the selected area absorbed the following number of 22'-55' lots year-over-year from 1Q 2021 to 1Q 2025:

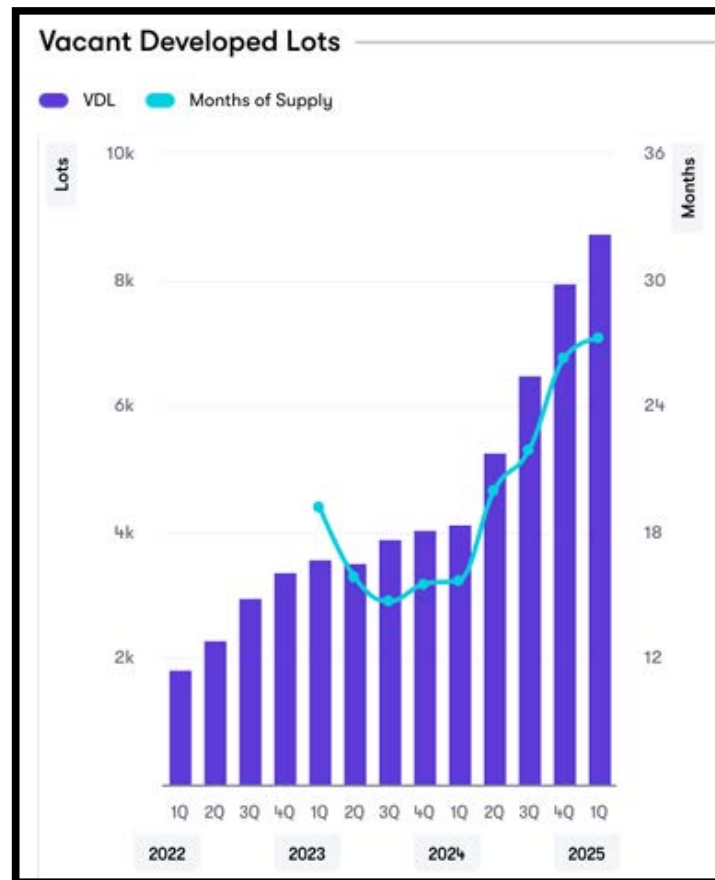
- 2,424 – lots absorbed in 1Q 2021
- 1,849 – lots absorbed in 1Q 2022
- 3,579 – lots absorbed in 1Q 2023
- 4,130 – lots absorbed in 1Q 2024
- 8,548 – lots absorbed in 1Q 2025

From 2021-2025, the *annual average* of lots absorbed was 4,106 ($20,530 \div 5$). Utilizing the more recent 24-month absorption of lots (1Q2023 to 1Q2025), the annual average of lots absorbed increases to 5,419 ($16,257 \div 3$) lots in the area.



COMPETITIVE SUPPLY (LOT INVENTORY)

According to Zonda, the existing supply of available housing is presently below balanced levels in our selected submarket as the number of VDLs in the area have increased from a low in 1Q2022 of just under 2,000 to **a present high present VDL count high of 9,000 with under a 27-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 Collin County with a preference to be near the 289 Corridor which serves as a major north/south thoroughfare and has numerous newer master-planned communities and desirable commercial options.



Thus, the total lot supply is considered to be considerably **below** the ideal supply levels for a significantly developing market. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, *with increasing demand and declining lot supply, it appears that additional lot product in the submarket is feasible and needed at the current time*. This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.

ABSORPTION ANALYSIS – 25’ AND 50’ 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 1Q2025.

25’ Townhome Lots

We included data for lots that were 22’-30’ lots within a 10-mile radius. Since data on 25’ lots are relatively plentiful, we selected five comparable absorption schedules we concluded are similar to the subject and considered some of these communities are smaller and some larger than Legacy Celina PID.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Ten Mile Creek	22'	98	16	12	73.5	1.3
Fortune Springs	25'	38	40	12	11.4	3.3
Mosaic	25'-30'	71	20	12	42.6	1.7
Yarbrough Farms	25'	62	6	12	124.0	0.5
Celina Hills	30'	10	49	12	2.4	4.1
AVERAGE		55.8	26.2	12.0	62.9	2.2

Our analysis indicates Starts/Month is between 0.5 and 4.1 with an average of 2.2 starts/month and a median of 1.7 starts/month. We similarly weighed and considered **the subject property’s 25’ lots would likely absorb 2 lots/month, or approximately 6 lots per quarter.**

50’ Lots

We included data for lots that were 50’ lots within a 10-mile radius. Since data on 50’ lots is relatively plentiful, we selected five 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 Legacy Celina PID.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Chalk Hill	50'	175	117	12	17.9	9.8
Winn Ridge	50'	0	15	12	0.0	1.3
Venetian Lagoon	50'	269	37	12	87.2	3.1
Edgewood Creek	50'	200	45	12	53.3	3.8
Creekview Meadows	50'	223	141	12	19.0	11.8
AVERAGE		173.4	71.0	12.0	35.5	5.9

Our analysis indicates Starts/Month is between 1.3 and 11.8 with an average of 5.9 starts/month and a median of 3.8 starts/month. We similarly weighed and considered **the subject property’s 50’ lots would likely absorb 6 lots/month, or approximately 18 lots per quarter.**

Absorption Summary Projection: 25' and 50' Lots

Based on the preceding, we estimate that lots in the subject property's development will sell 6 lots/quarter for 25' townhome lots and 18 lots/quarter for 50' lots with absorption beginning October 2026. An Absorption Summary Projection for all lot sizes is shown in the table below for the 301 lots in Legacy Celina PID.

Projected Quarterly Absorption Summary - Legacy Celina PID									
Lot Type	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	Apr-2028	Jul-2028	TOTAL
25-FF	6	6	6	6	6	6	6	6	100
50-FF	18	18	18	18	18	18	18	18	201
Total	24	24	24	24	24	24	24	24	301



Projected Quarterly Absorption Summary - Legacy Celina PID									
Lot Type	Jan-2029	Apr-2029	Jul-2029	Oct-2029	Jan-2030	Apr-2030	Jul-2030	Oct-2030	TOTAL
25-FF	6	6	6	6	6	6	6	4	100
50-FF	18	18	3	-	-	-	-	-	201
Total	24	24	9	6	6	6	6	4	301

The total absorption period of the 25' lots is expected to be 50 months ($100 \div 2$ lots/month) and expected to sell out in November 2030. The total absorption period of the 50' lots is expected to be 34 months ($201 \div 6$ lots/month), and lots are expected to sell out in July 2029.

SUBJECT PROPERTY ANALYSIS

The development of Legacy Celina PID represents a total of approximately 64.866 acres (2,825,563-SF) and is currently being developed as follows:

- Legacy Celina PID will consist of 100 25-FF townhome lots and 201 50-FF single family residential lots with a total of 301 improved residential lots.

The following chart shows the lot breakdown of Legacy Celina PID:

LEGACY CELINA PID, CELINA			
Size (Acres)	25' Attached Townhome Lots	50' Detached Lot Type	Total Lots Appraised
64.866-AC	100	201	301

Legacy Celina PID is owned by MM Legacy Celina 75, LLC who appears to be under the corporate umbrella of Centurion American who is a nationally recognized developer and is also well-known within the subject's market area for developing affordable housing for first- and second-time homebuyers. Legacy Celina PID is located in the northwestern portion of the City of Celina. This location is in the northwest portion of Collin County and approximately 47 miles north of Dallas. The area surrounding the subject property is a mix of master-planned single-family communities and agricultural land which is somewhat common in cities that are generally suitable for middle- to upper-income households.

Access to the subject property is considered average as it is located along County Road 58 and Celina Parkway while being about 2.6 miles west of State Highway 289. Generally, the main retail and commercial options near the subject site are found along State Highway 289, which has seen rapid development with a number of master-planned communities in the past decade.

The subject property will have a mandatory homeowner's association (HOA) over residential portions of the subject property in order to maintain the open spaces, common areas, detention areas, and other related improvements or appurtenances that are not dedicated or maintained by the City of Celina.

Based on research and discussion with the development team, the price point of homes in the subject's community will be around \$385,000 for the 25-FF townhome lots, and \$600,000 for the 50-FF single family residential lots, which should be a desirable price point for families and second-time homebuyers looking for a quiet community outside the major city within the metroplex but with the amenities of a planned residential community.

Legacy Celina Public Improvement District

The chart below shows a breakdown of the costs associated with Legacy Celina PID provided by KFM Engineering & Design, the Professional Engineers.



OPINION OF PROBABLE COST

LMR TRACT

Project Name: LMR Tract

Client Name: Centurian American

City: Celina, Texas

County: Collin County

Date: 2/13/2025

Project Number: 01.0028.115

Total Lots: 301

Total Acreage: 58.4

CONSTRUCTION COST SUMMARY - LMR TRACT

	Units	Wet Utilities	Dry Utilities	Roadway and Paving	Earthwork and E&S	Hardscape/ Landscape Cost	Miscellaneous Cost	PID District Formation	Sum of Construction Costs	Contingency, Fees & Bonds	Total Construction Cost w/ Contingencies & Fees	Total Cost/Unit
PID Direct	301	\$ 4,450,877	\$ -	\$ 4,314,532	\$ -	\$ -	\$ 57,010	\$ 500,000	\$ 8,822,420	\$ 1,689,070	\$ 11,011,490	\$ 36,583
Private		\$ -	\$ 409,500	\$ -	\$ 2,109,258	\$ 1,487,900	\$ -	\$ -	\$ 4,006,658	\$ 759,762	\$ 4,766,420	\$ 15,835
TOTAL:		\$ 4,450,877	\$ 409,500	\$ 4,314,532	\$ 2,109,258	\$ 1,487,900	\$ 57,010	\$ 500,000	\$ 12,829,077	\$ 2,448,833	\$ 15,777,910	\$ 52,418

Assumptions:

- At the time of this OPC, no geotechnical recommendations for pavement subgrade and soil moisture conditioning were available. A final geotechnical report will be required to verify design recommendations.
- The OPC was prepared without the benefit of overall grading, utility, and drainage plans for a 'high level' analysis of the site. The OPC should be updated as additional information and designs are available.
- The OPC does not include any miscellaneous costs for permits, plotting, fees (impact, planning, development agreement, etc.), or any other process or procedure required by the City of Celina or additional governing authorities.
- In order to prepare this OPC we assumed we would be able to reclaim floodplain as shown in the exhibits. We are currently preparing a flood study in order to prove what part of the floodplain is reclaimable. Once this is complete and has gone through the City of Celina and FEMA approval processes, we may need to make changes as we calculate exactly how much and where we are able to reclaim floodplain.
- This OPC was prepared without the benefit of a full design and are rough estimates based off of industry standards and best practices.
- Tree mitigation/preservation costs are not included in estimate.

This Engineer's opinion of probable cost is made on the basis of the Engineer's experience and best judgment as a design professional. This opinion of probable cost does not include city fees; such as easement acquisition, permits, and application fees among others. It must be recognized that any evaluation of work to be performed to construct this project must be by necessity and is speculative in nature until completion of its actual detailed design. In addition the Engineer has no control over the cost of labor, materials or services to be furnished by others or over market conditions. Accordingly, Knight, Fowler & Millap, LLC, cannot guarantee that actual costs will not vary from the opinions expressed herein.

1 of 5

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The preceding general descriptions of the subject's characteristics are based on review of available maps and data sources, as well as our physical on-site observations. Please refer to copies of the maps, photographs, and renderings for a visual perspective of the subject's physical characteristics.

ACCESSIBILITY, FRONTAGE, AND STREETS

The subject property is primarily accessed by County Road 58 which is an east/west bound road in the northwest portion of the City of Celina and transverses north of the subject property and Celina Parkway which is an north/south bound road in the northwest portion of the City of Celina and transverses west of the subject property. The subject site is approximately 2.6 miles west of State Highway 289, which is a major highway that transverses through Collin County.

A map from TXDOT and a table from CoStar are shown below which highlight traffic counts in the vicinity shown on the following map. Notably, State Highway 289 runs to the east of the property and has over 12,600 average daily vehicles.

TXDOT Traffic Web Viewer



Traffic			
Collection Street	Cross Street	Traffic Volume	Count Year
N Louisiana Dr	Hwy 289C Bus N	1,530	2025
FM 455	Mimosa Ln S	717	2025
Co Rd 58	Marilee Rd N	10	2025
North Louisiana Drive	Hwy 289 E	729	2025
State Hwy 289C Bus	Hwy 289 E	816	2024
Co Rd 99	Co Rd 100 E	103	2025
State Hwy 289	Co Rd 105 N	10,003	2024
North Preston Road	Co Rd 105 N	8,251	2025
Preston Road	Co Rd 105 N	10,375	2020
Co Rd 106	Hwy 289 W	331	2025

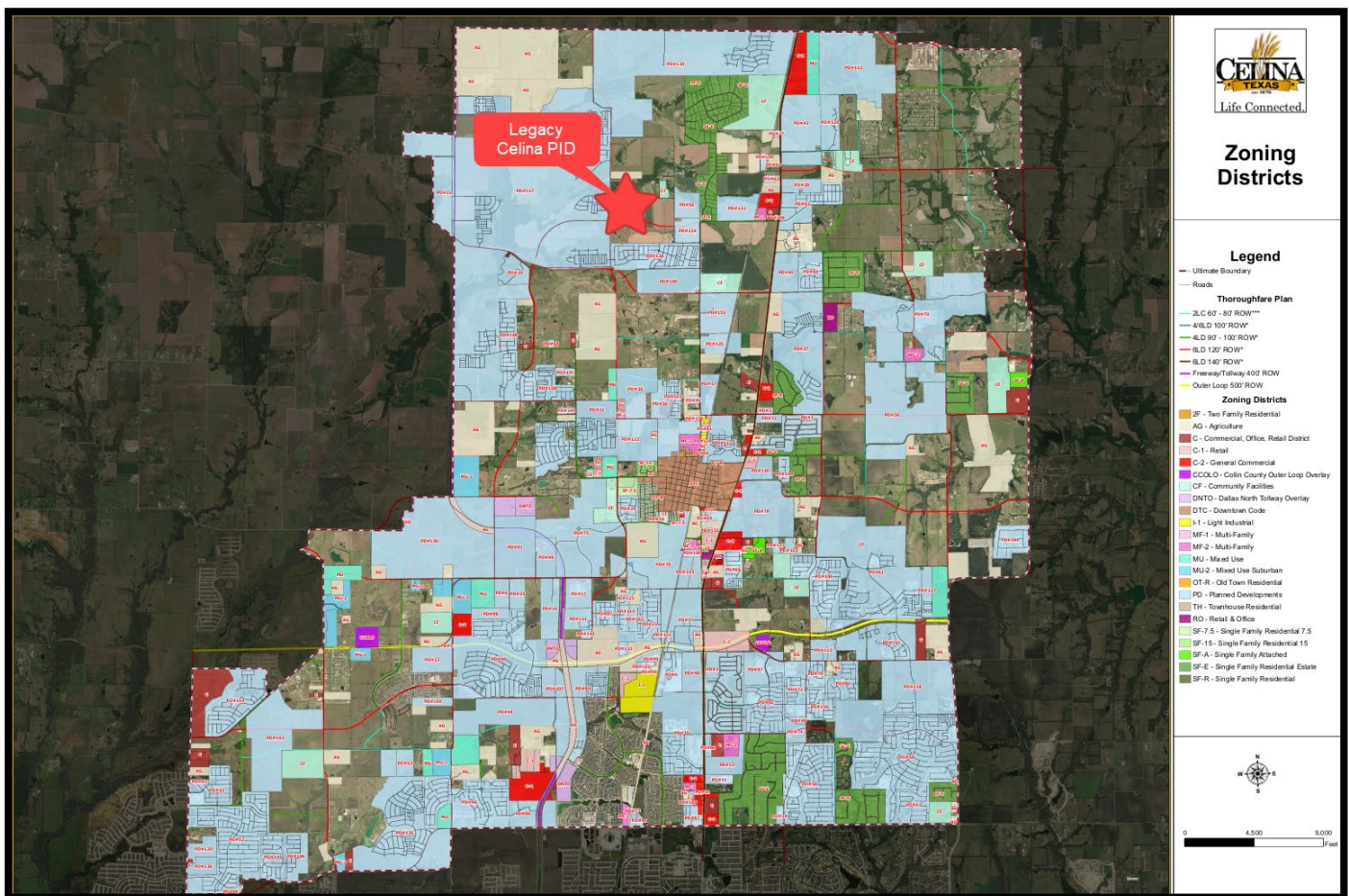
Legacy Celina Public Improvement District

ZONING AND RESTRICTIONS

Development of the subject property is governed by a Development Agreement between the developer and the City of Celina. The Development Agreement for the subject property we are evaluating (301 residential lots in Legacy Celina PID), allows for attached and detached single-family residential uses and sets forth requirements and standards for residential development for the subject property.

The subject property is also zoned Planned Development (PD) by the City of Celina. The Planned Development zoning in the City of Celina is intended to provide for combining and mixing of uses to permit flexibility in the use and design of land and buildings. The subject must adhere to the City of Celina's ordinance for PD zoning. The proposed lot construction appears to be a conforming land use. The City of Celina Zoning Map is shown below.

CITY OF CELINA ZONING MAP



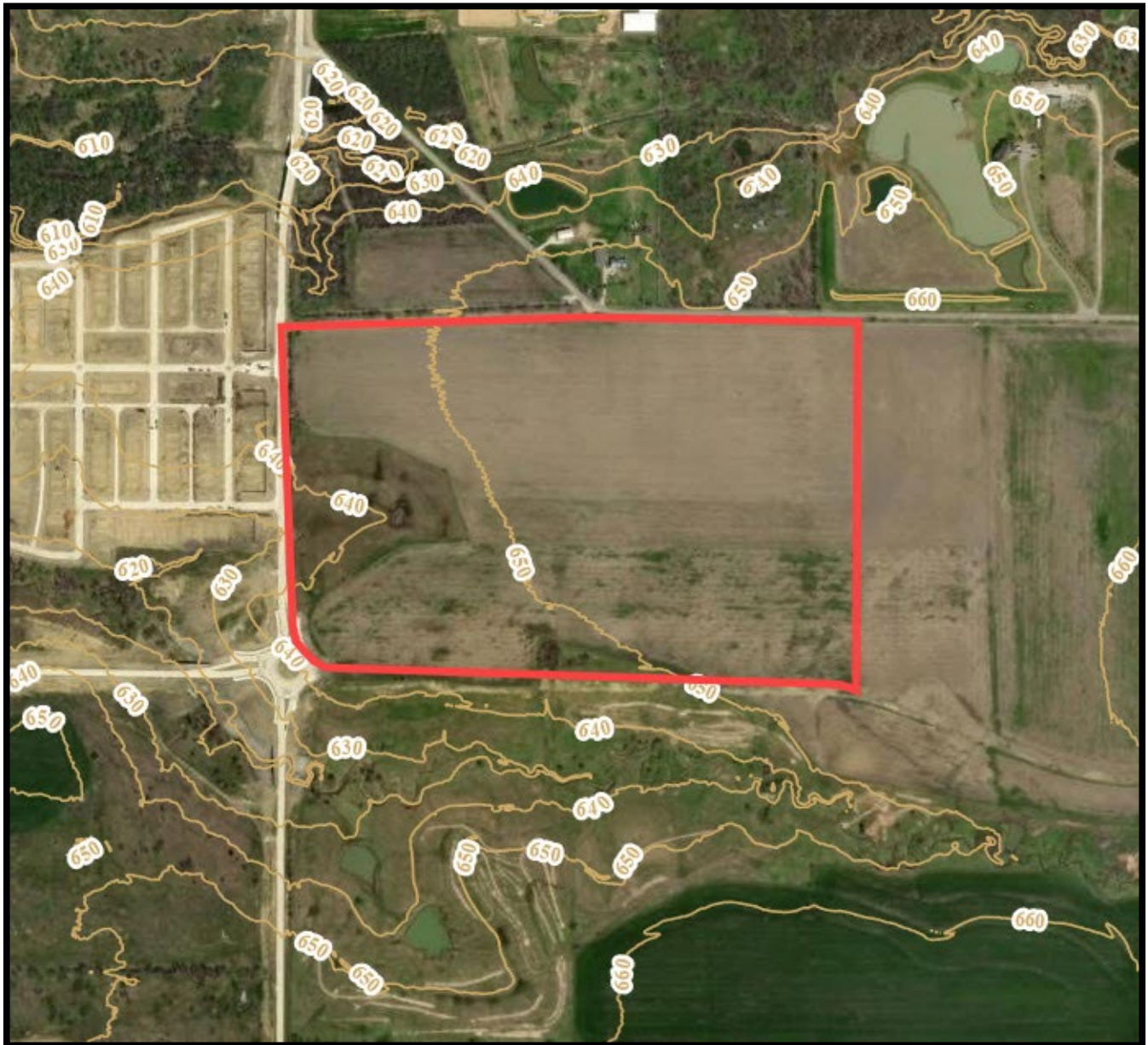
TOPOGRAPHY

The topography of the subject property is described as gently sloping from east to west. As of the substantial completion date, October 1, 2026, the topographic map will be slightly out-of-date as the site will be in the process of being improved for residential lots.

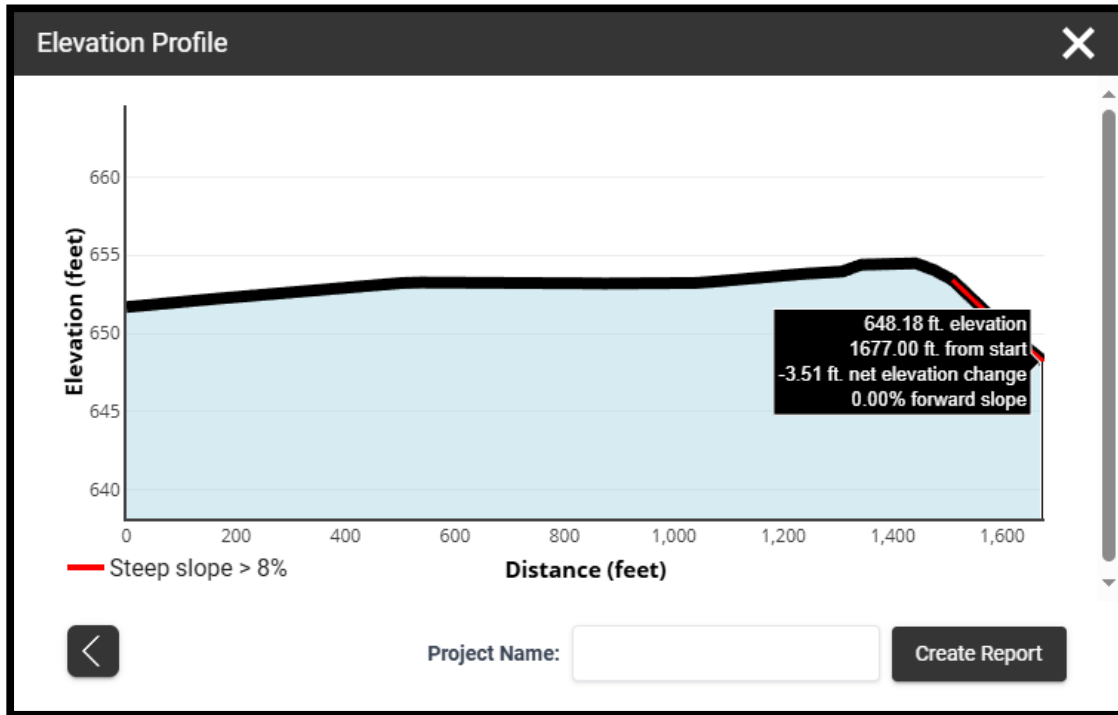
Topographic information is provided by the DFW Maps and the Texas A&M Forestry Service GIS system. The map indicates 10' contour lines marked at 10' increments, showing that the site elevations are generally sloping from the southwest to the northeast through the 640'-650' mean sea level elevation.

TOPOGRAPHIC MAP

Contours At 10'



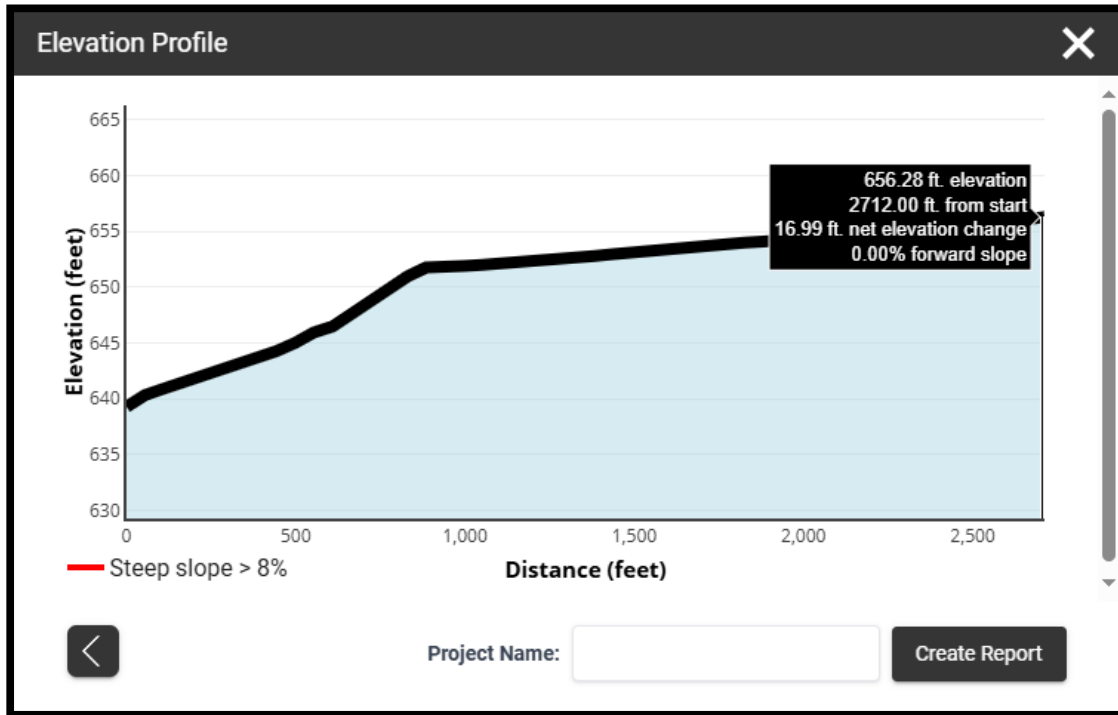
TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY



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 3.51 feet of variation over approximately 1,677 feet of run

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 16.9 feet of variation over approximately 2,712 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.

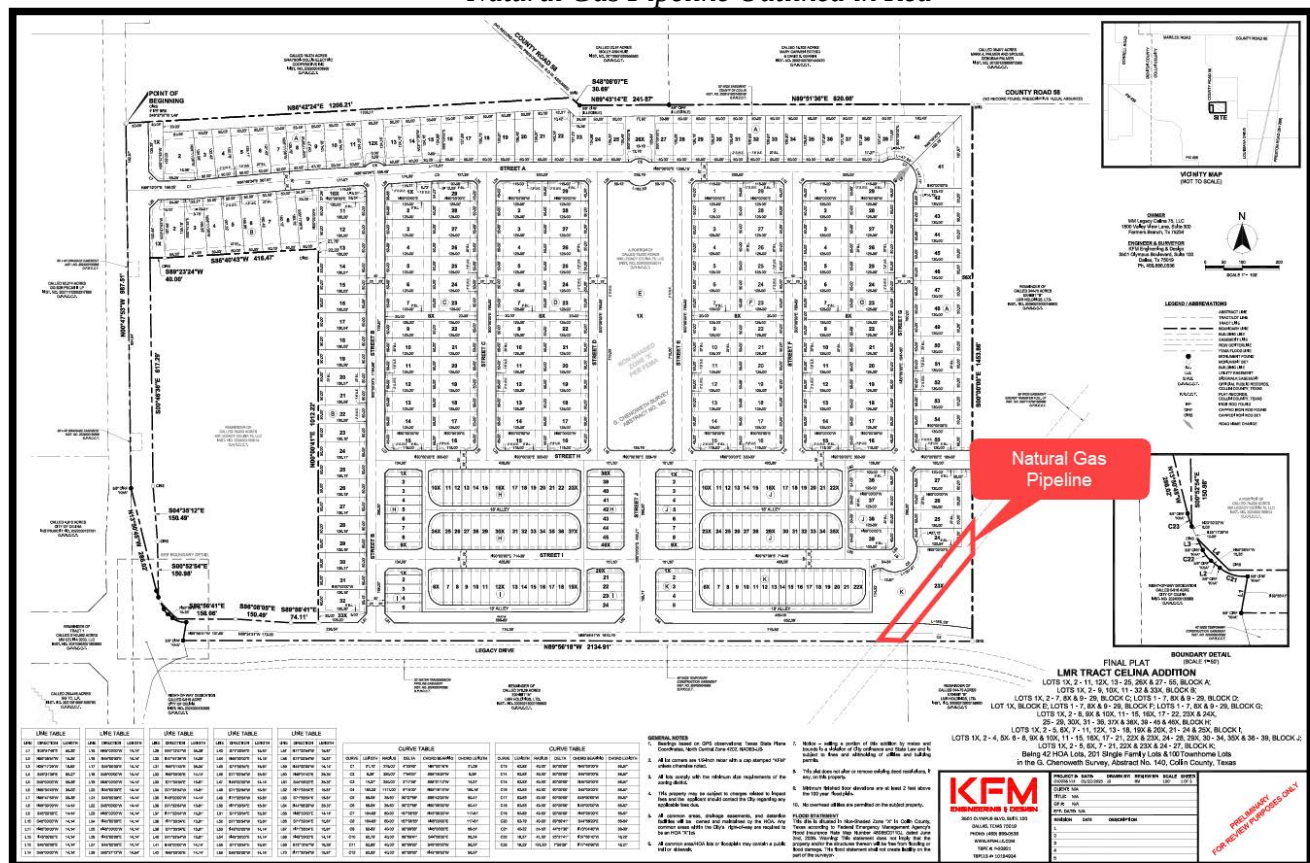
UTILITIES

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 Celina. The subject property is served by the Celina Police Department and the Celina Fire Department for fire and emergency medical services. Telephone, fiber-optic, and internet are available through AT&T, Spectrum, T-Mobile, Optimum, and Nextlink.

EASEMENTS/ENCROACHMENTS

Based on our physical site visit and review of available mapping resources, a natural gas pipeline traverses the southeast corner of the subject property. The pipeline has a minimal impact on development. It is reasonable to assume that standard setbacks and easements affecting the remainder of the site have been reviewed and approved by the City of Celina. The appraisers further assume the property is not subject to any additional detrimental easements or encroachments. However, this conclusion is subject to revision should a survey reveal any adverse easements or encroachments not currently known.

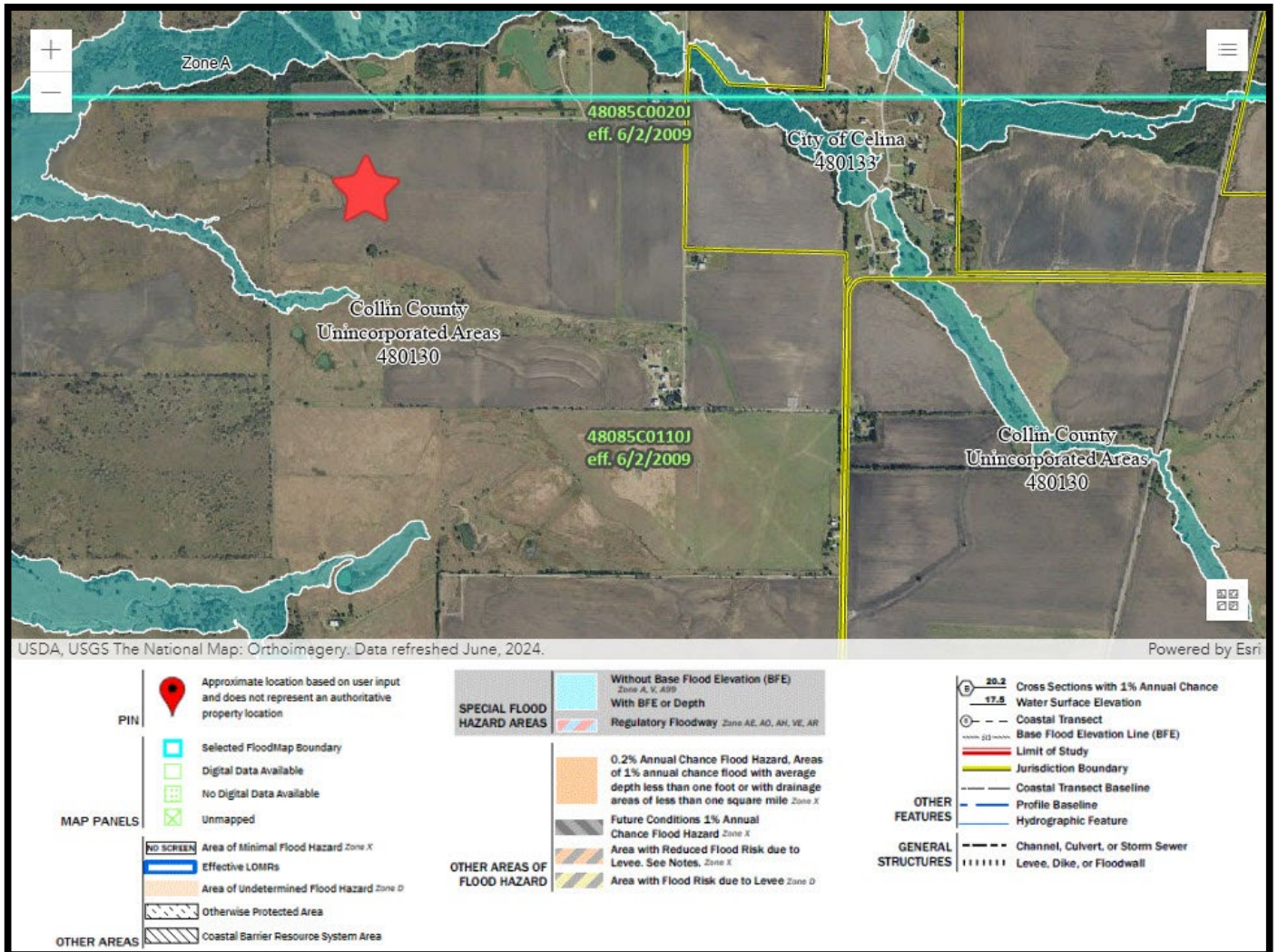
FINAL PLAT Natural Gas Pipeline Outlined in Red



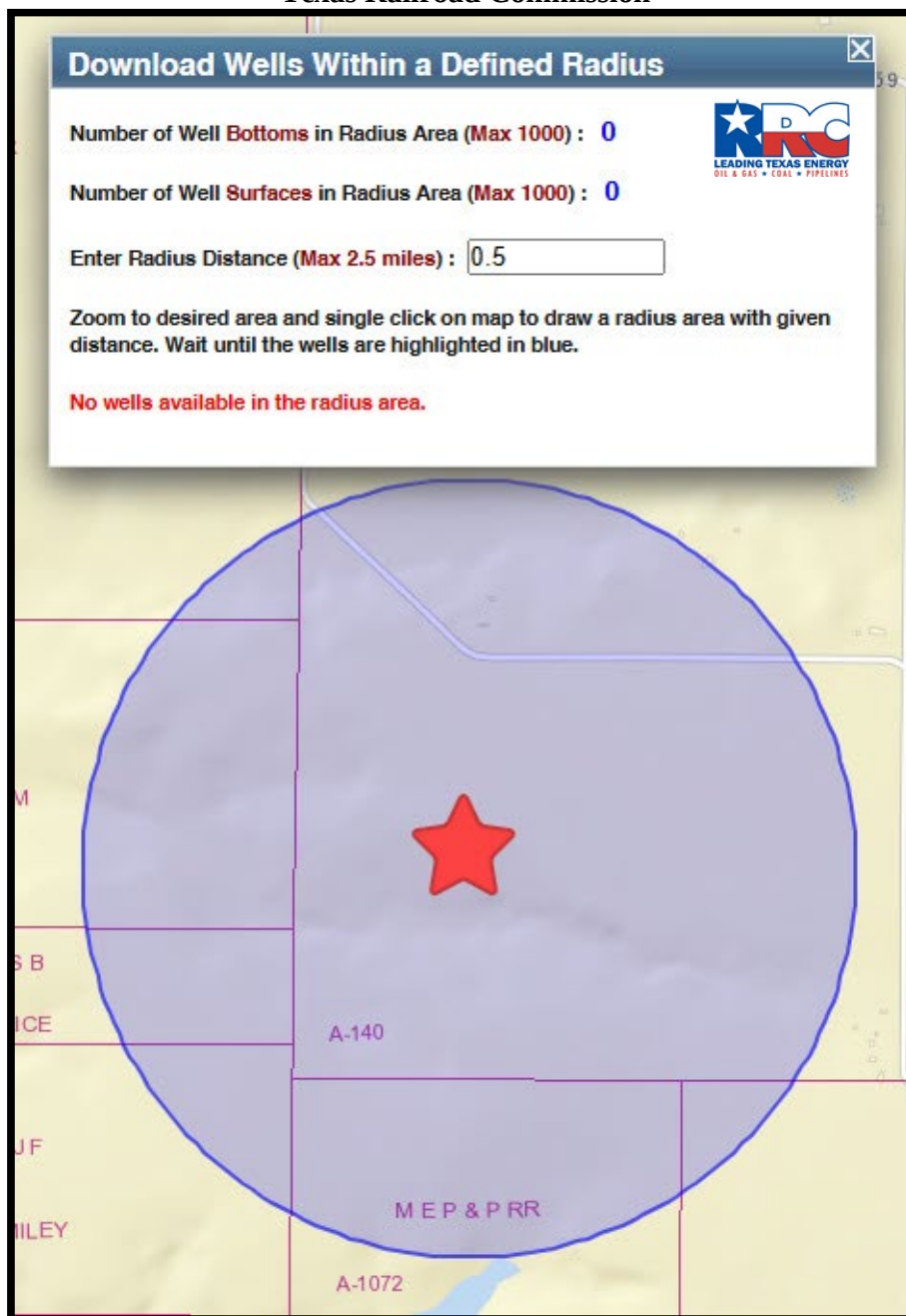
FEMA FLOOD ZONE

Based on map panel 48085C0110J dated June 2, 2009, 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. 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.

FLOODPLAIN MAP

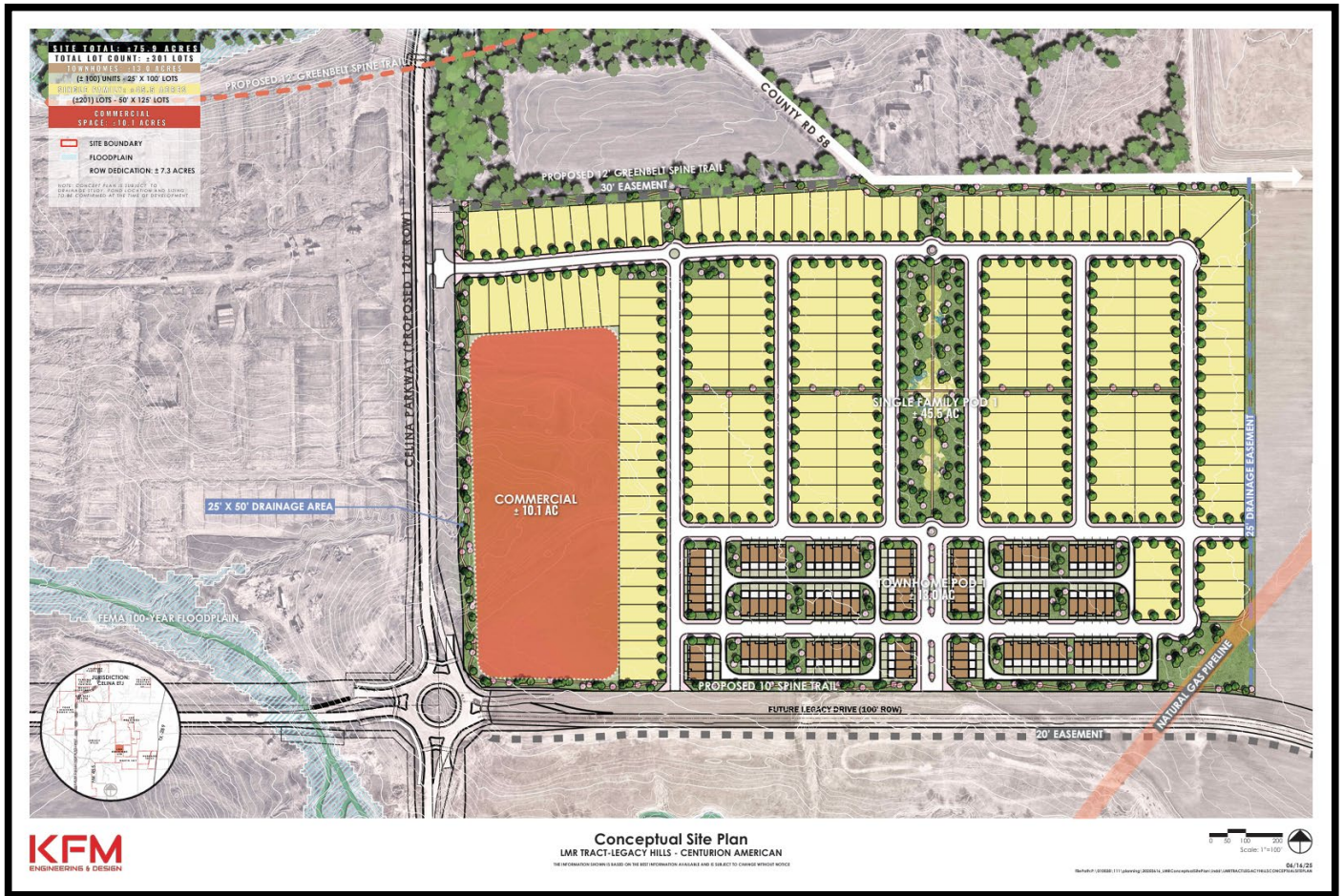


**OIL AND GAS WELLS
Texas Railroad Commission**

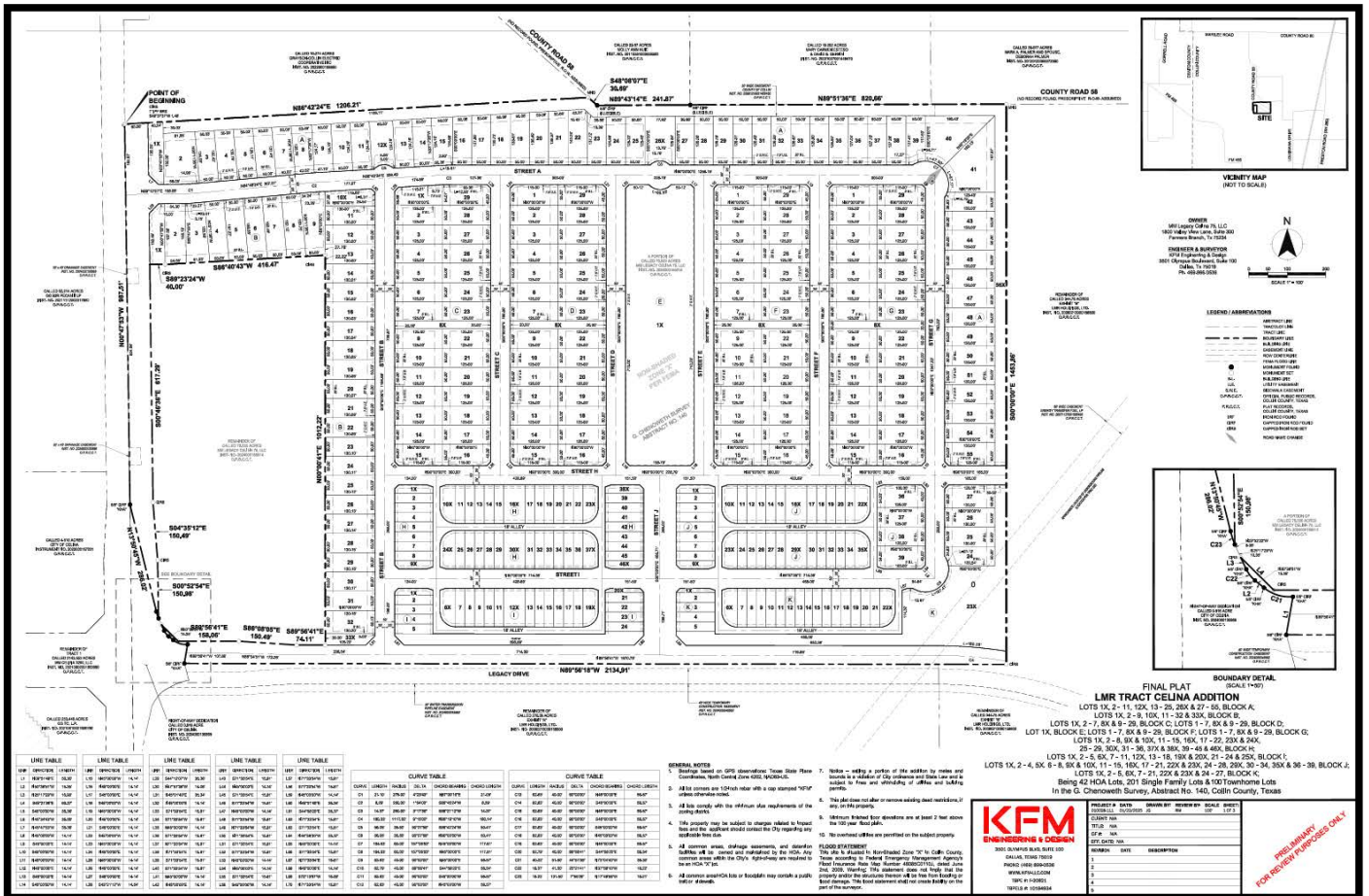


There are 0 well bottom sites and 0 well surface sites within 0.5 mile from the subject property according to the above referenced map from the Texas Railroad Commission. The subject site does not appear to be encumbered by any detrimental restrictions due to the proximity to surface or subsurface well locations because this area of Sherman-Denison MSA is minimally active in mineral extraction.

LEGACY CELINA PID CONCEPTUAL SITE PLAN EXHIBIT KFM ENGINEERING & DESIGN – JUNE 2025



LEGACY CELINA PID FINAL PLAT
KFM ENGINEERING & DESIGN – JANUARY 2025



OWNER:
BMC HOLDINGS, L.P.
1000 Valley View, Suite 100
Farmers Branch, TX 75226

DESIGNER & SURVEYOR:
KFM Engineering & Design
3000 Highway 100, Suite 100
Dallas, TX 75226
(214) 343-1000

LEGACY DRIVE

N 36° 16' 10" W 234.54'

VELOCITY MAP
(NOT TO SCALE)

LEGACY DRIVE

N 36° 16' 10" W 234.54'

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VELOCITY MAP
(NOT TO SCALE)

LEGACY DRIVE

N 36° 16' 10" W 234.54'

LEGACY DRIVE

N 36° 16' 10" W 234.54'

VE

[illegible]

PROPERTY PHOTOGRAPHS



Celina Parkway Facing South



Celina Parkway Facing North



CR-58 Facing West



CR-58 Facing East



Western Line of Subject Facing Southeast



Western Line of Subject Facing Northeast

SUBJECT PHOTOGRAPHS



Northern Line of Subject Facing South



Northern Line of Subject Facing Southwest

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 will be within the City of Celina and has a Development Agreement with the City of Celina along with being zoned Planned Development (PD) which, at the subject property, allows for attached and detached single-family residential use.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development. The proposed attached and detached residential uses are legally permissible.

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. The proposed residential use is physically possible.

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 residential development and agricultural land. Development of the surrounding area has accelerated considerably over the past decade as development north of Dallas has shown almost endless demand. Developers and home builders have moved further away from the center of the Metroplex and into areas of Collin County and are being developed with middle-to-upper class housing stock. Based on

review of homes on the market, we would expect home prices between \$350,000-\$600,000 would be in demand in Legacy Celina PID.

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, and the continual development of neighborhoods similar to Celina and Collin County has created increased demand for homes in the area. Coupled with increasing movement into DFW, and northward in the Metroplex in particular, it is our opinion that the highest and best use of the property "As-Vacant" would be for 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. Also, given that the owner of the subject property (MM Legacy Celina 75, LLC) appears to be under the corporate umbrella of Centurion American, who is a nationally recognized homebuilder, an additional most probably buyer would be the end-user seeking affordable housing in an area such as Celina.

VALUATION – IMPROVED RESIDENTIAL LOTS IN LEGACY CELINA PID

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>Not Appropriate Since the Legacy Celina PID is Developed in Multiple Phases</i>	<i>Not 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 301 (Improved Lots)

Cost Approach

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. Since Legacy Celina PID is being developed in multiple phases and there are many major improvements being developed, *the Cost Approach is not the most appropriate and thus was not utilized for Legacy Celina PID.*

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 the problem to be solved in this assignment is to determine the bulk sale value of 301 improved lots, as of the Prospective Effective Date of October 1, 2026, which is based on the Substantial Completion Date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.* Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

INCOME (SUBDIVISION DEVELOPMENT) APPROACH - IMPROVED RESIDENTIAL LOTS



NOTE: Legacy Celina PID comprises 301 improved residential lots completed as vacant developed lots (VDLs) with a Prospective Effective Date of October 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

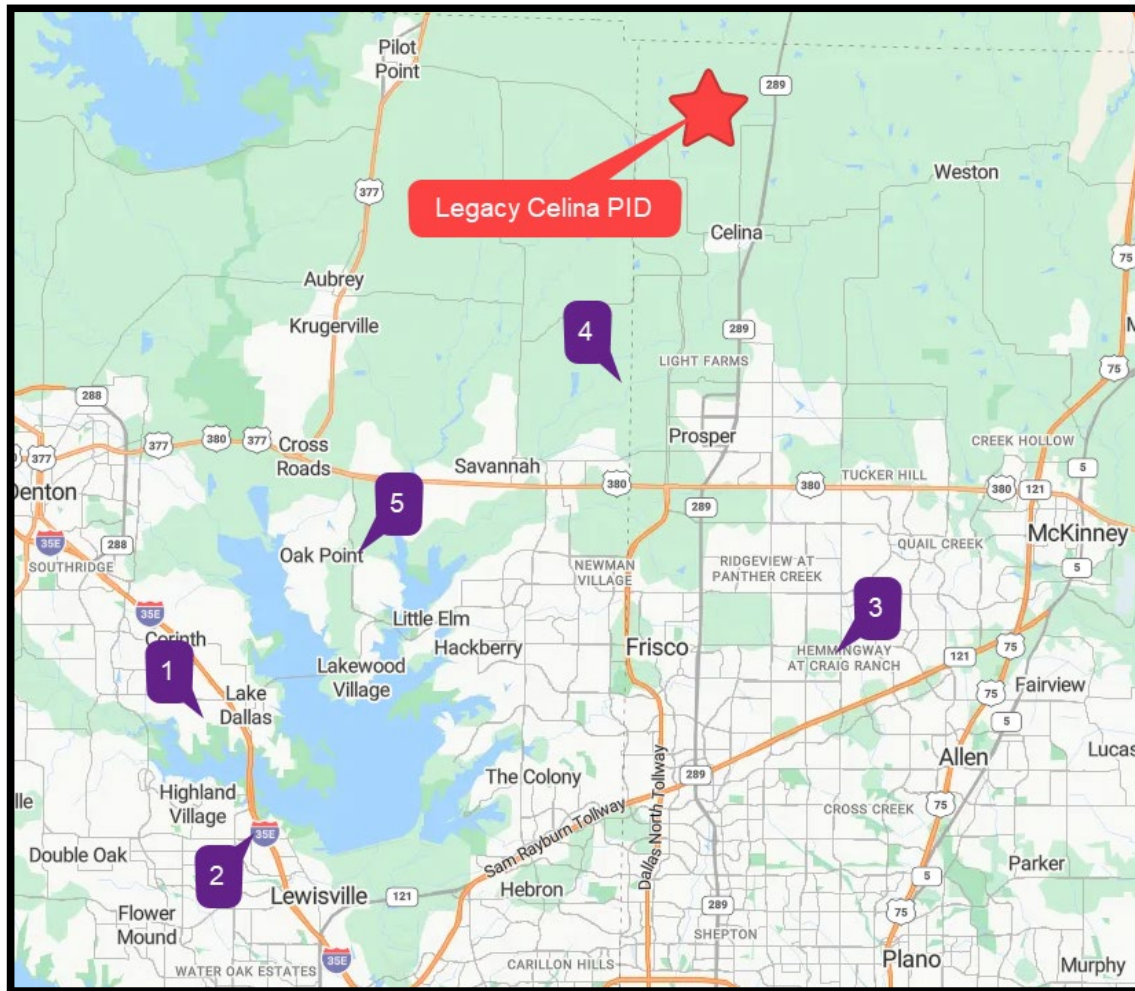
We utilized the following unit of comparison which is the measure most commonly found in the market:

Sales Price Per Front Foot – Obtained by dividing sale price by the front footage of the lot

Following is our analysis of the 25-FF and 50-FF lots in Legacy Celina PID.

First, we will analyze the retail market value of the 25-FF improved townhome lots in Legacy Celina PID.

MAP OF COMPARABLE LOT SALES – 25' TOWNHOME LOTS

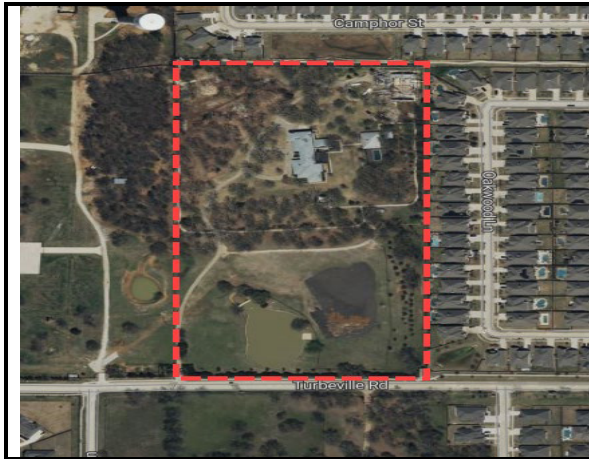


Subject: Legacy Celina PID, Celina, TX 75009

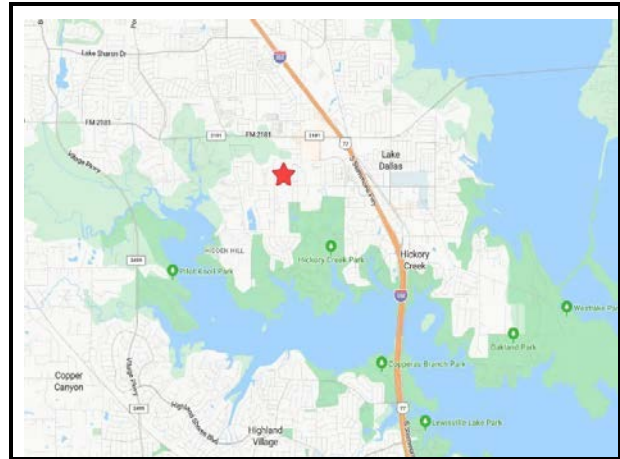
We selected the best and most recent comparable lot sales for our analysis of the 25-FF townhome lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 25' TOWNHOME LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Reserve at Hickory Creek	Hickory Creek	Lake Dallas	Aug-2023	In-Contract	\$92,000	27	\$ 3,407
2	Lakeside Crossing	Lewisville	Lewisville	Mar-2023	In-Contract	\$72,000	22	\$ 3,273
3	The Grove Frisco	Frisco	Frisco	Nov-2022	Closed	\$83,203	22	\$ 3,782
4	Mosaic	Celina	Celina	Jan-2024	Closed	\$80,000	25	\$ 3,200
5	Oak Point 720	Oak Point	Denton	Mar-2023	In-Contract	\$80,000	22	\$ 3,636
Subject	Legacy Celina PID	Celina	Celina	-	-	-	25	-

SALE COMPARABLE 1 – TOWNHOME LOTS



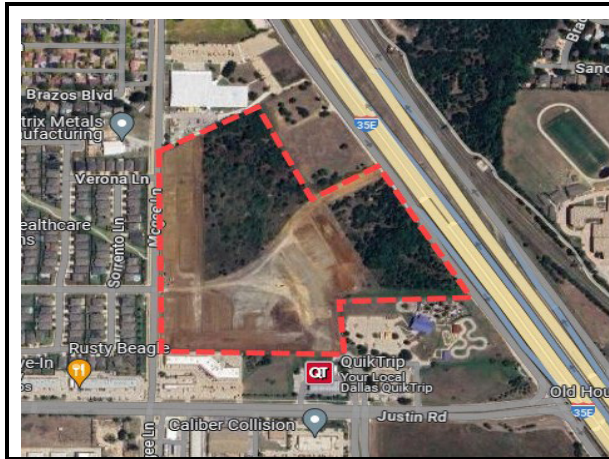
Comparable 1 Aerial



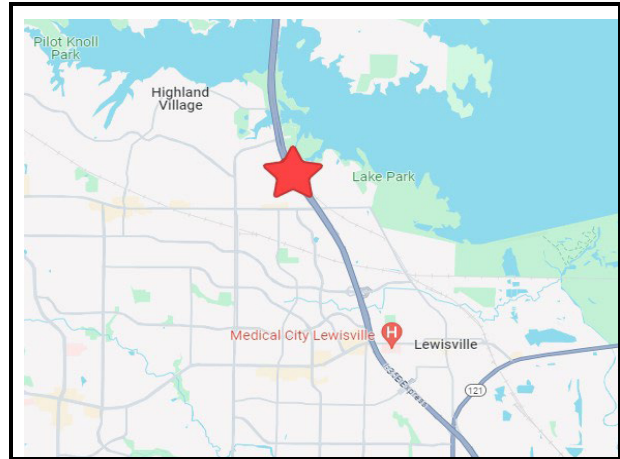
Comparable 1 Map

Townhome Sale Comparable 1				
Property Information				
Address	Reserve at Hickory Creek			
Property Class	Residential Townhome Lot			
Address	North side of Tuberville Road, East of Ronald Reagan Avenue, Hickory Creek			
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	The Reserve at Hickory Creek, LLC			
Buyer	Blue River Development Acquisitions, LLC			
Sale Price	\$92,000			
Price per SF Land	\$41.82			
Price per Front Foot	\$3,407			

SALE COMPARABLE 2 – TOWNHOME LOTS



Comparable 2 Aerial



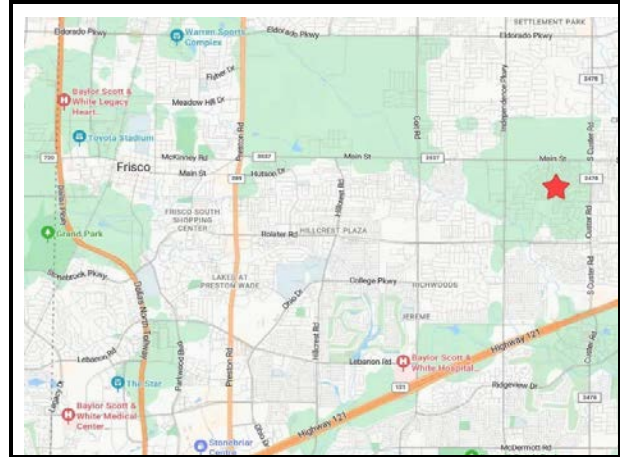
Comparable 2 Map

Townhome Sale Comparable 2				
Property Information				
Subdivision	Lakeside Crossing			
Property Class	Residential Townhome Lot			
Address	West of Interstate Highway 35E and east of McGee Lane, Lewisville			
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			
Price per Front Foot	\$3,273			

SALE COMPARABLE 3 – TOWNHOME LOTS



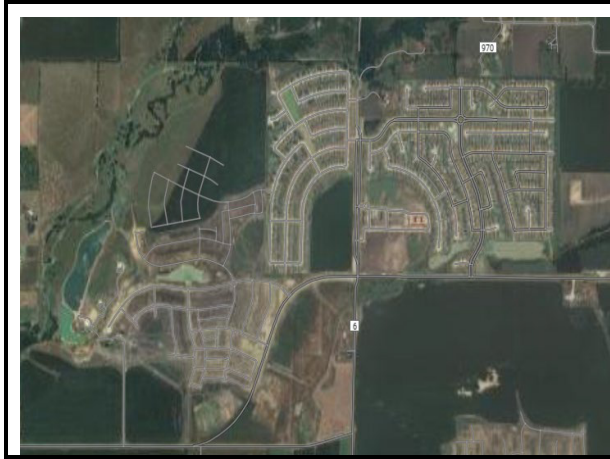
Comparable 3 Aerial



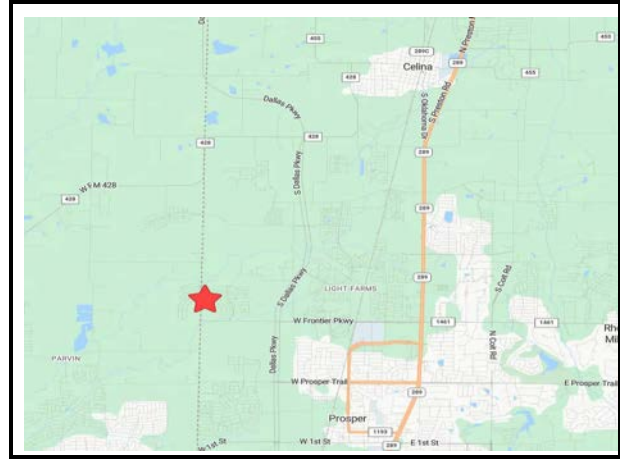
Comparable 3 Map

Townhome Sale Comparable 3				
Property Information				
Subdivision	The Grove Frisco			
Property Class	Residential Townhome Lot			
Address	South side of West Main Street, West of South Custer Road, Frisco			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	2,500	SF	0.06	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	November-2022			
Seller	Nash FM 3537, LLC			
Buyer	CB Jeni 2020, LLC			
Sale Price	\$83,203			
Price per SF Land	\$33.28			
Price per Front Foot	\$3,782			

SALE COMPARABLE 4 – TOWNHOME LOTS



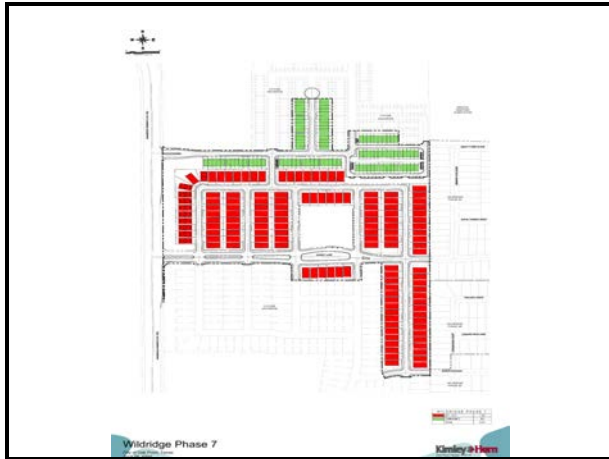
Comparable 4 Aerial



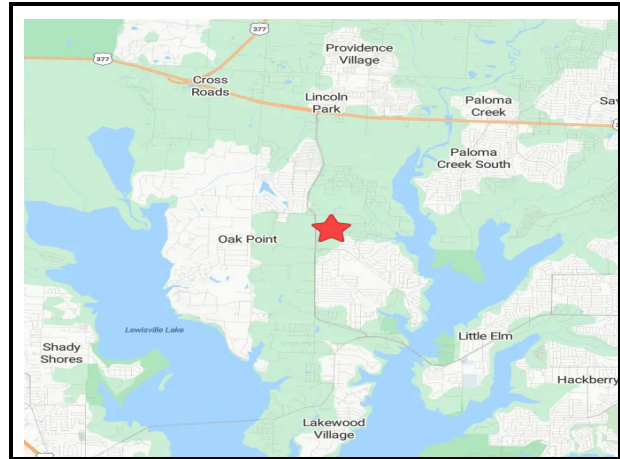
Comparable 4 Map

Townhome Sale Comparable 4				
Property Information				
Subdivision	Mosaic			
Property Class	Residential Townhome Lot			
Address	Northwest corner of Frontier Parkway and Legacy Drive, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	2,250	SF	0.05	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	January - 2024			
Seller	Tellus Texas I, LLC			
Buyer	Cadence Homes - Mosaic, LLC			
Sale Price	\$80,000			
Price per SF Land	\$35.56			
Price per Front Foot	\$3,200			

SALE COMPARABLE 5 – TOWNHOME LOTS



Comparable 5 Aerial



Comparable 5 Map

Townhome 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	2,200	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	\$36.36			
Price per Front Foot	\$3,636			

SALES ADJUSTMENT COMPARISON GRID – 25' TOWNHOME LOTS

<i>Subdivision</i>	Legacy Celina PID	Reserve at Hickory Creek	Lakeside Crossing	The Grove Frisco	Mosaic	Oak Point 720
	Celina	Hickory Creek	Lewisville	Frisco	Celina	Oak Point
<i>Transactional Adjustments</i>						
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,200	\$3,636
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,200	\$3,636
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,200	\$3,636
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,200	\$3,636
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$3,407	\$3,273	\$3,782	\$3,200	\$3,636
Time/Market Conditions		+10%	+11%	+12%	+8%	+11%
ADJUSTED Price/FF:		\$3,748	\$3,633	\$4,236	\$3,456	\$4,036
<i>Physical Adjustments</i>						
Location/Access	Northwest Celina, South of CR 58	-6%	-8%	-10%	-4%	-6%
Amenities	Commercial Area, Pickleball Court, Playground, Shade Structures, Lawn Play Area, Greenspace, Trails	-2%	-2%	-2%	-2%	-3%
Size	25-FF	0%	0%	0%	0%	0%
Topography/View	Gently Sloping; Unshaded Zone X	0%	0%	0%	0%	0%
Zoning	Planned Development	+2%	-2%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		-6%	-12%	-12%	-6%	-9%
ADJUSTED Price/FF:		\$3,523	\$3,197	\$3,727	\$3,249	\$3,673
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$3,197	to	\$3,727		
Average Value/FF		\$3,474				
Median Value/FF		\$3,523				
Size		25-FF				
Unit Value Indication		\$3470/FF				
Overall Value Indication		\$86,750				
Rounded		\$86,750				

ANALYSIS OF ADJUSTMENTS – 25' 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 \$3,200 per front foot to \$3,782 per front foot (FF) with all Sales being between 22-FF and 27-FF townhome lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

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 19 basis points to 6.65% as of May 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 25-FF vacant developed townhome 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 within Collin County 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 2023, 2024, and into the second 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 in a northwestern portion of the City of Celina, which has seen development rapidly increasing and consistent throughout the decades and will continue to bring the DFW area further into the northern region of the state. The subject is located approximately 2.6 miles west of State Highway 289, and along the south side of County Road 58 and east side of Celina Parkway. The area surrounding the subject property is a mixture of single-family residential communities and agricultural land. Also in the area are municipal uses, agricultural uses, and commercial uses along State Highway 289.

East of the subject property, about 3 miles, is Celina High School which is the only high school in Celina ISD. Celina ISD is an average district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Hickory Creek, which feeds into the Lake Dallas ISD which has a “C” rating and considered to be an inferior ISD, however, is within DFW metroplex with superior accessibility to commercial development; Adjusted -6%
- Sale 2: Superior; Located in Lewisville, which has superior access to commercial uses being within the DFW metroplex and is located in Lewisville ISD which has a “B” rating and considered to be a similar ISD; Adjusted -8%
- Sale 3: Superior; Located in Frisco which feeds into Frisco ISD which has an “A” rating and considered to be a superior ISD while also having superior access to commercial uses being within the DFW metroplex; Adjusted -10%
- Sale 4: Superior; Located in Celina ISD which is the same as the subject, however, is located in the southern section of the city which has superior access to commercial development; Adjusted -4%
- Sale 5: Superior; Located in Oak Point, which has superior access to commercial uses, while also being in Denton ISD which has a “C” rating and considered to be an inferior ISD; Adjusted -6%

Amenities

The subject property’s amenities will consist of a commercial area, a pickleball court, a playground, shade structures, a lawn play area, greenspace, and trails. The subject’s amenities are average for a master planned community the size of Legacy Celina PID with development being built-out with 301 homes. We have made the following adjustments for Amenities:

- Sale 1: Superior; Reserve at Hickory Creek Subdivision, which has slightly superior amenities such a pickleball court, outdoor fitness area, dog park, fishing pond, playground, picnic area with a gazebo, and walking trails; Adjusted -2%
- Sale 2: Superior; Lakeside Crossing Subdivision, which has slightly superior amenities such as flex fields, open spaces, two pools, and commercial access.; Adjusted -2%
- Sale 3: Superior; The Grove Frisco Subdivision, which has slightly superior amenities such as two pools, splash pad, a pavilion, a park, green space, and trails; Adjusted -2%
- Sale 4: Superior; Mosaic Subdivision, which has slightly superior amenities such as a pool complex with a lazy river, stocked lake, playground, fitness center, trails, and green space; Adjusted -2%
- Sale 5: Superior; Oak Point 720 Subdivision, which has superior amenities such as a pool, play area, indoor entertainment space, outdoor entertainment areas, food truck area, greenspace, and trails; Adjusted -3%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). 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. Sales 1 is a slightly larger townhome lot at 27-FF, Sales 2, 3, and 5 have slightly smaller lots at 22-FF, and Sale 4 has a similar lot size at 25-FF. 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

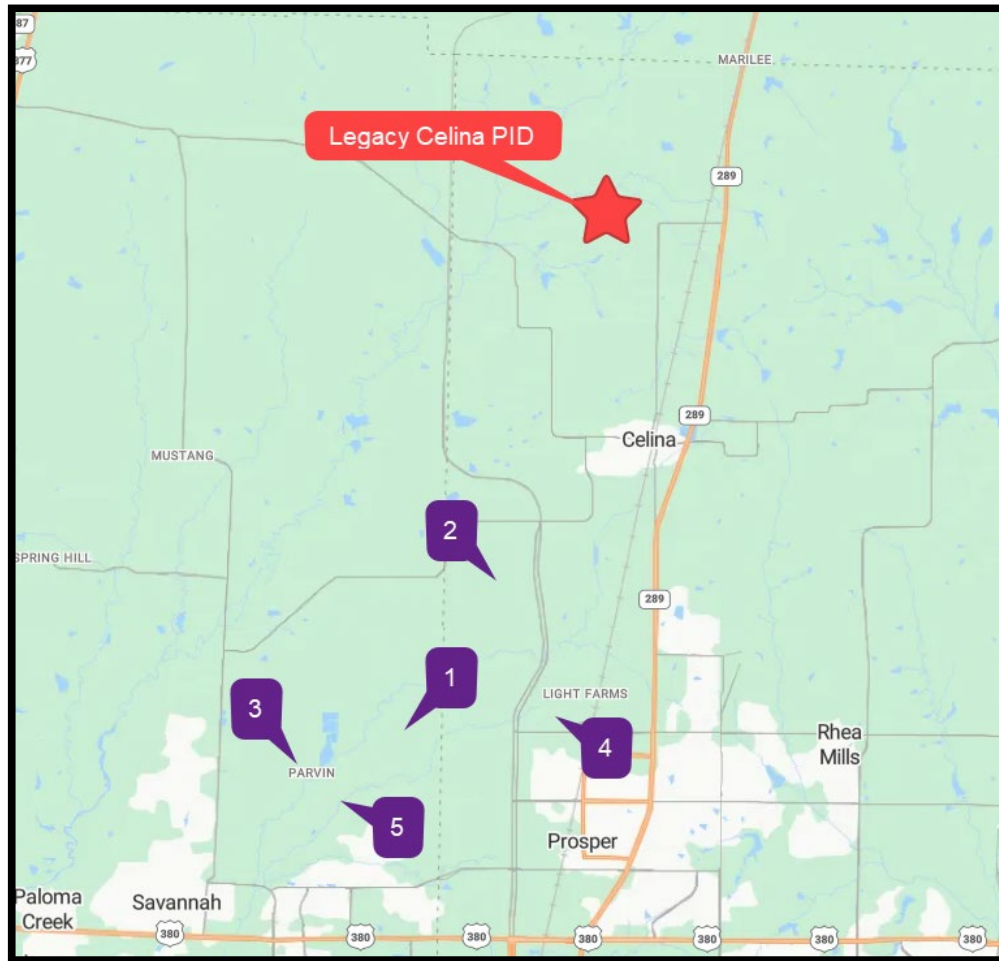
The subject property will be in a Planned Development and Sales 3, 4 and 5 are also in Planned Developments that allow for residential subdivision development for similar sized residential lots; thus, no adjustment is made for Zoning. Sale 1 is zoned townhome-1 by the City of Hickory Creek which allows for townhome development, which is more restrictive than the subject, therefore was adjusted +2% for Zoning. Sale 2 has a mixed-use PD which has fewer restrictions than the subject, therefore was adjusted -2% for Zoning.

Conclusion for 25' Townhome Lots – The 25' Townhome Lot Sales have an adjusted range of \$3,197/FF to \$3,727/FF with an average of \$3,474/FF and a median of \$3,523/FF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 25' townhome lots is \$3470/FF, or \$86,750/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
Townhome Lots	100	October 1, 2026	\$86,750

Next, we will analyze the retail market value of the 50' improved residential lots within Legacy Celina PID.

MAP OF COMPARABLE LOT SALES –50’ LOTS

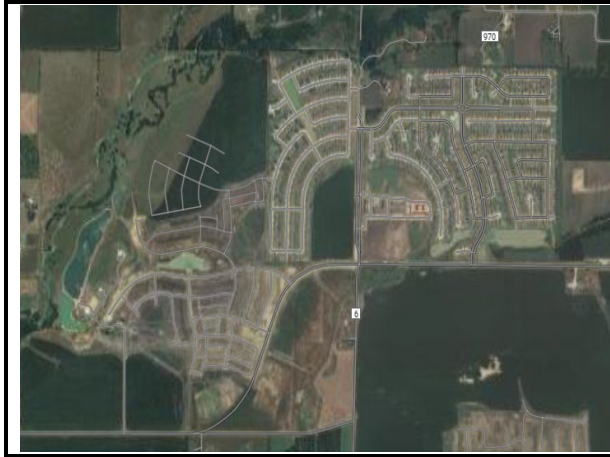


Subject: Legacy Celina PID, Celina, TX 75009

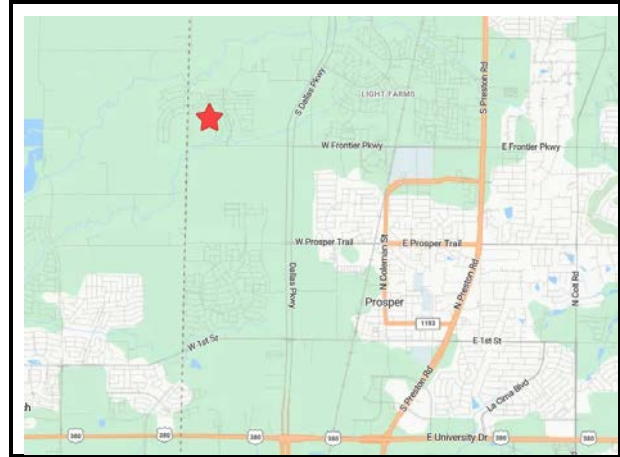
We selected the best and most recent comparable lot sales for our analysis of the 50-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 50' LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Mosaic	Prosper	Prosper	June-2023	Closed	\$122,500	50	\$ 2,450
2	Cambridge Crossing	Celina	Celina	Feb - 2024	Closed	\$100,000	50	\$ 2,000
3	Lily Creek At Sutton Fields	Celina	Prosper	Feb - 2023	In-Contract	\$100,000	50	\$ 2,000
4	Brookhollow West	Prosper	Prosper	June-2023	In-Contract	\$122,500	50	\$ 2,450
5	Windsong Ranch	Prosper	Prosper	Oct-2023	Closed	\$155,000	50	\$ 3,100
Subject	Legacy Celina PID	Celina	Celina	-	-	-	50	-

SALE COMPARABLE 1 – 50’ LOTS



Comparable 1 Aerial



Comparable 1 Map

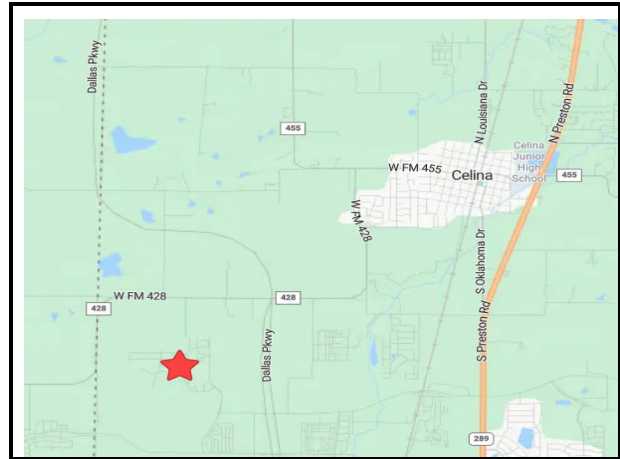
50-FF Sale Comparable 1				
Property Information				
Subdivision Name	Mosaic			
Property Class	Residential Lot			
Address	West side of CR-6 at Frontier Parkway, Prosper			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	June-2023			
Seller	Tellus Texas I, LLC			
Buyer	Highland Homes			
Sale Price	\$122,500			
Price per SF Land	\$20.42			
Price per Front Foot	\$2,450			

SALE COMPARABLE 2 – 50’ LOTS

Legacy Celina Public Improvement District



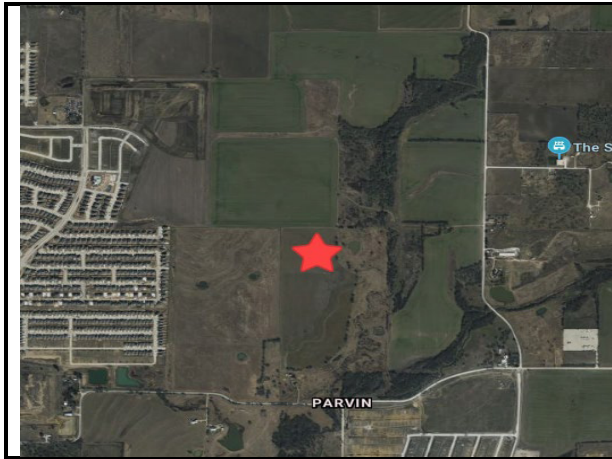
Comparable 2 Aerial



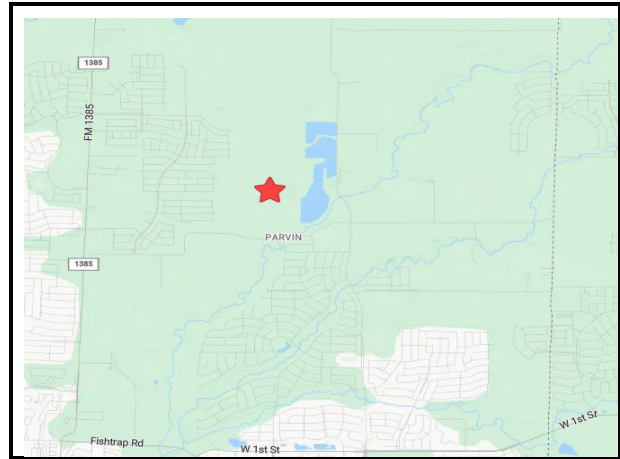
Comparable 2 Map

50-FF Sale Comparable 2				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	Febuary - 2024			
Seller	Sagebrook Denton, LP			
Buyer	Castlerock Communities, LLC			
Sale Price	\$100,000			
Price per SF Land	\$16.67			
Price per Front Foot	\$2,000			

SALE COMPARABLE 3 – 50’ LOTS



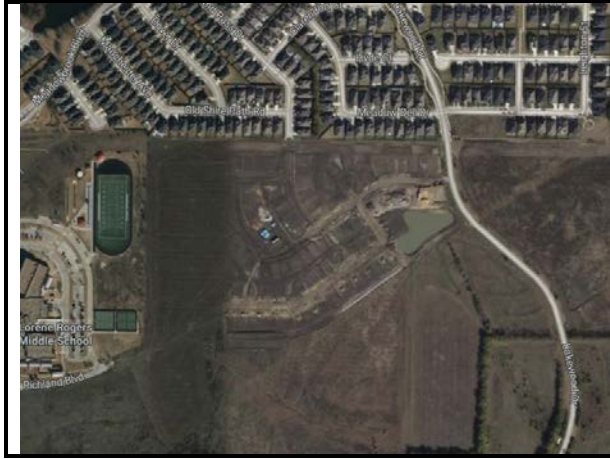
Comparable 3 Aerial



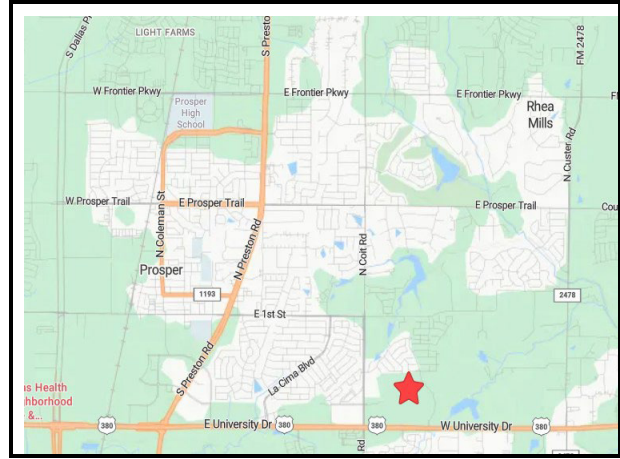
Comparable 3 Map

50-FF Sale Comparable 3				
Property Information				
Subdivision Name	Lily Creek At Sutton Fields			
Property Class	Residential Lot			
Address	North side of Parvin Road, East of Farm to Market Road 1375 and Sutton Fields, Celina			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	February - 2023			
Seller	MM Celina Parvin 101, LLC			
Buyer	M/I Homes			
Sale Price	\$100,000			
Price per SF Land	\$16.67			
Price per Front Foot	\$2,000			

SALE COMPARABLE 4 – 50’ LOTS



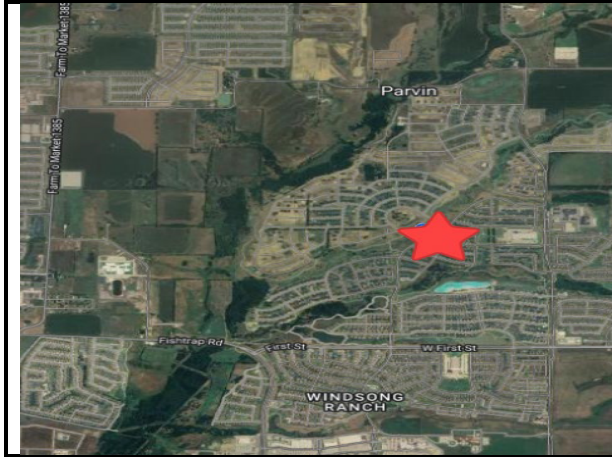
Comparable 4 Aerial



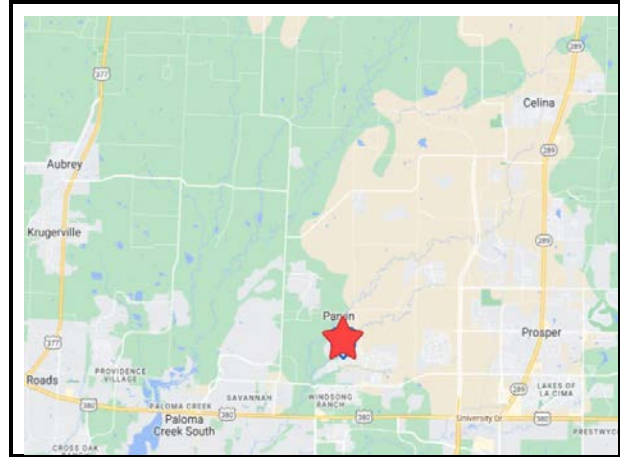
Comparable 4 Map

50-FF Sale Comparable 4				
Property Information				
Subdivision Name	Brookhollow West			
Property Class	Residential Lot			
Address	West side of Lakewood Drive, South side of First Street, North side of US Highway 380, East side of Coit Road, Prosper			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	June - 2023			
Seller	HH Lakewood Drive Development LP			
Buyer	Shaddock Homes, LTD			
Sale Price	\$122,500			
Price per SF Land	\$20.42			
Price per Front Foot	\$2,450			

SALE COMPARABLE 5 – 50' LOTS



Comparable 5 Aerial



Comparable 5 Map

50-FF Sale Comparable 5				
Property Information				
Subdivision Name	Windsong Ranch			
Property Class	Residential Lot			
Address	South side of Parvin Road, West of North Teel Parkway, North of West First Street, and East of Denton Way, Prosper			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,500	SF	0.15	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	October - 2023			
Seller	VP Windsong Operations, LLC			
Buyer	American Legend Homes, LLC			
Sale Price	\$155,000			
Price per SF Land	\$23.85			
Price per Front Foot	\$3,100			

SALES ADJUSTMENT COMPARISON GRID –50’ LOTS

Subdivision	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Legacy Celina PID	Mosaic	Cambridge Crossing	Lily Creek At Sutton Fields	Brookhollow West	Windsong Ranch
	Celina	Prosper	Celina	Celina	Prosper	Prosper
<i>Transactional Adjustments</i>						
Sales Price/FF		\$2,450	\$2,000	\$2,000	\$2,450	\$3,100
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$2,450	\$2,000	\$2,000	\$2,450	\$3,100
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$2,450	\$2,000	\$2,000	\$2,450	\$3,100
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$2,450	\$2,000	\$2,000	\$2,450	\$3,100
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$2,450	\$2,000	\$2,000	\$2,450	\$3,100
Time/Market Conditions		+10%	+8%	+11%	+10%	+9%
ADJUSTED Price/FF:		\$2,695	\$2,160	\$2,220	\$2,695	\$3,379
<i>Physical Adjustments</i>						
Location/Access	Northwest Celina, South of CR 58	-3%	-2%	-3%	-3%	-3%
Amenities	Commercial Area, Pickleball Court, Playground, Shade Structures, Lawn Play Area, Greenspace, Trails	-2%	-5%	+3%	0%	-5%
Size	50-FF	0%	0%	0%	0%	0%
Topography/View	Gently Sloping; Unshaded Zone X	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
<i>Total Net Physical Adj. After Transactional Adj.</i>		-5%	-7%	0%	-3%	-8%
ADJUSTED Price/FF:		\$2,560	\$2,009	\$2,220	\$2,614	\$3,109
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		\$2,009	to	\$3,109		
Average Value/FF		\$2,502				
Median Value/FF		\$2,560				
Size		50-FF				
Unit Value Indication		\$2500/FF				
Overall Value Indication		\$125,000				
Rounded		\$125,000				

ANALYSIS OF ADJUSTMENTS –50’ 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 \$2,000 per front foot to \$3,100 per front foot (FF) with all Sales being 50-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020-2024 but now appears to be cooling following another interest rate increased by the Federal Reserve that has lowered mortgage rates by 19 basis points to 6.65% as of May 2025. Price increased 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 50-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically within Collin County 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 2023, 2024, and into the second 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 +11% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is in a northwestern portion of the City of Celina, which has seen development rapidly increasing and consistent throughout the decades and will continue to bring the DFW area further into the northern region of the state. The subject is located approximately 2.6 miles west of State Highway 289, and along the south side of County Road 58 and on the east side of Celina Parkway. The area surrounding the subject property is a mixture of single-family residential communities and agricultural land. Also in the area are municipal uses, agricultural uses, and commercial uses along State Highway 289.

East of the subject property, about 3 miles, is Celina High School which is the only high school in Celina ISD. Celina ISD is an average district with a “B” rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Prosper, which has superior access to commercial uses, while also being in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted -3%
- Sale 2: Superior; Located in Celina, which has superior access to commercial uses and is located in Celina ISD which is the same as the subject; Adjusted -2%
- Sale 3: Superior; Located in Celina, which is located in an area that feeds into the Prosper ISD which has an “A” rating and considered to be a superior ISD while also having superior access to commercial uses; Adjusted -3%
- Sale 4: Superior; Located in Prosper, which has superior access to commercial uses, while also being in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted -3%
- Sale 5: Superior; Located in Prosper, which has superior access to commercial uses, while also being in Prosper ISD which has an “A” rating and considered to be a superior ISD; Adjusted -3%

Amenities

The subject property’s amenities will consist of a commercial area, a pickleball court, a playground, shade structures, a lawn play area, greenspace, and trails. The subject’s amenities are average for a master planned community the size of Legacy Celina PID with development being built-out with 301 homes. We have made the following adjustments for Amenities:

- Sale 1: Superior; Mosaic Subdivision, which has slightly superior amenities such as a pool complex with a lazy river, a stocked lake, a playground, a fitness center, and green space; Adjusted -2%
- Sale 2: Superior; Cambridge Crossing Subdivision which has superior amenities such as seven lakes, a private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, a fishing pond, a playground, a lap pool, a resort pool/cabanas, and an event lawn; Adjusted -5%
- Sale 3: Inferior; Lily Creek At Sutton Fields Subdivision which has inferior amenities such as a pool, a playground, a community garden, and trails; Adjusted +3%
- Sale 4: Similar; Brookhollow West Subdivision, which has similar amenities such as a resort-style pool, a cabana, a playground, parks, and greenspaces; Adjusted 0%
- Sale 5: Superior; Windsong Ranch Subdivision, which has superior amenities such as a lagoon with beach, swimming pool, tennis court, club house, community dock, fitness center, greenbelt, jogging path/bike path, park, playground, and restaurant; Adjusted -5%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). All Sales are also 50' lots that can accommodate the same building pad, so no adjustment is made for Size.

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

The subject property will be in a planned development and each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

Conclusion for 50' Lots – The 50' Lot Sales have an adjusted range of \$2,009/FF to \$3,109/FF with an average of \$2,502/FF and a median of \$2,560/FF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 50' lots is \$2500/FF, or \$125,000/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
50' Detached Lots	201	October 1, 2026	\$125,000

Cumulative Retail Lot Value

We believe a current lot market value of \$3470/FF for the 25-FF improved townhome lots and \$2500/FF for the 50' improved Lots improved Lots with an Effective Date of October 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 25-FF and 50-FF lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2024 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.

Additionally, according to the purchase and sale contracts, there will also be a \$2,000 per lot amenity fee and a \$500 marketing fee, which the builder is required to pay the developer at the time of lot closing. There will also be a \$3,900 lagoon fee per lot payable to the HOA. However, as this is not reimbursable to the developer, the lagoon fee was to utilized in our value calculations.

As of the Prospective Effective Date of October 1, 2026, the retail market value of the 25-FF and 50-FF lot prices for Legacy Celina PID are shown below:

LEGACY CELINA PID, CELINA					
Total Lots	Feet Frontage (FF)	Retail Price/Lot	Effective Date	Price/FF (\$/FF)	Total Retail Value (\$)
100	25-FF	\$86,750	October 1, 2026	\$3691/FF	\$8,675,000
201	50 FF	\$125,000	October 1, 2026	\$2500/FF	\$25,125,000
301					\$33,800,000
Amenity Fee Reimbursement				\$2,000/per lot	\$602,000
Marketing Fee Reimbursement				\$500/per lot	\$150,500
Total Retail Lot Value					\$34,552,500

Next, we will develop an opinion of value for the 301 residential lots in Legacy Celina PID using the Discount Cash Flow analysis.

DISCOUNT CASH FLOW ANALYSIS

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the construction completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of the completed construction date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are those which reflect all expenses associated with the disposition of the property as well as the cost of capital and entrepreneurial profit. **This latter item of entrepreneurial profit is accounted for herein as part of the discount rate.**

The various assumptions necessary to complete our Discounted Cash Flow (DCF) analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

Takedown Schedule

As discussed in detail in the “Pending Transactions to Builders” section of the report, our quarterly takedown projections are summarized as follows for the subject property based on the provided takedown purchase contracts:

TAKEDOWN SCHEDULE FOR LEGACY CELINA PID

Projected Quarterly Takedown Summary - Legacy Celina PID											
Lot Type	Oct-2026	Jan-2027	Apr-2027	July-2027	Oct-2027	Jan-2028	Apr-2028	July-2028	Oct-2028	Jan-2029	TOTAL
25-FF	20	10	10	10	10	10	10	10	10	-	100
50-FF	30	20	20	20	20	20	20	20	20	11	201
Total	50	30	30	30	30	30	30	30	30	11	301

Note: Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the Effective Date is October 1, 2026, our analysis starts on the 4th 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 at rates ranging from 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 a 6% escalation which is consistent with recent improved lot appreciations over many years. However, the developer has an executed purchase and sale contract that specifies a 7% escalation, thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject's lots at 7% 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 **0.02064531 per \$100 assessed – 2.064531%** for the purpose of our analysis – with taxes due to City of Celina, Collin County, Collin College, and Celina ISD.

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 - 2nd Quarter 2025*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	15.64%	34.09%	23.07%	15.01%	32.73%	22.15%
-100 Units	15.64%	29.39%	22.06%	15.01%	28.22%	21.18%
100-500 Units	16.03%	32.33%	23.21%	15.39%	31.04%	22.28%
500+ Units	16.42%	33.80%	23.60%	15.76%	32.45%	22.66%
Mixed Use	16.81%	34.09%	23.42%	16.14%	32.73%	22.48%
Manufactured Housing	16.13%	37.21%	24.74%	15.48%	35.72%	23.75%
-100 Units	16.13%	32.35%	23.76%	15.48%	31.06%	22.81%
100-500 Units	16.53%	35.59%	25.02%	15.87%	34.16%	24.02%
500+ Units	16.93%	37.21%	25.45%	16.26%	35.72%	24.43%
Business Parks	16.09%	35.58%	23.98%	15.44%	34.15%	23.02%
-100 Acres	16.09%	30.94%	23.04%	15.44%	29.70%	22.12%
100-500 Acres	16.49%	34.03%	24.25%	15.83%	32.67%	23.28%
500+ Acres	16.89%	35.58%	24.66%	16.22%	34.15%	23.67%
Industrial Parks	16.16%	30.04%	21.52%	15.51%	28.84%	20.66%
-100 Acres	16.16%	26.12%	20.72%	15.51%	25.08%	19.89%
100-500 Acres	16.56%	28.73%	21.74%	15.90%	27.58%	20.87%
500+ Acres	16.97%	30.04%	22.09%	16.29%	28.84%	21.21%
*1st Quarter 2025 Data			Copyright 2025 RealtyRates.com™			

As shown, the minimum actual rates in Texas range from 15.64% for less than 100 units; 16.03% for 100 to 500 units; and 16.42% for 500+ units with minimum pro-forma rates ranging from 15.01% to 15.76%.

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 rates provided by the Realty Rates “Developer Survey” for Texas of 16.03% for between 100-500 units; and 15.39% 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 **16%** 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 PID), as well as the current market conditions. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly with an annual DCF also included. With each of the required elements now identified, we will analyze the subject in DCF analyses as shown on the following pages.

DISCOUNT CASH FLOW (DCF) ANALYSIS - LEGACY CELINA PID

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete October 1, 2026
- Retail lot values: \$86,750 for 25-FF townhome lots
- Retail lot values: \$125,000 for 50-FF single family residential lots
- 7% Appreciation/Year (1.75%/Quarter)
- 25-FF Townhome Lots sell 20/quarter in 4Q2026, then 10/quarter in thereafter
- 50-FF Lots sell 30/quarter in 4Q2026, then 20/quarter thereafter
- Discount Rate 16% (4.00%/Quarter)
- Tax Expense on Inventory is 2.064531%/Year, 0.51613275%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the improved lots in the Legacy Celina PID is expected to be completed as of October 1, 2026, we believe lot prices will continue to appreciate close to the purchase and sale contract appreciation which is 7% per year. Thus, we have concluded that current retail improved lot values will be similar when takedowns begin. **Therefore, as of the expected Substantial Completion Date (October 1, 2026) the retail lot value for the 100 25-FF townhome lots is \$8,675,000 and the retail lot value for 201 50-FF lots is \$25,125,000 with a total cumulative value of \$33,800,000. Per the purchase and sale contracts, there will also be a \$2,000 per lot Amenity Fee and a \$500 marketing fee, which the builder is required to pay the developer at the time of lot closing. The total value of the amenity fee is \$602,000 (301 x \$2,000), and the total value of the marketing fee is \$150,500 (301 x \$500). After adding these two reimbursements, the total cumulative value is \$34,552,500 as shown in the following table:**

LEGACY CELINA PID, CELINA					
Total Lots	Feet Frontage (FF)	Retail Price/Lot	Effective Date	Price/FF (\$/FF)	Total Retail Value (\$)
100	25-FF	\$86,750	October 1, 2026	\$3691/FF	\$8,675,000
201	50 FF	\$125,000	October 1, 2026	\$2500/FF	\$25,125,000
301					\$33,800,000
Amenity Fee Reimbursement				\$2,000/per lot	\$602,000
Marketing Fee Reimbursement				\$500/per lot	\$150,500
Total Retail Lot Value					\$34,552,500

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 4.00% 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 is October 1, 2026, we will analyze on a quarterly basis starting 4Q2026.

DISCOUNT CASH FLOW DATA – LEGACY CELINA PID (QUARTERLY)

	Oct 2026			Jan. 2027			Apr. 2027		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
25-FF Townhome Lots	100	\$ 86,750	20	80	\$ 88,268	10	70	\$ 89,813	10
50-FF Lots	201	\$ 125,000	30	171	\$ 127,188	20	151	\$ 129,413	20
Revenue		\$ 5,485,000			\$ 3,426,431			\$ 3,486,394	
Expenses:									
Marketing Fee Reimbursement		\$ 25,000			\$ 15,000			\$ 15,000	
Amenity Fee Reimbursement		\$ 100,000			\$ 60,000			\$ 60,000	
Tax Expense		\$ (122,117)			\$ (104,090)			\$ (93,316)	
Sales Expense		\$ (82,275)			\$ (51,396)			\$ (52,296)	
Net Income		\$ 5,405,608			\$ 3,345,944			\$ 3,415,782	
Factor		0.981619			0.945863			0.911410	
Income Net Present Value (NPV)		\$ 5,306,245			\$ 3,164,805			\$ 3,113,178	



	Jul. 2027			Oct. 2027			Jan. 2028		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
25-FF Townhome Lots	60	\$ 91,385	10	50	\$ 92,984	10	40	\$ 94,611	10
50-FF Lots	131	\$ 131,678	20	111	\$ 133,982	20	91	\$ 136,327	20
Revenue		\$ 3,547,406			\$ 3,609,485			\$ 3,672,651	
Expenses:									
Marketing Fee Reimbursement		\$ 15,000			\$ 15,000			\$ 15,000	
Amenity Fee Reimbursement		\$ 60,000			\$ 60,000			\$ 60,000	
Tax Expense		\$ (82,132)			\$ (70,529)			\$ (58,494)	
Sales Expense		\$ (53,211)			\$ (54,142)			\$ (55,090)	
Net Income		\$ 3,487,062			\$ 3,559,814			\$ 3,634,067	
Factor		0.878212			0.846223			0.815399	
Income Net Present Value (NPV)		\$ 3,062,379			\$ 3,012,396			\$ 2,963,216	



	Apr. 2028			Jul. 2028		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
25-FF Townhome Lots	30	\$ 96,267	10	20	\$ 97,951	10
50-FF Lots	71	\$ 138,713	20	51	\$ 141,140	20
Revenue		\$ 3,736,923			\$ 3,802,319	
Expenses:						
Marketing Fee Reimbursement		\$ 15,000			\$ 15,000	
Amenity Fee Reimbursement		\$ 60,000			\$ 60,000	
Tax Expense		\$ (46,016)			\$ (33,084)	
Sales Expense		\$ (56,054)			\$ (57,035)	
Net Income		\$ 3,709,852			\$ 3,787,200	
Factor		0.785698			0.757079	
Income Net Present Value (NPV)		\$ 2,914,824			\$ 2,867,210	



Legacy Celina Public Improvement District

	Oct. 2028			Jan. 2029		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
25-FF Townhome Lots	10	\$ 99,665	10	-	-	-
50-FF Lots	31	\$ 143,610	20	11	\$ 146,123	11
Revenue		\$3,868,859			\$1,607,357	
Expenses:						
Marketing Fee Reimbursement		\$ 15,000			\$ 5,500	
Amenity Fee Reimbursement		\$ 60,000			\$ 22,000	
Tax Expense		\$ (19,685)			\$ (3,872)	
Sales Expense		\$ (58,033)			\$ (24,110)	
Net Income		\$3,866,141			\$1,606,876	
Factor		0.729502			0.707291	
Income Net Present Value (NPV)		\$2,820,360			\$1,136,528	

Total Net Revenue Over ~10 Quarters	\$35,818,347
Net Present Value (As-Is) at 16% Discount Rate	\$30,361,141
<u>Rounded</u>	\$30,361,000

Note: Quarterly discount and appreciation calculations are averaged to the middle of the period.

DISCOUNT CASH FLOW DATA – LEGACY CELINA PID (ANNUAL)

	2026			2027		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
25-FF Townhome Lots	100	\$ 86,750	20	80	\$ 90,654	40
50-FF Lots	201	\$ 125,000	30	171	\$ 130,500	80
Revenue		\$ 5,485,000			\$ 14,066,150	
Expenses:						
Marketing Fee Reimbursement		\$ 25,000			\$ 60,000	
Amenity Fee Reimbursement		\$ 100,000			\$ 240,000	
Tax Expense		\$ (122,117)			\$ (427,305)	
Sales Expense		\$ (82,275)			\$ (210,992)	
Net Income		\$ 5,405,608			\$ 13,727,852	
Factor		0.981619			0.894657	
Income Net Present Value (NPV)		\$ 5,306,245			\$ 12,281,718	



	2028			2029		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
25-FF Townhome Lots	40	\$ 97,000	40	-	-	-
50-FF Lots	91	\$ 139,635	80	11	\$ 146,198	11
Revenue		\$ 15,050,781			\$ 1,608,176	
Expenses:						
Marketing Fee Reimbursement		\$ 60,000			\$ 5,500	
Amenity Fee Reimbursement		\$ 240,000			\$ 22,000	
Tax Expense		\$ (239,707)			\$ (3,873)	
Sales Expense		\$ (225,762)			\$ (24,123)	
Net Income		\$ 14,885,312			\$ 1,607,680	
Factor		0.771256			0.707291	
Income Net Present Value (NPV)		\$ 11,480,385			\$ 1,137,097	



Total Net Revenue Over ~4 Years	\$35,626,452
Net Present Value (As-Is) at 16% Discount Rate	\$30,205,445
Rounded	\$30,205,000

Note: Annual discount and appreciation calculations are averaged to the middle of the period

DCF Conclusion (301 Improved 25’ and 50’ Lots)

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the 301 improved lots in Legacy Celina PID in a bulk sale transaction would be between \$30,205,445 and \$30,361,141, which is approximately \$155,696 (0.52%) 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 Legacy Celina PID “Upon Completion” with a Prospective Effective Date of October 1, 2026, for 301 improved lots is \$30,361,000 (\$101,000/lot).**

INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSION

Using the Discount Cash Flow Analysis to determine the net present value as of the expected construction completion date (October 1, 2026), we have determined the following value for Legacy Celina PID as shown in the table below:

INCOME APPROACH VALUE INDICATION	
Fee Simple Interest, Complete October 1, 2026	
Legacy Celina PID 301 Improved Residential Lots	\$30,361,000 (\$101,000/Lot Rounded)

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 Legacy Celina PID will be constructed in multiple phases over several years, the Cost Approach is not appropriate and thus was not utilized to value the improved lots in the Legacy Celina PID.

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 301 improved residential lots in Legacy Celina PID, 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 301 improved lots “Upon Completion” in Legacy Celina PID as of October 1, 2026, is \$30,361,000 (\$101,000/lot).**

Sales Comparison Approach

For the improved lots within the Legacy Celina PID, 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 Legacy Celina PID.

Final Value Conclusion Summary

As a result of our investigations, studies and analysis of the sale, cost, income, and expense data, interpreted within the context of all the factors in the marketplace which effect value, our reconciliation of the indicated values between the utilized approaches to value are listed in the table below. The property type warranted only a single approach to be developed so our final value conclusion for the subject property is shown as follows:

FINAL MARKET VALUE CONCLUSION LEGACY CELINA PID			
	Cost	Sales	Income (Subdivision)
Fee Simple Interest, Complete October 1, 2026	N/A	N/A	\$30,361,000
301 Improved Residential Lots			(\$101,000/Lot Rounded)

Exposure Time

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been at least 6-12 months.

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 25-FF Townhome Lots sell at 20/Quarter starting in 4Q2026, then 10/quarter thereafter and the 50-FF Lots sell at 30/Quarter starting in 4Q2026, then 20/quarter thereafter. All lots are anticipated to be taken down by February 2029 or in approximately 29 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

July 1, 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 "LMR-75 Public Improvement District" located in the City of Celina, Collin 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 Celina 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 LMR-75 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:**

- **Approximately 301 improved residential lots to be sold in bulk in Single-Family POD 1 and Townhome POD 1 of the LMR-75 PID. We will report the estimated retail value of the lots during the sellout period consisting of:**
 - 100 townhome lots of 25-FF sizes, and
 - 201 lots of 50-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 \$15,000 which will be paid for by the Developer, but payment may be reimbursed to the developer as a qualified creation and issuance cost of the "Public Improvement District". Please note that the full fee must be received in our office before the commencement of this appraisal. The delivery date will be within 30 days from your signed acceptance of this letter agreement, receipt of the fee and receipt of requested documents from the developer, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. **We will require the full fee of \$15,000 prior to the commencement of this appraisal assignment.** If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

Two hard copies of the appraisal report will be provided upon request. Digital copies, in PDF format, will be delivered upon completion via email or other file transfer as client requests. Additionally, we confirm our permission to use the final appraisal report in the offer and sale of public securities secured by the special assessments levied on property within the PID for the "Project"; and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose. The 30-day delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment. Should, upon review of the draft Appraisal Report, the client requests material changes, or additions beyond the agreed to Scope of Work that materially affect the appraisal report and/or resulting values; the Client agrees to additional scope of work changes at our current hourly rates (\$300/hour).

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance, or wetlands. Therefore, unless we have been provided with appropriate third-party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment, and actions.

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our current hourly rates (\$300/hour) for such preparation and presentation of testimony.

Page 2 of 7

Legacy Celina Public Improvement District

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)

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.

CONCEPTUAL SITE PLAN



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 for Legacy Celina PID 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 KFM Engineering & Design, the Professional Engineers, dated July 1, 2025 for 301 improved residential lots in Legacy Celina PID.
- All information relative to the property located within Legacy Celina PID including land areas, lot totals, lot sizes, and other pertinent data that was provided by MM Legacy Celina 75, LLC (Developer), KFM Engineering & Design (Professional Engineers and Surveyors), the City of Celina, Collin County, and the Collin Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected prospective completion date of October 1, 2026 for Legacy Celina PID; 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 – 300 hours of qualifying education for the Certified General Appraiser license
University of Texas in Arlington – 180 hours of qualifying education for the Texas Real Estate License
Southern Methodist University – qualifying education for the Texas Comptroller Arbitrator registry

PROFESSIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board – State Certified Residential Appraiser No. TX-1361274
Texas Real Estate Commission – Real Estate Broker License, No. 0468343

EXPERIENCE:

- 7 Years' experience as a fee appraiser for residential and commercial properties for *Peyco Southwest Realty*, *Aloft Appraisals*, and *G.S. Zachary Company*
 - Residential appraisals – area of expertise is in north Texas region; FHA certified
 - Commercial appraisals - throughout the states of Texas and Oklahoma
- 24 Years' experience as a residential and commercial real estate broker for multiple firms
 - *Savage Realty Investments* – Founding President
 - Negotiated contracts for clients in over \$50 million dollars of real estate transactions
 - Managed and trained over 25 Real Estate Agents
 - *Fathom Realty* – Broker Team Leader
 - Trained and mentored Real Estate Agents and assisted them with contracts and client transactions
- 24 Years' experience as a Property Tax Consultant
 - Valued properties, prepared cases, and appeared before Appraisal Review Boards to dispute the tax valuations of residential, commercial, and business personal property throughout the nation. Major clientele base included national accounts such as: Sonic restaurants, Church's Chicken restaurants, and Chuck-E-Cheese restaurants
- 9 Years' experience as a Real Estate Arbitrator on the *Texas Comptroller* registry
 - Act as an Arbitrator for real estate cases involving property tax disputes on residential, commercial, and business personal property taxes throughout Texas
 - Made binding valuation determinations for the disputed properties
- 16 Years' experience as a Real Estate Instructor at the *University of Texas in Arlington*
 - Adjunct instructor, teaching real estate classes to students pursuing a Real Estate Agent license in Texas
- 6 Years' experience as a Real Estate Arbitrator Instructor at the *University of Texas in Arlington*
 - Adjunct instructor, teaching continuing education classes to existing Arbitrators on the Texas Comptroller's registry
 - Trained and mentored many Arbitrators
- 3 Year's expectancy as a Real Estate Acquisition and Valuation Analyst for multiple firms
 - *KeyGlee* – Provided valuation of residential real estate for wholesaling to real estate investors
 - *Hyperion Homes* – Provided valuation of residential real estate for rent-to-own clients



Certified General Real Estate Appraiser

Appraiser: **Leslie Elizabeth Tolliver**

License #: **TX 1381494 G**

License Expires: **09/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


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.

A blue ink signature of Chelsea Buchholtz, the Executive Director of TALCB, is located to the right of the authorization text.

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:

- Basic Appraisal Principles (QE) – 30 hours
- Basic Appraisal Procedures (QE) – 30 hours
- 2024-2025 15 Hour National USPAP Course (QE) – 15 hours
- Appraising for the Supervisor and Trainee – 4 hours
- Law of Agency (QE) – 30 hours
- Law of Contracts (QE) – 30 hours
- Principals of Real Estate I and II (QE) – 60 hours
- Promulgated Contracts Forms (QE) – 30 hours
- Real Estate Finance (QE) – 30 hours
- Practicing Affiliate, Appraisal Institute – since 2023

PROFESIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board – Appraisal Trainee No. TX-1343865

APPRAISER EXPERIENCE

July 2023-Present

Appraiser Associate/Trainee with *Peyco Southwest Realty*, Arlington TX

- Commercial Appraisals – throughout the 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

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APPENDIX F

FORM OF CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

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**LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT CONSTRUCTION,
FUNDING, AND ACQUISITION AGREEMENT**

THIS LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT (this “Agreement”), dated as of October 14, 2025 is by and between the **CITY OF CELINA, TEXAS**, a home rule municipality of the State of Texas (the “City”), and **MM LEGACY CELINA 75, LLC**, a Texas limited liability company (the “Developer”).

**ARTICLE I
DEFINITIONS**

The following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

“**Act**” means the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended.

“**Actual Costs**” means the costs of the Authorized Improvements actually paid or incurred for construction and installation of the Authorized Improvements in accordance with the Service and Assessment Plan.

“**Administrator**” means, initially, MuniCap, Inc., or any other individual or entity designated by the City to administer the District.

“**Annual Service Plan Update**” means the annual update to the Service and Assessment Plan conducted by the Administrator pursuant to the Service and Assessment Plan.

“**Authorized Improvements**” means improvements authorized by Section 372.003 of the Act, including and as listed in Section III of the Service and Assessment Plan.

“**Authorized Improvements Account**” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“**Bond Ordinance**” means the ordinance adopted by the City Council on October 14, 2025 authorizing the issuance of the Bonds pursuant to the Indenture.

“**Bonds**” means the City’s bonds designated “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project)”.

“**Budgeted Costs**” means the anticipated, agreed upon costs of the Authorized Improvements as shown in Table III of the Service and Assessment Plan.

“**Certification for Payment**” means a certificate, substantially in the form of **Exhibit A** hereto or otherwise executed by the Developer, approved by a City Representative, provided no

more frequently than once per month, and delivered to the Trustee, specifying the amount of work performed related to the Authorized Improvements and the Actual Costs thereof, and requesting payment for such Actual Costs of such Authorized Improvements from money on deposit in the Authorized Improvements Account or the Developer Improvement Account of the Project Fund.

“City Inspector” means an individual employed by or an agent of the City whose job is, in part or in whole, to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

“City Manager” means the City Manager of the City, or its designee.

“City Representative” means the City Manager, or any other official or agent of the City later authorized by the City to undertake the action referenced herein, in the Certification for Payment or in the Closing Disbursement Request.

“Closing Date” means the date of the initial delivery of and payment for the Bonds, and is November 13, 2025.

“Closing Disbursement Request” means the certificate, substantially in the form of **Exhibit B** hereto or otherwise executed by the Developer, approved by a City Representative, and delivered to the Trustee on the Closing Date, specifying the costs incurred in the establishment, administration, and operation of the District or issuing the Bonds, and requesting payment for such costs from money on deposit in the Costs of Issuance Account of the Project Fund.

“Construction Contracts” means the contracts for the construction of an Authorized Improvement. **“Construction Contract”** means any one of the Construction Contracts.

“Cost” means the Budgeted Costs or the cost of an Authorized Improvement as reflected in a Construction Contract, if greater than the Budgeted Costs.

“Costs of Issuance Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Cost Overrun” means, with respect to each Authorized Improvement, the Actual Cost, as appropriate, of such Authorized Improvement in excess of the Budgeted Cost.

“Developer Improvement Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Development Agreement” means that certain Development Agreement, executed by and among the City and LMR Holdings, Ltd., as partially assigned to Developer, and as may be amended from time to time.

“District” shall mean the Legacy Celina Public Improvement District created March 11, 2025.

“Final Completion” means the time at which the construction of an Authorized Improvement (or specified segment, section or part thereof) has progressed to the point where such Authorized Improvement (or a specified segment, section or part thereof) is sufficiently complete in accordance with the Construction Contracts related thereto so that such Authorized Improvement (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended and is in compliance with existing City standards and specifications for dedication to the City.

“Indenture” means that certain Indenture of Trust between the City and U.S. Bank Trust Company, National Association, as trustee, dated as of November 1, 2025 relating to the Bonds.

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

“Plans” means the plans, specifications, schedules and related construction contracts for the Authorized Improvements, approved pursuant to the applicable standards, ordinances, procedures, policies and directives of the City, the Development Agreement, and any other applicable governmental entity.

“Project Fund” means the fund, including the accounts created and established under such fund, where monies from the proceeds of the sale of the Bonds and any funds received from the Developer, excluding those deposited in other funds in accordance with the Indenture, shall be deposited, and the fund by such name created under the Indenture.

“Reimbursement Agreement” means the “Legacy Celina Public Improvement District Reimbursement Agreement” dated as of October 14, 2025, by and between the City and the Developer providing for the reimbursement of costs to the Developer for funds advanced by the Developer and used to pay a portion of the costs of the Authorized Improvements and other matters related thereto.

“Service and Assessment Plan” means the “Legacy Celina Public Improvement District Service and Assessment Plan” adopted by City ordinance on October 14, 2025 by the City Council and prepared pursuant to the Act.

ARTICLE II RECITALS

Section 2.01. The District and the Authorized Improvements.

(a) The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of the Authorized Improvements.

(b) The City has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Ordinance and the Indenture, the proceeds of which Bonds shall be used, in

part, to finance all or a portion of the Authorized Improvements in accordance with the terms and limitations of the Development Agreement, this Agreement, and the Service and Assessment Plan.

(c) Concurrently with the issuance of the Bonds, the Developer and the City have entered into the Reimbursement Agreement to provide for the reimbursement of costs to the Developer for funds advanced by the Developer and used to pay a portion of the costs of the Authorized Improvements.

(d) All Authorized Improvements are eligible to be financed with proceeds of the Bonds and the Reimbursement Agreement, to the extent specified herein.

(e) The proceeds from the issuance and sale of the Bonds and funds received from the Developer concurrently with the closing of the Bonds shall be deposited in accordance with the Indenture.

(f) The Developer will undertake, oversee, or ensure the construction and development of the Authorized Improvements for acquisition and acceptance by the City, in accordance with the terms and conditions contained in the Development Agreement and this Agreement.

Section 2.02. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE III FUNDING

Section 3.01. Bonds.

(a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds.

(b) The projects to be partially financed with the proceeds of the Bonds are the Authorized Improvements. The payment of costs from the proceeds of the Bonds for such Authorized Improvements shall be made from the Authorized Improvements Account of the Project Fund established under the Indenture.

(c) The payment of costs of the Authorized Improvements from the Developer Improvement Account of the Project Fund established under the Indenture shall be made in accordance with the provisions of Section 5.03 hereof and the terms of the Indenture.

(d) The City's obligation with respect to the payment of the Authorized Improvements shall be limited to the lesser of the Actual Costs or Budgeted Costs, and shall be payable solely from amounts on deposit for the payment of such costs as provided herein and in the Indenture. The Developer agrees and acknowledges that it is responsible for all Cost Overruns and all

expenses related to the Authorized Improvements, qualified, however, by the distribution of Cost Underrun (as defined in Section 4.04 hereof) monies, as detailed in Section 4.04.

(e) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment.

(f) The Developer acknowledges that any lack of availability of amounts in the funds or accounts established in the Indenture to pay the Costs of the Authorized Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Authorized Improvements required by this Agreement, the Development Agreement, or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject.

Section 3.02 Accounts. All disbursements from the Authorized Improvements Account, the Costs of Issuance Account, and the Developer Improvement Account of the Project Fund shall be made by the City in accordance with the provisions of the Development Agreement, the Service and Assessment Plan, this Agreement, and the Indenture.

ARTICLE IV CONSTRUCTION OF THE AUTHORIZED IMPROVEMENTS

Section 4.01. Duty of Developer to Construct.

(a) All Authorized Improvements shall be constructed by or at the direction of the Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Authorized Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ, at all times, adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Authorized Improvements to be acquired and accepted by the City, from the Developer, as provided in this Agreement.

(b) The Developer shall not be relieved of its obligation to construct or cause to be constructed each Authorized Improvement and, upon completion, inspection, and acceptance, convey each such Authorized Improvement to the City, in accordance with the terms hereof, even if there are insufficient funds in the Project Fund or other funds or accounts created under the Indenture to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with

respect to the Authorized Improvements required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Authorized Improvements shall not require competitive bidding pursuant to Section 252.022(a)(9) of the Texas Local Government Code, as amended.

Section 4.03. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City with respect to the Authorized Improvements.

Section 4.04. Remaining Funds After Completion of an Authorized Improvement. Upon the Final Completion of an Authorized Improvement and payment of all outstanding invoices for such Authorized Improvement, if the Actual Cost of such Authorized Improvement is less than the Budgeted Cost (a “Cost Underrun”), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Authorized Improvement. The City shall promptly confirm to the Administrator that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Authorized Improvements and shall include an update reflecting such change in the subsequent Annual Service Plan Update. Any Cost Underrun for any Authorized Improvement is available to pay Cost Overruns on any other Authorized Improvement.

Section 4.05. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as “change orders”) required for the construction of the Authorized Improvements. Developer or its contractors may approve and implement any change orders, even if such change orders would increase the Cost of an Authorized Improvement, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such change orders except to the extent amounts are available, or become available, pursuant to Section 4.04. If any change order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under Section 4.01, then such revisions made by an engineer must be submitted to the City for approval by the City’s engineer prior to execution of the change order.

ARTICLE V ACQUISITION, CONSTRUCTION, AND PAYMENT

Section 5.01. Payment Requests for Disbursements at Closing. In order to receive disbursement from the Costs of Issuance Account of the Project Fund at closing of the Bonds related to costs of issuance of the Bonds or costs incurred in the creation of the District, the Developer shall execute a Closing Disbursement Request, substantially in the form of **Exhibit B** hereto or in a form otherwise acceptable and agreed to by the City, to be delivered to the City no less than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. In order to receive disbursement for an Authorized Improvement from the Authorized Improvements Account of the Project Fund or the Developer Improvement Account of the Project Fund at closing of the Bonds, the Developer shall

execute a Certification for Payment, substantially in the form of **Exhibit A** hereto or otherwise agreed to by the City, to be delivered to the City no later than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Closing Disbursement Request or a Certification for Payment, as applicable, to the Trustee for disbursement to be made from the Costs of Issuance Account of the Project Fund, the Authorized Improvements Account of the Project Fund or the Developer Improvement Account of the Project Fund, as applicable.

Section 5.02. Certification for Payment for an Authorized Improvement.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on an Authorized Improvement until a Certification for Payment is received from the Developer. Upon receipt of a Certification for Payment substantially in the form of **Exhibit A** hereto (and all accompanying documentation required by the City) from the Developer, the City Inspector shall conduct a review in order to confirm that such request is complete, that the work with respect to such Authorized Improvement identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement and the Development Agreement, and verify and approve the Actual Cost of such work specified in such Certification for Payment (collectively, the “Developer Compliance Requirements”). The City Inspector and/or the City Representative shall also conduct such review as is required in his discretion to confirm the matters certified in the Certification for Payment. The Developer agrees to cooperate with the City Inspector and/or City Representative in conducting each such review and to provide the City Inspector and/or City Representative with such additional information and documentation as is reasonably necessary for the City Inspector and/or City Representative to conclude each such review.

(b) Within ten (10) business days of receipt of any Certification for Payment, the City Representative shall either (i) approve and execute the Certification for Payment and forward the same to the Administrator for approval and delivery to the Trustee for payment to the Developer in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certification for Payment, give written notification to the Developer of the City Representative’s disapproval, in whole or in part, of such Certification for Payment, specifying the reason(s) for such disapproval and the additional requirements to be satisfied for approval of such Certification for Payment. If a Certification for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certification for Payment is approved and shall deliver such partially approved Certification for Payment to the Administrator for approval in accordance with Section 5.03 hereof and delivery to the Developer in accordance with Section 5.02(c) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial disapproval.

(c) If the City Representative disapproves the Certification for Payment, the disapproval must be in writing, stating the reason(s) for disapproval. The disapproval may be appealed to the City Council by the Developer in writing within thirty (30) days after Developer’s receipt of the City’s disapproval pursuant to Section 5.02(b) of this Agreement. Disapproval of the Certification for Payment by the City Council shall be attempted to be resolved by half-day

mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator's fee being paid by Developer. The Certification for Payment shall not be forwarded to the Trustee for payment until the dispute is resolved by the City and the Developer.

(d) The Developer shall deliver the approved or partially approved Certification for Payment to the Trustee for payment and the Trustee shall make such payment from the Project Fund in accordance with Section 5.03 below.

Section 5.03. Payment for Authorized Improvements.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the following funds: (1) first from the Authorized Improvements Account of the Project Fund; and (2) second from the Developer Improvement Account of the Project Fund. Such payments shall be as further designated in the Certification for Payment, pursuant to the terms of the Certification for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Authorized Improvement, unless a Cost Overrun amount has been approved for a particular Authorized Improvement. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Budgeted Amount plus the approved Cost Overrun amount.

(b) Approved Certifications for Payment that await reimbursement shall not accrue interest.

(c) Notwithstanding any other provisions of this Agreement, when payment is made, the Trustee shall make payment (i) directly to the general contractor or supplier of materials or services, or (ii) jointly to Developer (or any permitted assignee of such Developer) and the general contractor or supplier of materials or services, as indicated in an approved Certification for Payment, out of available and appropriate funds in the Project Fund. If the request for payment results in ninety percent (90%) or more of the Budgeted Costs for such Authorized Improvement identified in such request for payment being paid, then Trustee shall hold the payment until work with respect to that Authorized Improvement has been completed and accepted by the City. If an unconditional lien release related to the items referenced in the Certification for Payment is attached to such Certification for Payment, the Trustee shall make such payment to the Developer or any permitted assignee of the Developer. In the event the Developer provides a general contractor's or supplier of materials' unconditional lien release for a portion of the work covered by a Certification for Payment, the Trustee will make such payment directly to the Developer or any permitted assignee of the Developer to the extent of such lien release.

(d) **Withholding Payments.**

Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto, including the withholding of any payment that may be associated with the exercise of such remedy, so long as such delay in performance shall not subject the Authorized Improvement to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment

with respect to any Authorized Improvement is contested, the Developer shall post or cause delivery of a surety bond in an amount reasonably determined by the City or City may decline to accept the Authorized Improvements until such mechanics or materialman's lien and/or judgment is satisfied.

ARTICLE VI OWNERSHIP AND TRANSFER OF AN AUTHORIZED IMPROVEMENT

Section 6.01. Authorized Improvement to be Owned by the City – Title Evidence. If required by the City, the Developer shall furnish to the City, a preliminary title report for land with respect to an Authorized Improvement to be acquired and accepted by the City from the Developer, and not previously dedicated or otherwise conveyed to the City, for review and approval at least thirty (30) calendar days prior to the transfer of title of an Authorized Improvement to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's clean title or use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the Authorized Improvement until the Developer has cured such objection(s) to title to the reasonable satisfaction of the City.

Section 6.02. Authorized Improvement Constructed on City Land or Developer Land. If the Authorized Improvement is on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance by the City) of the Authorized Improvement. If the Authorized Improvement is on land owned by the Developer, the Developer hereby grants to the City a nonexclusive easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance by the City) of the Authorized Improvement. The grant of a permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Authorized Improvement as required by the Development Agreement or as should, in the City's reasonable judgment, be granted to provide for convenient access to and routine and emergency maintenance of such Authorized Improvement. The provisions for inspection and acceptance of such Authorized Improvement otherwise provided herein shall apply.

ARTICLE VII REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 7.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the City as follows:

(a) Organization. The Developer (i) consists of one limited liability company duly formed, organized and validly existing under the laws of the State of Texas, (ii) is in compliance with the laws of the State of Texas, and (iii) has the power and authority to own its properties and assets and to fulfill its obligations in this Agreement and the Development Agreement and to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. The Developer has the power and authority to enter into this Agreement and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Authorized Improvements in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Authorized Improvements.

(e) Requests for Payment. The Developer represents and warrants that (i) it will not request payment from the Project Fund for the acquisition, construction or installation of any improvements that are not part of the costs associated with the Authorized Improvements, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certifications for Payment.

(f) Financial Records. For a period of two years after completion of the Authorized Improvements, the Developer covenants to maintain proper books of record and account for the construction of the Authorized Improvements and all Costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agents at any reasonable time during regular business hours on reasonable notice.

(g) Plans. The Developer represents that it has obtained or will obtain approval of the Plans from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Developer further agrees that, subject to the terms hereof, the Authorized Improvements have been or will be constructed in full compliance with such Plans and any change orders thereto consistent with the Act, this Agreement and the Development Agreement. Developer shall provide as-built plans for all Authorized Improvements to the City.

(h) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the initial purchaser of the Bonds, the City Manager and the City Representative related to the status of construction of the Authorized Improvements within the District, the anticipated completion dates for future improvements and any other matter that the initial purchaser of the Bonds or City Representative deems material to the investment quality of the Bonds.

(i) Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to the Continuing Disclosure Agreement of Developer executed by the Developer in connection with the Bonds.

(j) Tax Certificate. The City will deliver a certificate relating to the Bonds (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the “Tax Certificate”) containing covenants and agreements designed to satisfy the requirements of 26 U.S. Code Sections 103 and 141 through 150, inclusive, and the federal income tax regulations issued thereunder relating to the use of the proceeds of the Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of 26 U.S. Code Section 148 (collectively, “Bond Proceeds”).

The Developer covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of that date, and (ii) the Developer will make reasonable inquiries to ensure such truth, correctness and completeness. The Developer covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds (including, but not limited to, the use of the Authorized Improvements) that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the Bonds for federal income tax purposes.

(k) Financial Resources. The Developer represents and warrants that it has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement, the Service and Assessment Plan and the Development Agreement.

Section 7.02. Indemnification and Hold Harmless. THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY INSPECTOR, THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN “INDEMNIFIED PARTY”), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSES OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE AUTHORIZED IMPROVEMENTS ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER’S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE AUTHORIZED IMPROVEMENTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE AUTHORIZED IMPROVEMENTS; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER’S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEEES AND/OR TRUSTEES, REGARDING OR RELATED TO THE AUTHORIZED IMPROVEMENTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE

AUTHORIZED IMPROVEMENTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE SOLE OR PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF ANY INDEMNIFIED PARTY, DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND THE INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY THE INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND DEVELOPER SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT AND THE EXPRESS NEGLIGENCE TEST, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

Section 7.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Project Fund and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture. Prior to the acceptance of all of the Authorized Improvements, the City agrees not to modify or supplement the Indenture without the approval of the Developer if as a result or as a consequence of such modification or supplement: (a) the amount of monies that would otherwise have been available under the Indenture for disbursement for the Costs of the Authorized Improvements is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer are or may be increased or otherwise adversely affected in any manner,

or (c) the rights of the Developer are or may be modified, limited, restricted or otherwise substantially adversely affected in any manner.

Section 7.04. No Reduction of Assessments. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

ARTICLE VIII TERMINATION

Section 8.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Authorized Improvements not accepted by the City or other appropriate entity and use all or any portion of funds on deposit in the Project Fund or other amounts transferred to the Project Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments for the Costs of an Authorized Improvement hereunder, except as otherwise may be provided in such written consent.

Section 8.02. City's Election for Cause.

(a) The City, upon notice to Developer and the passage of the cure period identified in subsection (b) below, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(b) If any such breach or default described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such breach or default to the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice). Upon receipt of such notice, Developer agrees to promptly meet and confer with the City Inspector and other appropriate City staff and consultants as to available options to assure timely completion, subject to the terms of this Agreement, of the Authorized Improvements. The City shall allow the Developer a minimum of forty-five (45) days to eliminate or to mitigate such breach or default to the reasonable satisfaction of the City ("Cure Period"). The Cure Period may be extended, at the sole discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such breach or default. If at the end of the Cure Period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the reasonable satisfaction of the City, the City may then terminate this Agreement. Upon termination of this Agreement, the City shall (i) provide written notice of such termination to the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) and (ii) instruct the Trustee to cease making payments for the Actual Costs and/or Budgeted Costs, as appropriate, of Authorized Improvements, provided that the Developer shall receive payment of the Actual Costs or Budgeted Costs, as appropriate, of any Authorized Improvements that were accepted by the City at the time of termination, so long as the Developer has complied with the requirements of the Development Agreement, this Agreement and the Indenture.

(c) If this Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to the Authorized Improvements not accepted by the City and use all or any portion of the funds on deposit in the Project Fund or other amounts transferred to the Project Fund and the Developer shall have no claim or right to any further payments for the Authorized Improvements hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer or as provided for in the Reimbursement Agreement. The City shall have no obligation to perform any work related to an Authorized Improvement or to incur any expense or cost in excess of the remaining balance of the Project Fund.

Section 8.03. Termination Upon Redemption or Defeasance of Bonds. This Agreement will terminate automatically and with no further action by the City or the Developer upon the redemption or defeasance of all outstanding Bonds (including any refunding bonds issued to fund the Bonds) issued under the Indenture.

Section 8.04. Construction of the Authorized Improvements Upon Termination of this Agreement. Notwithstanding anything to the contrary contained herein, upon the termination of this Agreement pursuant to this Article VIII, the Developer shall perform its obligations with respect to the Authorized Improvements in accordance with this Agreement and the Development Agreement.

Section 8.05. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reason of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty or by other cause beyond the reasonable control of the party (financial inability excepted) (“Force Majeure”), then the specified time for performance shall be extended by the amount of the delay actually so caused. The extension of time to perform allowed by this Section 8.05 shall not apply unless, within ten (10) business days of the occurrence of an event of Force Majeure, the party needing additional time to perform notifies the other party of the event of Force Majeure and the amount of additional time reasonably required as a result of the occurrence of the event of Force Majeure.

ARTICLE IX MISCELLANEOUS

Section 9.01. Limited Liability of City. The Developer agrees that any and all obligations of the City arising out of or related to this Agreement are special obligations of the City, and the City’s obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Project Fund and from no other source. Neither the City, the City Inspector, City Representative nor any other City employee, officer, official or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 9.02. Audit. The City Inspector, City Representative or a finance officer of the City shall have the right, during normal business hours and upon the giving of three business days’

prior written notice to a Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Authorized Improvements and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City:	Attn: City Manager City of Celina, Texas 142 N. Ohio Celina, Texas 75009
With a copy to:	Attn: Julie Fort Messer, Fort & McDonald 6371 Preston Road, Suite 200 Frisco, TX 75034
And to:	Attn: Bond Counsel Robert Dransfield Norton Rose Fulbright US LLP 2200 Ross Avenue, Suite 3600 Dallas, Texas 75201
To the Developer:	Attn: Mehrdad Moayedi MM Legacy Celina 75, LLC 1800 Valley View Lane, Suite 300 Farmers Branch, Texas 75234
With a copy to:	Attn: Travis Boghetich Boghetich Law, PLLC 1800 Valley View Lane, Suite 360 Farmers Branch, Texas 75234

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

The City shall advise the Developer of the name and address of any person who is to receive any notice or other communication pursuant to this Agreement.

Section 9.04. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 9.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Any receivables due under this Agreement may be assigned by the Developer without the consent of, but upon written notice to the City pursuant to Section 9.03 of this Agreement. The obligations, requirements, or covenants of this Agreement shall be able to be assigned to an affiliate or related entity of the Developer, or any lien holder on the Property, without prior written consent of the City. The obligations, requirements, or covenants of this Agreement shall not be assigned by the Developer to a non-affiliate or non-related entity of the Developer without prior written consent of the City Manager (which consent shall not be unreasonably withheld if assignee demonstrates financial ability to perform), except pursuant to a collateral assignment to any person or entity providing construction financing to the Developer for an Authorized Improvement, provided such person or entity expressly agrees to assume all obligations of the Developer hereunder if there is a default under such financing and such Person elects to complete the Authorized Improvement. No such assignment shall be made by the Developer or any successor or assignee of the Developer that results in the City being an “obligated person” within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned and may not otherwise amend the terms of this Agreement. The City may assign by a separate writing certain rights as described in this Agreement and in the Indenture, to the Trustee, and the Developer hereby consents to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City’s or the Developer’s rights or duties to perform their respective obligations under other agreements, use regulations, ordinances or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Development Agreement. To the extent there is a conflict between this Agreement and the Development Agreement, the Development Agreement shall control. To the extent there is a conflict between this Agreement and the Indenture, the Indenture shall control.

Section 9.07. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party’s right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 9.08. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 9.09. Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

Section 9.10. Amendment. Except as otherwise provided in Section 9.05, upon agreement by the parties, this Agreement may be amended, from time to time in a manner consistent with the Act, the Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be thirty (30) years or until all amounts under the Reimbursement Agreement have been paid and upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture. If the Developer defaults under this Agreement, the Reimbursement Agreement, or the Development Agreement, this Agreement, the Reimbursement Agreement and the Development Agreement shall not terminate with respect to the costs of the Authorized Improvements that have been approved by the City pursuant to a Certification for Payment prior to the date of termination based on such default.

Section 9.14. No Waiver of Powers or Immunity. The City does not waive or surrender any of its governmental powers, immunities, or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 9.15. Statutory Verifications.

The Developer makes the following representation and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

(a) Not a Sanctioned Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be

excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

Section 9.16. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Developer’s participation in the execution of this Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The City hereby confirms receipt of the Form 1295 from the Developer, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Developer and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Developer; and, neither the City nor its consultants have verified such information.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of _____, 2025.

CITY OF CELINA, TEXAS

By: _____
Name: Ryan Tubbs
Title: Mayor

ATTEST:

Name: Ashley Owens
Title: City Secretary

(City Seal)

APPROVED AS TO FORM:

Julie Fort, City Attorney

DEVELOPER:

MM Legacy Celina 75, LLC
a Texas limited liability company

By: MMM Ventures, LLC
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its: Manager

Exhibit A
FORM OF CERTIFICATION FOR PAYMENT– AUTHORIZED IMPROVEMENTS

CERTIFICATION FOR PAYMENT NO. _____

The undersigned is a lawfully authorized representative for MM Legacy Celina 75, LLC (the “Developer”) and requests payment from the [Authorized Improvements Account of the Project Fund] [Developer Improvement Account of the Project Fund] from U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (the “Trustee”) in the amount of _____ for labor, materials, fees, and/or other general costs related to the construction and installation of the following Authorized Improvements related to the Legacy Celina Public Improvement District (the “Authorized Improvements”):

[insert specific Authorized Improvement this request is for here]

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement.

In connection to the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certification for Payment on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced Authorized Improvement(s) has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Authorized Improvement(s) below is a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said Authorized Improvement(s) identified above, and such costs are (i) in compliance with the Legacy Celina Public Improvement District Construction, Funding and Acquisition Agreement, and (ii) consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Legacy Celina Public Improvement District Construction, Funding and Acquisition 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 work with respect to the Authorized Improvement(s) identified above (or its completed segment, portion or segment) has been completed and the City has inspected or may begin inspection of the Authorized Improvement(s). If this request for payment results

in ninety percent (90%) or more of the Budgeted Costs for the Authorized Improvement(s) identified above being paid, then the work with respect to the Authorized Improvement(s) has been completed and the City has inspected and accepted the Authorized Improvement(s).

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Authorized Improvement	Total Cost of Authorized Improvement	Budgeted Cost of Authorized Improvement	Amount to be paid from the Project Fund

Attached hereto, are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments.

Pursuant to the Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement, after receiving this Certification for Payment, the City is authorized to inspect the Authorized Improvement (or completed segment, portion or segment) and confirm that said work has been completed in accordance with all applicable governmental laws, rules, and Plans.

I hereby declare that the above representations and warranties are true and correct.

MM LEGACY CELINA 75, LLC

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certification for Payment. After reviewing the Certification for Payment, the City approves the Certification for Payment and shall include said payments in a city certificate submitted to the Trustee directing payments to be made from the appropriate Project Fund account. The City's approval of the Certification for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Authorized Improvements.

CITY OF CELINA, TEXAS

By: _____
Name: _____
Title: _____
Date: _____

Date: _____

EXHIBIT B

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for MM Legacy Celina 75, LLC (the “Developer”) and requests payment from:

the Costs of Issuance Account of the Project Fund (as defined in the Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement) from U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, (the “Trustee”) in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Legacy Celina Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	District Allocated Cost
TOTAL		

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement.

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the above itemized costs is a true and accurate representation of the Actual Costs incurred by Developer in connection with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement, the Indenture, or 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 to complete said review.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Etc.

I hereby declare that the above representations and warranties are true and correct.

MM LEGACY CELINA 75, LLC

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in a city certificate submitted to the Trustee directing payments to be made from the Costs of Issuance Account of the Project Fund upon delivery of the Bonds. The City's approval of the Closing Disbursement Request shall not have the effect of estopping or preventing the City from asserting claims under the Legacy Celina Public Improvement District Construction, Funding and Acquisition Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in an Authorized Improvement.

CITY OF CELINA, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

APPENDIX G

FORM OF REIMBURSEMENT AGREEMENT

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LEGACY CELINA PUBLIC IMPROVEMENT DISTRICT REIMBURSEMENT AGREEMENT

This Legacy Celina Public Improvement District Reimbursement Agreement (this “Reimbursement Agreement”) is executed between the **CITY OF CELINA, TEXAS** (the “City”) and **MM LEGACY CELINA 75, LLC**, a Texas limited liability company (the “Developer”) to be effective as of October 14, 2025 (individually referred to as a “Party” and collectively as the “Parties”).

RECITALS

WHEREAS, capitalized terms used in this Reimbursement Agreement shall have the meanings given to them in this Reimbursement Agreement or in the Legacy Celina Public Improvement District Service and Assessment Plan, dated October 14, 2025 as the same may be amended from time to time (the “SAP”) as passed and approved by the City Council of the City (the “City Council”) by Ordinance No. _____ on October 14, 2025 (the “Assessment Ordinance”); and

WHEREAS, on March 11, 2025, the City Council passed and approved Resolution No. 2025-17R (the “Creation Resolution”) authorizing the creation of the Legacy Celina Public Improvement District (the “District”) covering approximately 64.866 acres of land described by metes and bounds attached to said Creation Resolution (the “District Property”); and

WHEREAS, the purpose of the District is to finance public improvements (the “Authorized Improvements”) as provided by Chapter 372, Texas Local Government Code, as amended (the “Act”) that promote the interests of the City and confer a special benefit on the Assessed Property within the District; and

WHEREAS, special assessments have been or will be levied against the Assessed Property to pay the costs of Authorized Improvements that confer a special benefit on the Assessed Property; and

WHEREAS, on September 9, 2025, City Council passed and approved a resolution determining, among other things, the estimated costs of the Authorized Improvements, including costs related to the issuance of the Bonds (defined herein) to be approximately \$15,894,591 (the “Authorized Improvements Costs”); and

WHEREAS, in addition to approving the SAP, the Assessment Ordinance levied assessments against property within the District Property (the “Assessed Property”) for the Authorized Improvements in accordance with the Assessment Roll attached as Appendix G to the SAP; and

WHEREAS, on October 14, 2025, the City Council adopted Ordinance No. _____ authorizing the issuance and sale of its “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District Project)” (the “Bonds”) to finance a portion of the Authorized Improvements Costs; and

WHEREAS, a portion of the Assessment Revenues are dedicated and pledged to secure repayment of the Bonds as provided in the Assessment Roll and the Bonds are secured under the Indenture of Trust, dated November 1, 2025 (the “Bond Indenture”) between the City and U.S. Bank Trust Company National Association, as trustee (the “Trustee”); and

WHEREAS, the Parties have entered into that certain “Legacy Celina Public Improvement District Construction, Funding, and Acquisition Agreement” dated as of October 14, 2025 (the “Construction Funding Agreement”) for the construction of the Authorized Improvements; and

WHEREAS, the Parties intend for a portion of the Authorized Improvements Costs that are not financed by the Bonds to be financed under the terms of this Reimbursement Agreement and the Construction Funding Agreement; and

WHEREAS, the City has established a project fund segregated from all other funds of the City (the “Project Fund”) for the Authorized Improvements and has established an “Authorized Improvements Account” and a “Developer Improvement Account” within such Project Fund under the Bond Indenture; and

WHEREAS, the City has established a fund segregated from all other funds of the City for the deposit of the Assessment Revenues (the “Pledged Revenue Fund”) and has established a “Bond Pledged Revenue Account” and a “Developer Reimbursement Pledged Revenue Account” within such Pledged Revenue Fund under the Bond Indenture; and

WHEREAS, the City has established a fund segregated from all other funds of the City for the purpose of paying and reimbursing the Developer (the “Reimbursement Fund”) for a portion of the costs of the Authorized Improvements paid from the Developer Improvement Account of the Project Fund under the Bond Indenture; and

WHEREAS, pursuant to the Bond Indenture, amounts deposited in the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund shall be transferred to the Reimbursement Fund pursuant to a completed Reimbursement Payment Request (defined herein) and used solely and exclusively to pay and reimburse the Developer for a portion of the costs of the Authorized Improvements paid from the Developer Improvement Account of the Project Fund, plus interest, as set forth in this Reimbursement Agreement.

NOW THEREFORE, FOR VALUABLE CONSIDERATION THE RECEIPT AND ADEQUACY OF WHICH ARE ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. The recitals in the “WHEREAS” clauses of this Reimbursement Agreement are true and correct, reflect the intent of the Parties, and are incorporated as part of this Reimbursement Agreement for all purposes.

2. The City shall cause to be deposited into the Pledged Revenue Fund all Assessment Revenues collected (excluding Delinquent Collection Costs and Administrative Expenses) as provided in the Bond Indenture.
3. Developer shall make, or cause to be made, deposits of \$_____ to the Developer Improvement Account of the Project Fund (the "Developer Deposit") on the Closing Date (as defined in the Bond Indenture) of the Bonds. The Authorized Improvements Costs shall be paid first from the Authorized Improvements Account of the Project Fund and then from the Developer Improvement Account of the Project Fund in accordance with the Bond Indenture and the Construction Funding Agreement.
4. Strictly subject to the terms, conditions, and requirements herein and in the Bond Indenture, and solely from the Assessment Revenues as herein provided, the City agrees to pay to the Developer, and the Developer shall be entitled to receive from the City, the amount equal to the actual costs of the Authorized Improvements incurred by the Developer, but not to exceed the budgeted costs, of the Authorized Improvements, as set forth in the SAP, not paid from the proceeds of the Bonds and actually paid from the Developer Improvement Account of the Project Fund (the "Reimbursement Amount") plus interest on the unpaid balance in accordance with the terms of this Reimbursement Agreement until _____, 2053 (the "Maturity Date"); provided, however, the principal amount of the Reimbursement Amount shall not exceed \$_____, all of which shall be reflected and consistent with the information included in the Service and Assessment Plan. The Reimbursement Amount shall be payable to the Developer solely from the Assessment Revenues deposited in the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund and transferred to the Reimbursement Fund as provided in Section 6.3(d) of the Bond Indenture, or through the net proceeds of any Additional Bonds (hereinafter defined) (after payment of costs of issuance, including the costs paid or incurred by the City). The Authorized Improvements Costs are authorized by the Act and approved by the City Council and represents the total cost of the Authorized Improvements which are eligible public improvements that are being undertaken and financed by the District for the special benefit of the Assessed Property and that upon completion will be dedicated in fee and accepted by the City. The unpaid Reimbursement Amount shall bear simple interest per annum at the rate of (x) _____% for years one through five following the execution of this Reimbursement Agreement, and (y) _____% for years six through thirty-one or until Additional Bonds are sold, if ever. The interest rate has been approved by the City Council and is authorized by the Act and was determined based upon the Bond Buyer Revenue Bond Index published in *The Bond Buyer*, a daily publication that publishes this interest rate index, which the highest average index rate for tax-exempt bonds reported in the previous month was _____%. The interest rate of _____% and _____% contained herein comply with Section 372.023 (e)(1) and Section 372.023 (e)(2) of the Act. Reimbursement to the Developer from the Reimbursement Fund as set forth in this section shall be made pursuant to a completed reimbursement form (the "Reimbursement Payment Request"), as set forth in **Exhibit A** attached hereto. The City reserves the right to issue additional parity bonds authorized to be issued in accordance with the terms and conditions prescribed

in Section 13.2 of the Indenture (the “Additional Bonds”), but shall be under no obligation to issue Additional Bonds, to finance the Authorized Improvements Costs or to pay amounts due to the Developer under this Reimbursement Agreement.

5. The Reimbursement Amount, plus interest, as described above (collectively, the “Unpaid Balance”) is payable to the Developer and secured under this Reimbursement Agreement solely as described in paragraph 4 above. Interest shall accrue on the amounts of the Unpaid Balance equal to the amount withdrawn from the Developer Improvement Account of the Project Fund pursuant to a Certification for Payment (as defined in the Construction Funding Agreement) from the date of each withdrawal until payment from the Reimbursement Fund. The Unpaid Balance shall be payable, if funds are available, as set forth in the Construction Funding Agreement and this Reimbursement Agreement. With the exception of the net proceeds of any Additional Bonds, no other City funds, revenue, taxes, income, or property shall be used even if the Unpaid Balance is not paid in full at Maturity. Notwithstanding its collection efforts, if the City fails to receive all or any part of the Assessment Revenues and, as a result, is unable to make transfers from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund to the Reimbursement Fund for payments to the Developer as required under this Reimbursement Agreement, such failure and inability shall not constitute a Failure or Default by the City under this Reimbursement Agreement. This Reimbursement Agreement shall not and shall never give rise to or create:
 - a. a charge against the general credit or taxing powers of the City or any other taxing unit; or
 - b. a debt or other obligation of the City payable from any source of revenue, taxes, income, or properties of the City other than from the Developer Improvement Account of the Project Fund, the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund, the Reimbursement Fund as provided in the Bond Indenture, or through the net proceeds of any Additional Bonds as provided in the Bond Indenture; or
 - c. any obligation of the City to pay any amount due or to become due under this Reimbursement Agreement other than from the Developer Improvement Account of the Project Fund, the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund, the Reimbursement Fund as provided in the Bond Indenture and this Reimbursement Agreement, or through the net proceeds of any Additional Bonds as provided in the Bond Indenture.
6. Within fifteen (15) business days of receipt of any Reimbursement Payment Request, the City shall either (i) approve and execute the Reimbursement Payment Request and forward the same to the Trustee for payment (from those funds available in the Reimbursement Fund), or (ii) in the event the City disapproves the Reimbursement Payment Request, give written notification to the Developer of the City’s disapproval, in whole or in part, of such Reimbursement Payment Request, specifying the reasons

for such disapproval and the additional requirements to be satisfied for approval of such Reimbursement Payment Request. If a Reimbursement Payment Request seeking reimbursement is approved only in part, the City shall specify the extent to which the Reimbursement Payment Request is approved and shall deliver such partially approved Reimbursement Payment Request to the Trustee for payment.

7. If Additional Bonds are issued, the net proceeds of such Additional Bonds shall be used first to pay the Unpaid Balance due to the Developer under this Reimbursement Agreement for the Authorized Improvements Costs paid from the Developer Improvement Account of the Project Fund and then to pay all or any portion of any Authorized Improvements Costs. If, after application of the net proceeds of any Additional Bonds, the Unpaid Balance due the Developer remains unpaid, all payments toward the Unpaid Balance due the Developer shall be paid from (i) amounts transferred to the Reimbursement Fund from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund under the Bond Indenture, and (ii) amounts deposited into any funds created for such purpose under any supplemental indenture relating to any Additional Bonds. Once the principal amount of all Additional Bonds plus all payments paid to the Developer under this Reimbursement Agreement equal the Unpaid Balance, this Reimbursement Agreement shall terminate.
8. If on the later of the final maturity date of the Bonds or the Additional Bonds, after application of the net proceeds of any Additional Bonds, any portion of the Unpaid Balance remains unpaid, such Unpaid Balance shall be canceled and for all purposes this Reimbursement Agreement shall be deemed to have been conclusively and irrevocably PAID IN FULL, and such Unpaid Balance shall no longer be deemed to be payable; provided, however, if any Assessment Revenues remain due and payable and are uncollected on the Maturity Date, such Assessment Revenues, when, as, and if collected after the Maturity Date, shall first be applied to any amounts due in connection with outstanding Bonds and outstanding Additional Bonds and second, paid to the Developer and applied to the Unpaid Balance.
9. The Developer has the right to convey, transfer, assign, collaterally assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with written notice to) the City, the Developer's right, title, or interest to payments under this Reimbursement Agreement (but not performance obligations) including, but not limited to, any right, title, or interest of the Developer in and to payment of the Unpaid Balance, whether such payment is from (i) amounts transferred to the Reimbursement Fund from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund under the Bond Indenture, or (ii) net proceeds of any Additional Bonds (any of the foregoing a "Transfer," and the person or entity to whom the Transfer is made, a "Transferee"). Notwithstanding the foregoing, however, no Transfer shall be effective until five (5) days after notice of the Transfer, including, for each Transferee, the information required by Section 14 below, is received by the City. The City may rely on any notice of a Transfer received from the Developer without obligation to investigate or confirm the validity or occurrence of such Transfer. No conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made by the

Developer or any successor or assignee of the Developer that results in the City being an “obligated person” within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. The Developer waives all rights or claims against the City for any such funds provided to a third party as a result of a Transfer for which the City has received notice, and the Developer’s sole remedy shall be to seek the funds directly from the Transferee.

10. The obligations of the City under this Reimbursement Agreement are non-recourse and payable only from amounts transferred to the Reimbursement Fund from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund under the Bond Indenture, or through the net proceeds of any Additional Bonds; and such obligations do not create a debt or other obligation payable from any other City revenues, taxes, income, or property. None of the City or any of its elected or appointed officials or any of its officers or employees shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Reimbursement Agreement or their acts or omissions under this Reimbursement Agreement.
11. If the Developer is in compliance with that certain Development Agreement by and between the City and LMR Holdings, LTD, and assigned to the Developer, effective on February 4, 2021 (the “Development Agreement”), and following the City’s inspection and approval of the Authorized Improvements in accordance with the provisions of the Construction Funding Agreement, there will be no conditions or defenses to the obligation of the City to use amounts transferred to the Reimbursement Fund from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund, in accordance with and under the Bond Indenture to pay the Unpaid Balance.
12. Nothing in this Reimbursement Agreement is intended to constitute a waiver by the City of any remedy the City may have outside this Reimbursement Agreement against the Developer, any Transferee, or any other person or entity involved in the design, construction, or installation of the Authorized Improvements. The obligations of the Developer hereunder shall be those as a Party hereto and not solely as an owner of property in the District. Nothing herein shall be constructed, nor is intended, to affect the City’s or the Developer’s rights and duties to perform their respective obligations under other agreements, regulations and ordinances.
13. This Reimbursement Agreement is being executed and delivered, and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement, and interpretation of this Reimbursement Agreement. In the event of a dispute involving this Reimbursement Agreement, venue for such dispute shall lie in any court of competent jurisdiction in Collin County, Texas.
14. Any notice required or contemplated by this Reimbursement Agreement shall be deemed given at the addresses shown below: (i) when delivered by a national company

such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person was the named addressee; or (ii) 72 hours after the notice was deposited with the United States Postal Service, Certified Mail, Return Receipt Requested. Any Party may change its address by delivering written notice of such change in accordance with this section.

To the City: Attn: City Manager
City of Celina, Texas
142 N. Ohio
Celina, Texas 75009

With a copy to: Attn: Julie Fort
Messer Fort
6371 Preston Road, Suite 200
Frisco, TX 75034

And to: Attn: Bond Counsel
Robert Dransfield
Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932

To the Developer: Attn: Mehrdad Moayed
MM Legacy Celina 75, LLC
1800 Valley View Lane, Suite 300
Farmers Branch, Texas 75234

And to: Attn: Travis Boghetich
Boghetich Law, PLLC
1800 Valley View Lane, Suite 360
Farmers Branch, Texas 75234

15. If any provision of this Reimbursement Agreement is held invalid by any court, such holding shall not affect the validity of the remaining provisions, and the remainder of this Reimbursement Agreement shall remain in full force and effect.
16. Failure; Default; Remedies.
 - a. If either Party fails to perform an obligation imposed on such Party by this Reimbursement Agreement (a "Failure") and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute a "Default." Upon the occurrence of a Failure by a non-performing Party, the other Party shall notify the non-performing Party and all Transferees of the non-performing Party in writing specifying in reasonable detail the nature of the Failure. The non-performing Party to whom notice of a Failure is given shall have at least thirty (30) days from receipt of

the notice within which to cure the Failure; however, if the Failure cannot reasonably be cured within thirty (30) days and the non-performing Party has diligently pursued a cure within such 30-day period and has provided written notice to the other Party that additional time is needed, then the cure period shall be extended for an additional thirty (30) day period so long as the non-performing Party is diligently pursuing a cure. Any Transferee shall have the right, but not the obligation, to cure any alleged Failure by the Developer within the same time periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer but shall not obligate the Transferee to be bound by this Reimbursement Agreement unless the Transferee agrees to be bound.

- b. If the Developer is in Default, the City shall have available all remedies at law or in equity, provided that no Default by the Developer, however, shall: (1) affect the obligations of the City to use the amounts transferred to the Reimbursement Fund from the Developer Reimbursement Pledged Revenue Account of the Pledged Revenue Fund in accordance with and under the Bond Indenture; or (2) entitle the City to terminate this Reimbursement Agreement.
 - c. If the City is in Default, the Developer's sole and exclusive remedies shall be to: (1) seek a writ of mandamus to compel performance by the City; (2) seek specific enforcement of this Reimbursement Agreement; or (3) terminate this Reimbursement Agreement.
17. To the extent there is a conflict between this Reimbursement Agreement and the Bond Indenture, the Bond Indenture shall control as the provisions relate to the proceeds of the Bonds, the Developer Deposit, or the collection and transfer of the Assessment Revenues. To the extent there is a conflict between this Reimbursement Agreement and the Construction Funding Agreement, the Construction Funding Agreement shall control. To the extent there is a conflict between this Reimbursement Agreement and the Development Agreement, the Reimbursement Agreement shall control as to provisions relating to the reimbursement of the Developer for the Authorized Improvements Costs previously paid by the Developer, and the Development Agreement shall control for all other provisions.
18. The failure by a Party to insist upon the strict performance of any provision of this Reimbursement Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Reimbursement Agreement.
19. The City does not waive or surrender any of its governmental powers, immunities, or rights except to the extent permitted by law and necessary to allow the Developer to enforce its remedies under this Reimbursement Agreement.

20. Nothing in this Reimbursement Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies, or claims under or by reason of this Reimbursement Agreement, and all covenants, conditions, promises, and agreements in this Reimbursement Agreement shall be for the sole and exclusive benefit of the City and the Developer.
21. This Reimbursement Agreement may be amended only by written agreement of the Parties.
22. This Reimbursement Agreement may be executed in counterparts, each of which shall be deemed an original.
23. The City shall have the right, during normal business hours and upon three (3) business days' prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Authorized Improvements. For a period of two years after completion of the Authorized Improvements, the Developer shall maintain proper books of record and account for the construction of the Authorized Improvements and all costs related thereto. Such accounting books shall be maintained in accordance with customary real estate accounting principles.
24. The Parties agree that at any time after the execution of this Reimbursement Agreement, they will, upon request of another Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request in order to effectuate the terms of this Reimbursement Agreement. This provision shall not be construed as limiting or otherwise hindering the legislative discretion of the City Council seated at the time that this Reimbursement Agreement is executed or any future City Council.
25. Representations.
- a. The Developer makes the following representation and verifications to enable the City to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Reimbursement Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Reimbursement Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Reimbursement Agreement, notwithstanding anything in this Reimbursement Agreement to the contrary.
 - b. Not a Sanctioned Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other

affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

- c. No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Reimbursement Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
 - d. No Discrimination Against Firearm Entities. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Reimbursement 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.
 - e. No Boycott of Energy Companies. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Reimbursement Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.
26. Form 1295 Certificate. Developer represents that it has complied with Texas Government Code, Section 2252.908 and in connection therewith, the Developer has completed a Texas Ethics Commission Form 1295 Certificate generated by the Texas Ethics Commission's electronic filing system in accordance with the rules promulgated by the Texas Ethics Commission. The Developer further agrees to print the completed certificate and execute the completed certificate in such form as is required by Texas Government Code, Section 2252.908 and the rules of the Texas Ethics Commission and provide to the City at the time of delivery of an executed counterpart of this Reimbursement Agreement, a duly executed completed Form 1295 Certificate. The Parties agree that, except for the information identifying the City and the contract identification number, the City is not responsible for the information contained in the Form 1295 completed by the Developer. The information contained in the Form 1295 completed by the Developer has been provided solely by the Developer and the City has not verified such information.

[Signature pages to follow]

IN WITNESS WHEREOF, the Parties have caused this Reimbursement Agreement to be executed as of _____, 2025.

CITY OF CELINA

By: _____

Name: Ryan Tubbs

Title: Mayor

DEVELOPER:

MM LEGACY CELINA 75, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayedi
Its: Manager

EXHIBIT A

REIMBURSEMENT PAYMENT REQUEST

REIMBURSEMENT REQUEST NO. ____

Reference is made to that certain Indenture of Trust by and between the City and U.S. Bank Trust Company, National Association (the “Trustee”) dated as of November 1, 2025 (the “Indenture”) relating to the “City of Celina, Texas, Special Assessment Revenue Bonds, Series 2025 (Legacy Celina Public Improvement District 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 MM Legacy Celina 75, LLC, a Texas limited liability company (the “Developer”) and requests reimbursement to the Developer (or to the person designated in writing by the Developer) from the Reimbursement Fund under the Indenture for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements providing a special benefit to property within the Legacy Celina Public Improvement District (the “Authorized Improvement Costs”) and accrued interest thereon.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The Authorized Improvement Costs set forth in this Reimbursement Payment Request relate to Authorized Improvement Costs that have previously been paid from the Developer Improvement Account of the Project Fund pursuant to Certification for Payment Certificate No. _____ and such request in accordance with the provisions of the Legacy Celina Public Improvement District Reimbursement Agreement, including limitations regarding the maximum amount due to be reimbursed to the Developer contained therein. .
2. Such Certification for Payment Certificate No. ____ has been duly approved by the City, and all representations of the Developer pursuant to Certification Payment Certificate No. ____ are true and remain in effect as of the date hereof.
3. The amount requested to be paid pursuant to the Reimbursement Payment Request is \$_____ (consisting of \$_____ in Authorized Improvement Costs and \$_____ in accrued interest).

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.

MM LEGACY CELINA 75, LLC

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Reimbursement Payment Request, acknowledges the Reimbursement Payment Request, and finds the Reimbursement Payment Request to be in order. After reviewing the Reimbursement Payment Request, the City approves the Reimbursement Payment 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 in writing.

Principal Amount to be paid by Trustee from Reimbursement Fund	Interest to be paid by the Trustee from the Reimbursement Fund	Total Amount to be paid by Trustee from the Reimbursement Fund
\$_____	\$_____	\$_____

CITY OF CELINA, TEXAS

By: _____

Name: _____

Title: _____

Date: _____



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