Please attach this Supplement to the copies of the Preliminary Limited Offering Memorandum in your possession and forward copies to the parties to whom you have previously delivered copies of the Preliminary Limited Offering Memorandum.

DATE: FEBRUARY 12, 2026

SUPPLEMENT TO
PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY 11, 2025

relating to

$33,950,000*
CITY OF ANNA, TEXAS,
(a municipal corporation of the State of Texas located in Collin County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

The above-referenced Preliminary Limited Offering Memorandum is hereby supplemented to replace in its entirety "THE DEVELOPER – History and Financing of the District."

History and Financing of the District

Property Acquisition. In December 2024, the Developer purchased approximately 200 acres from Sherley Partners, including approximately 135 acres consisting of Improvement Area #1 of the District and approximately 65 acres consisting of The Farm for a purchase price of $10,733,053, using cash on hand.

Development Financing. The Developer has entered into a Loan and Security Agreement, dated as of December 18, 2025 (the "Revolving Credit Agreement"), with Third Coast Bank, a Texas state bank, providing for loans in a combined maximum amount equal to the lesser of (i) $26,000,000, and (ii) 65% of the value of the lots under development. The Revolving Credit Agreement is secured by a deed of trust on land within Improvement Area #1 and land constituting The Farm and matures on July 1, 2028. As of December 31, 2025, the Developer had loans outstanding in the amount of $364,688.13. The Developer may repay the outstanding portion of the Revolving Credit Agreement from any available resources, including revenue generated from sales of developed lots in the District.

The Revolving Credit Agreement imposes a number of conditions upon the Developer's right to obtain loans. If the Developer were unable to satisfy such conditions, release of funds from the Revolving Credit Agreement and the construction of the Improvement Area #1 Improvements could be delayed or prevented entirely, which would adversely affect the security for the Bonds.

~~There are no liens against property within Improvement Area #1 of the District.~~ The PID Act provides that the Assessment Lien is a first and prior lien against the Improvement Area #1 Assessed Property and is superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Bonds, Third Coast Bank will acknowledge the creation of the District, the levy of the Improvement Area #1 Assessments, and the subordination of the liens securing the Revolving Credit Agreement to the Assessment Lien. As provided by the PID Act and acknowledged by Third Coast Bank, the Assessment Lien will have priority over the liens on the property within Improvement Area #1 of the District securing the Revolving Credit Agreement, and any other loans that may be obtained by the Developer or its affiliates.

Sufficiency of Developer's Financing. According to the Developer, the Developer's available financing sources are sufficient to fund the total budgeted costs of the Improvement Area #1 Improvements in the approximate amount of $27,578,651, the costs of the Improvement Area #1 Major Improvements in the approximate amount of $11,396,968, the costs of the Improvement Area #1 Amenities in the approximate amount of $8,350,000, and the costs of the Private Improvements in the approximate amount of $6,939,433. The Developer's financing sources include the Revolving Credit Agreement, the Earnest Money Deposits, the net proceeds of the Bonds in the approximate amount of $27,473,505*, and Developer equity. See "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "THE IMPROVEMENT AREA #1 MAJOR IMPROVEMENTS," "THE DEVELOPMENT – Amenities and Private Improvements."

* *Preliminary; subject to change.*

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

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY 11, 2026

NEW ISSUE **NOT RATED**

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

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date hereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

$33,950,000*
CITY OF ANNA, TEXAS,
(a municipal corporation of the State of Texas located in Collin County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

Sale Date: February 24, 2026
Interest to Accrue from Delivery Date (defined below) **Due: September 15, as shown on the inside cover**

The City of Anna, Texas, Special Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project) (the "Bonds"), are being issued by the City of Anna, Texas (the "City"). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of $100,000 of principal amount and any integral multiple of $1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 15 and September 15, commencing September 15, 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 Regions Bank, an Alabama state banking corporation, 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"), and an Indenture of Trust between the City and the Trustee (the "Indenture"). ***Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.***

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 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 of the District, and (v) paying the costs of issuance of the Bonds. See "THE IMPROVEMENT AREA #1 IMPROVEMENTS" and "APPENDIX B – Form of Indenture."

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City secured by a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from Improvement Area #1 Assessments levied against Improvement Area #1 Assessed Property in accordance with the Service and Assessment Plan, all to the extent and upon the conditions described in the Indenture. The Bonds are not payable from funds raised or to be raised from taxation. See "SECURITY FOR THE BONDS."

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

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by FMSbonds, Inc. (the "Underwriter"), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX D – Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the City by its counsel, Wolfe, Tidwell & McCoy, LLP, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about March 12, 2026 (the "Delivery Date").

FMSbonds, Inc.
Municipal Bond Specialists

* Preliminary, subject to change.

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

CUSIP Prefix: _____[(a)]

$33,950,000*
CITY OF ANNA, TEXAS,
(a municipal corporation of the State of Texas located in Collin County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

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

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

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

(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Municipal Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.

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

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

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* *Preliminary, subject to change.*

CITY OF ANNA, TEXAS
CITY COUNCIL

Name	Place	Term Expires (May)
Pete Cain	Mayor	2027
Kevin Toten	Place 1, Mayor Pro Tem	2027
Nathan Bryan	Place 2	2028
Stan Carver II	Place 3, Deputy Mayor Pro Tem	2026
Kelly Patterson-Herndon	Place 4	2028
Elden Baker	Place 5	2026
Manny Singh	Place 6	2028

ACTING CITY MANAGER	**FINANCE DIRECTOR**	**CITY SECRETARY**
Marc Marchand	Terri Doby	Carrie Land

ASSESSMENT CONSULTANT
P3Works, LLC

MUNICIPAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
McCall, Parkhurst & Horton L.L.P.

UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

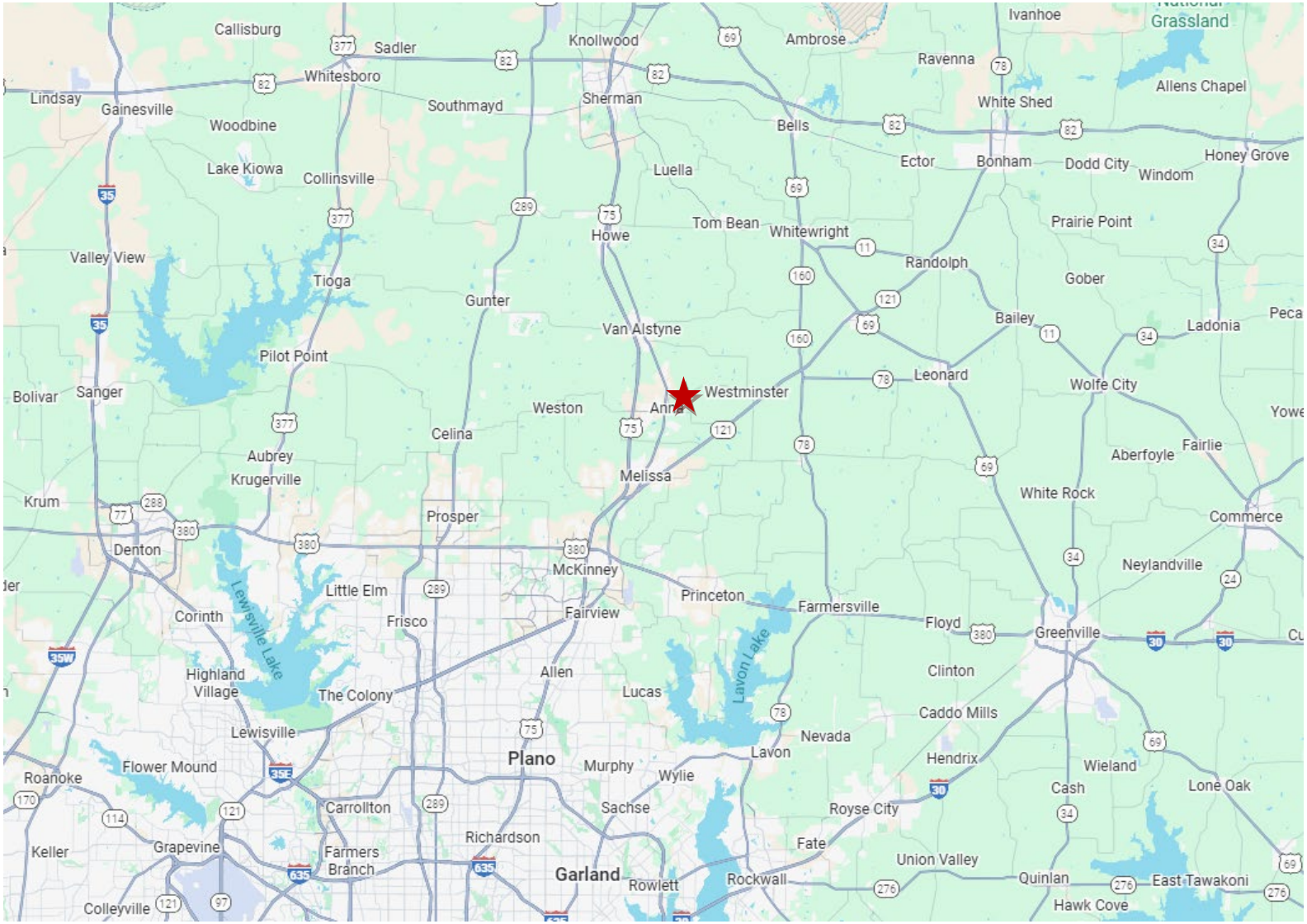
For additional information regarding the City, please contact:

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Anna, Texas 75409
(972) 924-3325
mmarchand@annatexas.gov

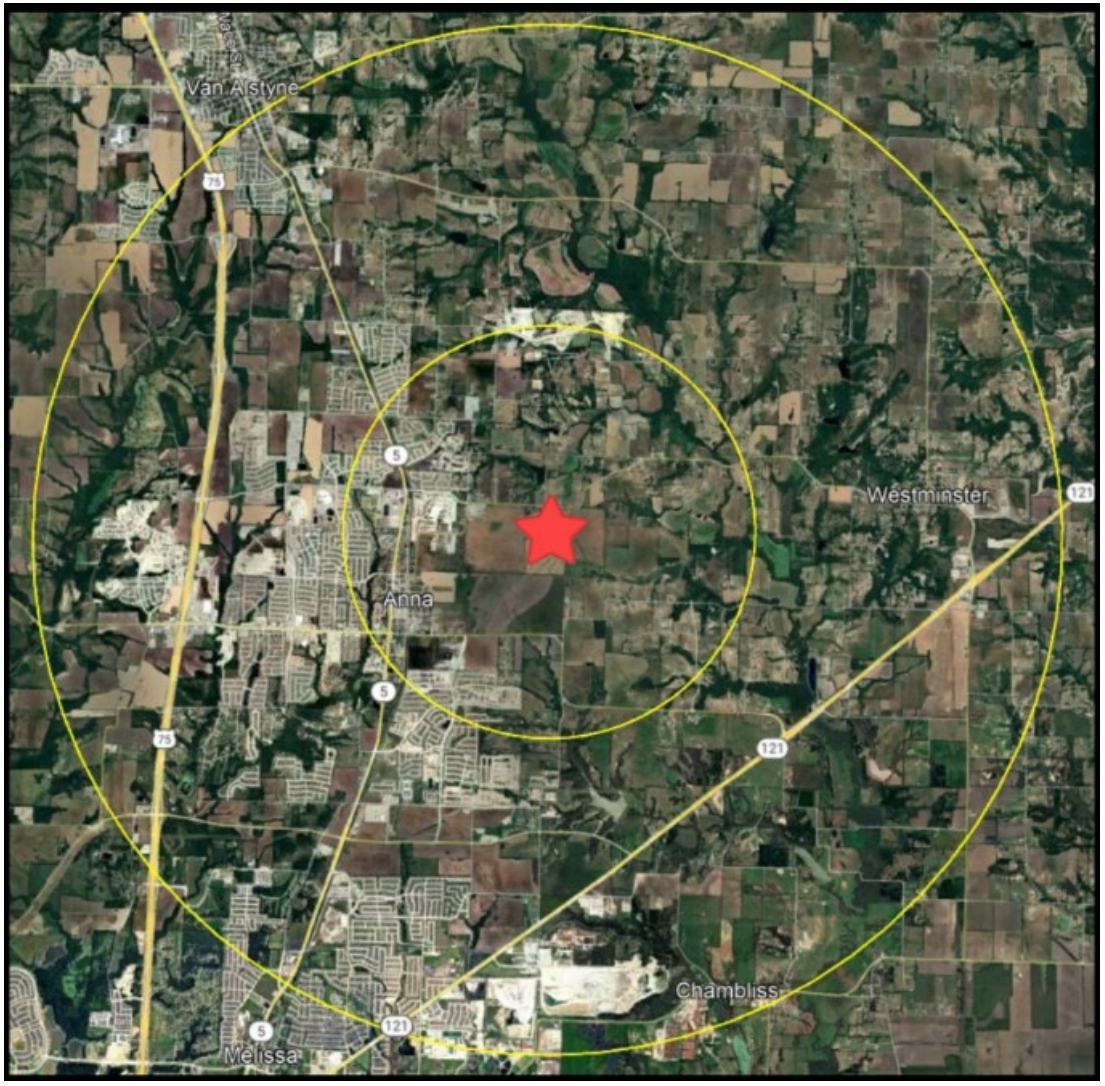
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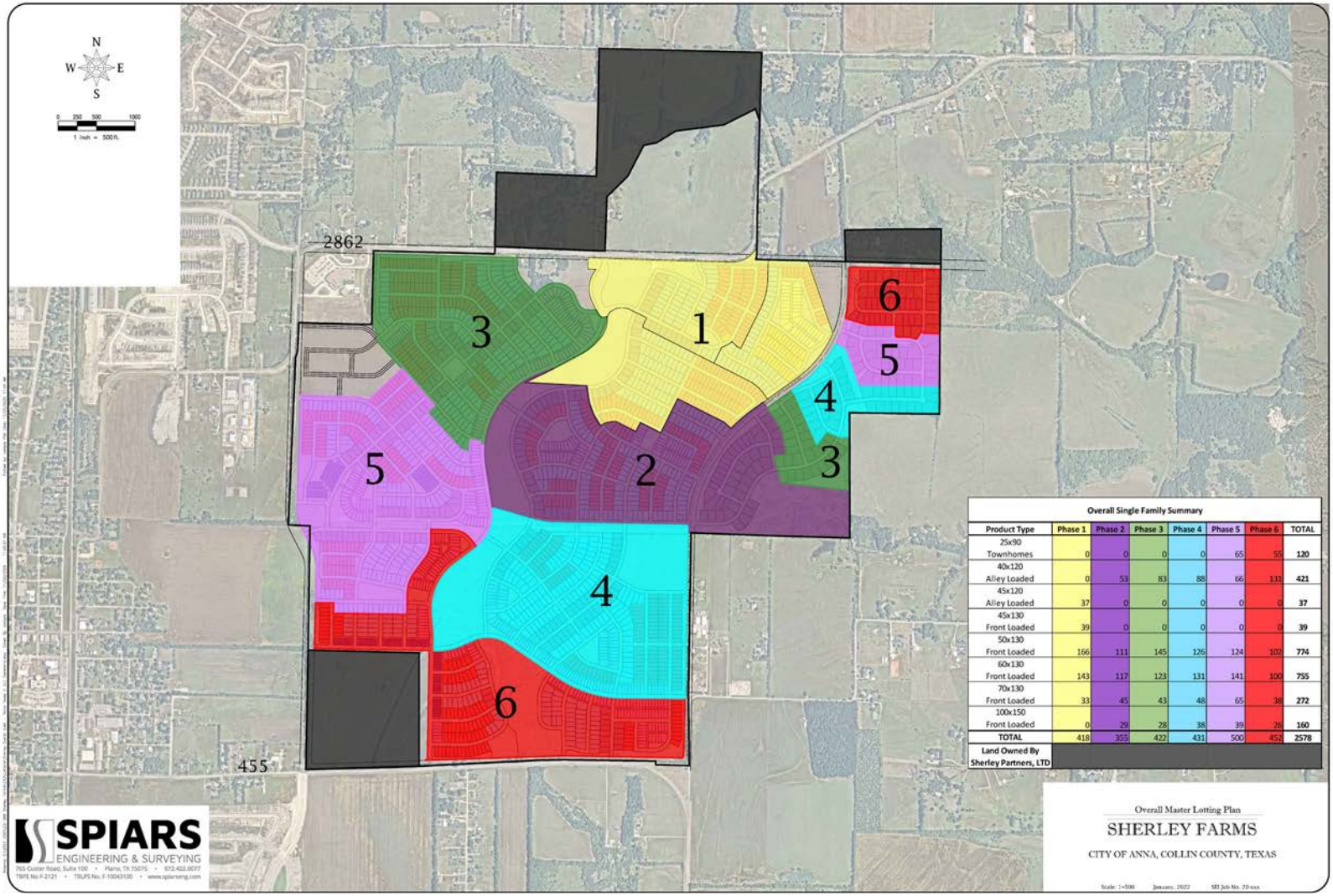
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT, IMPROVEMENT AREAS (PHASES), AND SHERLEY RETAINED TRACT *

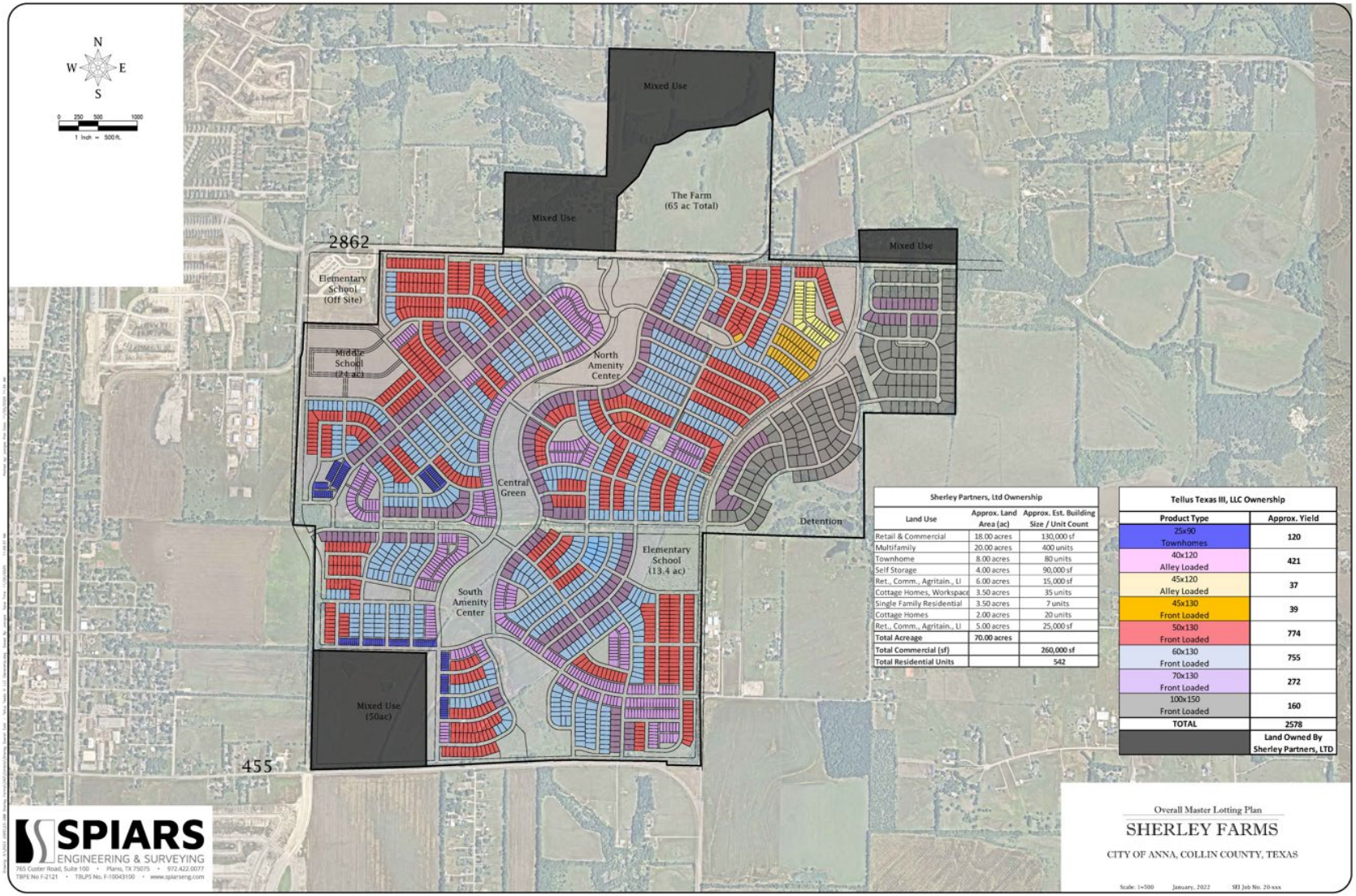


Overall Single Family Summary

Product Type	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	TOTAL
25x90 Townhomes	0	0	0	0	65	55	120
40x120 Alley Loaded	0	53	83	88	66	131	421
45x120 Alley Loaded	37	0	0	0	0	0	37
45x130 Front Loaded	39	0	0	0	0	0	39
50x130 Front Loaded	166	111	145	126	124	102	774
60x130 Front Loaded	143	117	123	131	141	100	755
70x130 Front Loaded	33	45	43	48	65	38	272
100x150 Front Loaded	0	29	28	38	39	26	160
TOTAL	418	355	422	431	500	452	2578
Land Owned By Sherley Partners, LTD							

* The numbered areas shown above reflect the expected improvement areas on the Tellus Tract (defined herein). Areas shown as "Land Owned by Sherley Partners, Ltd." reflect the expected boundaries of the Sherley Retained Tract (defined herein). See "PLAN OF FINANCE – Overview."

CONCEPT PLAN *



* Areas shown above as "Land Owned by Sherley Partners, Ltd." reflect the expected boundaries of the Sherley Retained Tract (defined herein). The balance of the outlined area reflects the expected boundaries of the Tellus Tract (defined herein). See "PLAN OF FINANCE – Overview."

USE OF LIMITED OFFERING MEMORANDUM

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

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

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

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

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

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

MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR THE DEVELOPER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF THEIR EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE – THE CITY" AND "– THE DEVELOPER," RESPECTIVELY.

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

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

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

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TABLE OF CONTENTS

INTRODUCTION 1
PLAN OF FINANCE 2
Overview 2
Development Plan 2
Lot Purchase and Sale Agreements 4
The Bonds 4
LIMITATIONS APPLICABLE TO INITIAL PURCHASERS 4
DESCRIPTION OF THE BONDS 5
General Description 5
Redemption Provisions 6
BOOK-ENTRY ONLY SYSTEM 8
SECURITY FOR THE BONDS 10
General 10
Pledged Revenues 11
Collection and Deposit of Improvement Area #1 Assessments 12
Amount of Assessments May be Reduced by TIRZ No. 9 Annual Credit Amount 13
Unconditional Levy of Improvement Area #1 Assessments 14
Perfected Security Interest 15
Pledged Revenue Fund 15
Bond Fund 16
Project Fund 17
Reserve Fund (Reserve Account and Delinquency and Prepayment Reserve Account) 17
Administrative Fund 19
Defeasance 19
Events of Default 20
Remedies in Event of Default 21
Restriction on Owner's Actions 21
Application of Revenues and Other Moneys After Event of Default 22
Investment or Deposit of Funds 23
Against Encumbrances 23
Other Obligations or Other Liens; Refunding Bonds 23
SOURCES AND USES OF FUNDS 24
DEBT SERVICE REQUIREMENTS 25
OVERLAPPING TAXES AND DEBT 26
Overlapping Taxes 26
Overlapping Debt 27
Agricultural Use 27
Homeowners' Association Dues 27
ASSESSMENT PROCEDURES 28
General 28
Assessment Methodology 28
Collection and Enforcement of Assessment Amounts 29
Assessment Amounts 31
Prepayment of Assessments 33
Priority of Lien 34
Foreclosure Proceedings 34
THE CITY 35
Background 35
City Government 35
Water and Wastewater 35
THE DISTRICT 36
General 36
Powers and Authority 36
THE IMPROVEMENT AREA #1 IMPROVEMENTS 37
General 37
Ownership and Maintenance of Improvement Area #1 Improvements 38
THE IMPROVEMENT AREA #1 MAJOR IMPROVEMENTS 38
Ownership and Maintenance of Improvement Area #1 Major Improvements 38
THE DEVELOPMENT 39
Development Plan 39
Payment of Costs of the Improvement Area #1 Major Improvements 39
Lot Purchase and Sale Agreements 39
Expected Buildout, Absorption, and Home Prices in the Tellus Tract 43
Amenities and Private Improvements 45
Future Improvement Area Bonds 46
Development Agreement 46
CFA Agreement 46
Zoning/Permitting 47
Education 47
Environmental 47
Existing Mineral Rights and Other Third-Party Property Rights 47
Flood Zone 48
Utilities 48
THE DEVELOPER 48
General 48
Description of the Developer 48
Description of Past and Current Projects of the Developer 49
Executive Biographies of Tellus Group 49
History and Financing of the District 53
THE ADMINISTRATOR 53
APPRAISAL 54
BONDHOLDERS' RISKS 54
Deemed Representations and Acknowledgment by Initial Purchasers 55
General Factors relating to Payment of the Bonds 55
Assessment Limitations 56

Direct and Overlapping Indebtedness, Assessments, and Taxes 57
Depletion of Accounts of the Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account 57
Lien Foreclosure and Bankruptcy 57
Bondholders' Remedies and Bankruptcy 57
Judicial Foreclosures 59
No Acceleration 59
Bankruptcy Limitation to Bondholders' Rights 59
State Law Requiring Notice of Assessment; Failure of Developer and Homebuilders to Deliver Required Notice Pursuant to Texas Property Code 60
Potential Future Changes in State Law Regarding Public Improvement Districts 60
Limited Secondary Market for the Bonds 60
No Credit Rating 60
Adverse Developments Affecting the Financial Services Industry 61
General Risks of Real Estate Investment and Development 61
Risks Related to the Current Residential Real Estate Market 62
Risks Related to Recent Increase in Costs of Building Materials and Labor Shortages 62
Completion of Homes 62
Absorption Rate 63
Competition 63
Hazardous Substances 63
Regulation 64
Availability of Utilities 64
Flood Plains 64
Risk from Weather Events 64
Exercise of Third-Party Rights 65
Tax-Exempt Status of the Bonds 65
Management and Ownership 65
Dependence Upon Developer 66
Use of Appraisal 66
Agricultural Use Valuation and Redemption Rights 66
TIRZ Annual Credit Amount and Marketing of the Development 67
TAX MATTERS 67
Opinion 67
Federal Income Tax Accounting Treatment of Original Issue Discount 68
Collateral Federal Income Tax Consequences 69
State, Local And Foreign Taxes 69
Information Reporting and Backup Withholding 70
Future and Proposed Legislation 70
LEGAL MATTERS 70
Legal Proceedings 70
Legal Opinions 70
Litigation – The City 71
Litigation – The Developer 71
ENFORCEABILITY OF REMEDIES 71
NO RATING 72
CONTINUING DISCLOSURE 72
The City 72
The City's Compliance with Prior Undertakings 72
The Developer 72
The Developer's Compliance with Prior Undertakings 73
UNDERWRITING 73
REGISTRATION AND QUALIFICATION OF BONDS FOR SALE 73
LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS 73
INVESTMENTS 73
INFORMATION RELATING TO THE TRUSTEE 76
SOURCES OF INFORMATION 76
General 76
Source of Certain Information 77
Experts 77
Updating of Limited Offering Memorandum 77
FORWARD-LOOKING STATEMENTS 77
AUTHORIZATION AND APPROVAL 78
APPENDIX A General Information Regarding the City and Surrounding Areas
APPENDIX B Form of Indenture
APPENDIX C Form of Service and Assessment Plan
APPENDIX D Form of Opinion of Bond Counsel
APPENDIX E-1 Form of Disclosure Agreement of Issuer
APPENDIX E-2 Form of Disclosure Agreement of Developer
APPENDIX F Development Agreement
APPENDIX G Form of CFA Agreement
APPENDIX H Appraisal

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PRELIMINARY LIMITED OFFERING MEMORANDUM

**$33,950,000*
CITY OF ANNA, TEXAS,
(a municipal corporation of the State of Texas located in Collin County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Anna, Texas (the "City"), of its $33,950,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project) (the "Bonds").

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance expected to be adopted by the City Council of the City (the "City Council") authorizing the issuance of the Bonds (the "Bond Ordinance"), and an Indenture of Trust (the "Indenture"), between the City and Regions Bank, an Alabama state banking corporation with offices in Houston, Texas, as trustee (the "Trustee").

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

The Bonds will be secured by a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from Improvement Area #1 Assessments levied against Improvement Area #1 Assessed Property pursuant to the Assessment Ordinance, all to the extent and upon the conditions described in the Indenture.

Set forth herein are brief descriptions of the City, the District, Tellus Texas (defined herein), Sherley Partners (defined herein), the Administrator, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement (defined herein), the CFA Agreement, and the Appraisal (defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The form of Indenture appears in APPENDIX B and the form of Service and Assessment Plan appears in APPENDIX C. The information provided under this caption "INTRODUCTION" is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

* *Preliminary, subject to change.*

PLAN OF FINANCE

Overview

Following receipt of a petition from the Developer in accordance with the PID Act, the City created the District on March 25, 2025. The District is composed of approximately 1,123.592 acres within the corporate boundaries of the City. It is located approximately 5.5 miles east of U.S. Highway 75, generally between Houston Street to the north and East White Street to the south. Maps of the District and the surrounding region are included on pages iii – v.

Development Plan

The District is an approximately 1,123-acre master-planned community expected to be developed in part by Tellus Texas III, LLC, a Texas limited liability company ("Tellus Texas" or the "Developer"), and in part by Sherley Partners, Ltd., a Texas limited partnership ("Sherley Partners"). Tellus Texas, as assignee of Tellus Acquisitions LLC, and Sherley Partners are parties to that certain Purchase and Sale Agreement Sherley Farms – Collin County, Texas (the "Sherley PSA"), pursuant to which Tellus Texas has agreed to purchase approximately 978 acres of land within the District (the "Tellus Tract") from Sherley Partners in phases as development progresses. Sherley Partners expects to retain approximately 150 acres in the District (as shown in dark gray in the map on page iv, the "Sherley Retained Tract"). In December 2024, Tellus Texas purchased approximately 200 of such acres, which include approximately 135 acres constituting Improvement Area #1 of the District (as identified as on the map on page iv) and approximately 65 acres constituting The Farm (as identified as on the Concept Plan on page v), for a purchase price of $10,733,053, using cash on hand. Tellus Texas expects to close on an additional 50 acres pursuant to the Sherley PSA in or about March 2026, which takedown is expected to include approximately 3 acres to be conveyed to the City for use as a fire station and water tower site or sites, 0.2 acres to be conveyed to the City for a sewer pump station, and approximately 46.8 acres for phase 2 of the Development (defined below).

The Developer expects to develop the single-family residential portion of the Tellus Tract in six phases as shown in the map on page iv (each, an "Improvement Area") to include a total of approximately 2,578 single-family residential lots, as well as the North Amenity Center (as identified in the Concept Plan on page v) with a swimming pool, playground, and related facilities, the South Amenity Center (as identified in the Concept Plan on page v) with a building or shaded structure, playground, and related facilities, and other amenities throughout the District (collectively, the "Community Amenities"). The Developer will also develop The Farm as a working farm-style amenity with operational farming facilities and an adjacent programmed site adjacent to the farm (together with the Community Amenities, the "Amenities"). See "THE DEVELOPMENT – Amenities and Private Improvements" and "– Development Agreement."

It is expected that Sherley Partners will develop the Sherley Retained Tract as approximately 7 single-family residential lots, 55 cottage home lots, 400 multifamily units, and 260,000 square feet of commercial space based on the uses entitled for the Sherley Retained Tract in the PDD Ordinance (defined herein). The Tellus Tract and the Sherley Retained Tract together constitute the "Development." See the map and Concept Plan for the District on pages iv-v and "THE DEVELOPMENT – Zoning/Permitting."

Improvement Area #1 is the first area of the District to be developed. Improvement Area #1 is expected to include 418 single-family residential lots, as follows:

Lot Size	Improvement Area #1
45'	76
50'	166
60'	143
70'	33
Total	**418**

The Developer began development of Improvement Area #1 in November 2025 and expects it to be completed in the fourth quarter of 2026. See "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "THE

DEVELOPMENT – Expected Build-out, Absorption, and Home Prices in the Tellus Tract," and "APPENDIX C – Form of Service and Assessment Plan."

A portion of the proceeds of the Bonds will be used to reimburse the Developer for the Actual Costs of the Improvement Area #1 Improvements, consisting of public improvements that benefit only the Improvement Area #1 Assessed Property. The total cost of the Improvement Area #1 Improvements is expected to be approximately $27,578,651*. Proceeds of the bonds in the approximate amount of $27,473,505* will be used to pay the Developer for a portion of such costs. The remaining costs in the approximate amount of $105,146* will be paid by the Developer, without reimbursement by the City. In addition to costs to construct the Improvement Area #1 Improvements, the Developer is responsible for paying, without reimbursement by the City, for the Private Improvements (defined herein) in the approximate amount of $6,939,433, and the cost of certain amenities. The cost of the amenities to be constructed concurrently with the Improvement Area #1 Improvements (as further described herein, the "Improvement Area #1 Amenities") is expected to be approximately $8,350,000. As of December 31, 2025, the Developer has spent approximately $1,457,752 on costs of the construction of the Improvement Area #1 Improvements, and approximately $658,252 on costs of construction of the Private Improvements, using cash on hand. See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "THE DEVELOPMENT – Amenities and Private Improvements," "THE DEVELOPER – History and Financing of the District," and "APPENDIX C – Form of Service and Assessment Plan."

The City and the Developer expect to enter into the CFA Agreement, which provides, in part, for the use of proceeds from the issuance and sale of the Bonds and the payment of costs of the Improvement Area #1 Improvements within the District, including payment to the Developer for funds expended by the Developer and used to pay costs of Improvement Area #1 Improvements. See "APPENDIX G – Form of CFA Agreement."

The Developer is expected to construct certain road, water, and sanitary sewer improvements that will benefit the entire District (the "Major Improvements"). The Developer will construct a portion of the Major Improvements (such portion, the "Improvement Area #1 Major Improvements") concurrently with the development of the Improvement Area #1 Improvements. The costs of the Improvement Area #1 Major Improvements are expected to be approximately $11,396,968. The costs of the Improvement Area #1 Major Improvements are expected to be reimbursed to the Developer pursuant to a grant (the "Eligible Infrastructure Grant") funded from impact fees collected in Improvement Area #1 of the District. As of December 31, 2025, the Developer has spent approximately $262,732 on costs of construction of the Improvement Area #1 Major Improvements using cash on hand. See "THE IMPROVEMENT AREA #1 MAJOR IMPROVEMENTS," "THE DEVELOPMENT – Payment of Costs of the Improvement Area #1 Major Improvements," and "– Development Agreement."

On December 9, 2025, pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code, as amended (the "TIRZ Act"), the City adopted the TIRZ No. 9 Ordinance creating TIRZ No. 9 (both defined in the Service and Assessment Plan) with boundaries coterminous with those of the District and authorizing the use of ad valorem tax increment attributable to the new development within TIRZ No. 9/the District for project costs as defined in the TIRZ Act, including the Improvement Area #1 Improvements, as provided for in the Reinvestment Zone Number Nine, City of Anna, Texas, Final Project and Financing Plan expected to be approved on the date of adoption of the Bond Ordinance (including amendments or supplements thereto, the "TIRZ No. 9 Project Plan") and the Development Agreement, as described in more detail under "SECURITY FOR THE BONDS – Amount of Assessments May be Reduced by TIRZ No. 9 Annual Credit Amount." See also "THE DEVELOPMENT – Development Plan," "– Development Agreement," "BONDHOLDERS' RISKS – TIRZ No. 9 Annual Credit Amount and Marketing of the Development," and "APPENDIX C – Form of Service and Assessment Plan."

The Developer expects to request the City to issue in the future one or more series of bonds (collectively, the "Future Improvement Area Bonds") to finance the costs of the public improvements benefitting future improvement areas within the Tellus Tract, excluding Improvement Area #1 (the "Future Improvement Area"). The estimated costs of the public improvements benefitting the Future Improvement Area will be determined as development progresses, and the Service and Assessment Plan will be updated accordingly. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the portion of the Future Improvement Area benefitted thereby. The Developer anticipates that Future Improvement Area Bonds will be issued over a six-year period. See "THE DEVELOPMENT – Future Improvement Area Bonds."

* *Preliminary, subject to change.*

Lot Purchase and Sale Agreements

The Developer has 417 of the 418 lots in Improvement Area #1 under contract with homebuilders, with one 50' lot uncontracted. The Developer expects home construction in Improvement Area #1 to begin in the fourth quarter of 2026. Homebuilders in Improvement Area #1 include Scott Felder Homes, LLC, dba Olivia Clark Homes, Perry Homes, LLC, Bloomfield Homes, Highland Homes – Dallas, LLC, DRB Group Texas, LLC, formerly known as Brightland Homes, Ltd., Homebound Technologies, Inc., and Drees Custom Homes, L.P. (collectively, the "Homebuilders"). The Homebuilders have deposited a combined total of $14,963,385 in earnest money (the "Earnest Money Deposits") with the Developer. See "THE DEVELOPMENT – Lot Purchase and Sale Agreements."

The Bonds

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 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 of the District, and (v) paying the costs of issuance of the Bonds. See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENT AREA #1 IMPROVEMENTS," and "APPENDIX B – Form of Indenture."

Payment of the Bonds is secured by a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenues from Improvement Area #1 Assessments to be levied against the Improvement Area #1 Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See "SECURITY FOR THE BONDS," "ASSESSMENT PROCEDURES," and "APPENDIX B – Form of Indenture."

The Bonds, any Refunding Bonds, and any Future Improvement Area Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the "State"), or any other political subdivision of the State within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from a first lien on, security interest in, and pledge of 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. Neither any Refunding Bonds nor any Future Improvement Area Bonds to be issued by the City are offered pursuant to this Limited Offering Memorandum.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933, and "accredited investors" as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933. 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. 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 for an indefinite period of time and does not intend at this time to dispose of all or any part of the Bonds. However, the Investor may sell the Bonds at any time the Investor deems appropriate. The

Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

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

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

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

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

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

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Delivery Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing September 15, 2026 (each an "Interest Payment Date"), until maturity or prior redemption. Regions Bank 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. The City prohibits any Bond to be issued in a denomination of less than $100,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than $100,000, and any attempt to accomplish either of the foregoing shall be void and of no effect. Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See "BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

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

Extraordinary Optional Redemption. The City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund from the Reserve Account of the Reserve Fund made pursuant to the Indenture) under the terms of the Indenture. The City will provide the Trustee a City Certificate directing the Bonds to be redeemed pursuant to the Indenture. No redemption shall be made which results in a Bond remaining outstanding in a principal amount less than an Authorized Denomination. See "ASSESSMENT PROCEDURES – Prepayment of Improvement Area #1 Assessments" for the definition and description of Prepayments and "APPENDIX B – Form of Indenture."

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

$ Term Bonds Maturing September 15, 20

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	$
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__†	

$ Term Bonds Maturing September 15, 20

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	$
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__†	

† Stated maturity.

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

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 30 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not

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

The Sinking Fund Installments of Term Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced in integral multiples of $1,000 by any portion of such Bonds, which, at least 30 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in the Indenture and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. 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 then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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

If less than all of the Bonds are called for optional redemption pursuant to the Indenture, the Trustee will rely on directions provided in a City Certificate in selecting the Bonds to be redeemed.

If less than all of the Bonds are called for extraordinary optional redemption pursuant to the Indenture, the Bonds or portion of a Bond to be redeemed will be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

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

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by 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 information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but none of the City, the City's Municipal Advisor or the Underwriter takes any responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC participants, (2) DTC participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the 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 corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. 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 Municipal Advisor, or the Underwriter take any responsibility for the accuracy thereof.

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT/REGISTRAR, THE CITY'S MUNICIPAL ADVISOR, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS, THE INDIRECT

PARTICIPANTS, OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

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

SECURITY FOR THE BONDS

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

General

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

The principal of, premium, if any, and interest on the Bonds are secured by a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of Assessment Revenues expected to be levied against Improvement Area #1 Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See "APPENDIX B – Form of Indenture." In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan in connection with the levy of assessments in the District (including the Improvement Area #1 Assessments) and expects to adopt a final Service and Assessment Plan in connection with the authorization of the issuance of the Bonds. The Service and Assessment Plan describes the special benefit received by the property within the District, including Improvement Area #1, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Improvement Area #1 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 Improvement Area #1 Annual Installments of Improvement Area #1 Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District, including Improvement Area #1. See "APPENDIX C – Form of Service and Assessment Plan."

Pledged Revenues

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

Pursuant to the Indenture:

"Additional Interest" means the amount collected by the application of the Additional Interest Rate.

"Additional Interest Rate" means the up to 0.50% additional interest charged on the Improvement Area #1 Assessments pursuant to Section 372.018 of the PID Act.

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

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

"Assessment Revenues" means the revenues received by the City from the collection of Improvement Area #1 Assessments, including Prepayments, Improvement Area #1 Annual Installments, and Foreclosure Proceeds.

"Delinquent Collection Costs" means costs related to the foreclosure on Improvement Area #1 Assessed Property and the costs of collection of delinquent Improvement Area #1 Assessments, delinquent Improvement Area #1 Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest.

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

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

"Improvement Area #1 Assessed Property" means the property located in Improvement Area #1 that benefits from the Improvement Area #1 Improvements.

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

"Improvement Area #1 Assessments" means an assessment levied against Improvement Area #1 Assessed Property based on the special benefit conferred on such Improvement Area #1 Assessed Property by the Improvement Area #1 Improvements.

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

"Pledged Revenues" mean, collectively, the (i) Assessment Revenues (excluding the portion of the Improvement Area #1 Assessments and Improvement Area #1 Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of the Bonds.

"Prepayment" means the payment of all or a portion of an Improvement Area #1 Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Improvement Area #1 Assessment are not to be considered a Prepayment but rather are to be treated as the payment of the regularly scheduled Improvement Area #1 Annual Installment.

"Trust Estate" means the Trust Estate described in the granting clauses of the Indenture, and the Trust Estate shall only include Pledged Revenues related to the Improvement Area #1 Assessments levied on the Improvement Area #1 Assessed Property, unless the City pledges additional revenues to the payment of the Bonds, which additional pledge may only be created in a Supplemental Indenture.

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

The PID Act provides that the Improvement Area #1 Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the Improvement Area #1 Assessed Property, superior to all other liens and claims, except liens or 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. Pursuant to the PID Act, the Assessment Lien is effective from the date of adoption of the Assessment Ordinance until the Improvement Area #1 Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES."

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the 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 Improvement Area #1 Assessments

The Improvement Area #1 Assessments shown on the Improvement Area #1 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. In the event the City owes Rebatable Arbitrage to the United States Government, the Improvement Area #1 Assessments shall first be applied to pay the full amount of Rebatable Arbitrage owed by the City, prior to any transfers to the Bond Fund.

The Improvement Area #1 Assessments assessed to pay debt service on the Bonds, together with interest thereon, are payable in Improvement Area #1 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 Improvement Area #1 Annual Installment of an Improvement Area #1 Assessment has been 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 pay debt service requirements attributable to Improvement Area #1 Assessments in the Service and Assessment Plan. Each Improvement Area #1 Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

A record of the Improvement Area #1 Assessments on each parcel, tract, or lot which are to be collected in each year during the term of the Bonds is shown on the Improvement Area #1 Assessment Roll. Sums received from the collection of the Improvement Area #1 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. Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds first, to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular Improvement Area #1 Assessed Property to which the Foreclosure Proceeds relate (first, to replenish the Reserve Account Requirement and second, to replenish the Delinquency and Prepayment Reserve Account Requirement), and second, to the Redemption Fund. See "SECURITY FOR THE BONDS – Pledged Revenue Fund" and "APPENDIX B – Form of Indenture."

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

Amount of Assessments May be Reduced by TIRZ No. 9 Annual Credit Amount

The City adopted the TIRZ No. 9 Ordinance authorizing the use of a portion of ad valorem tax increment attributable to the new development within TIRZ No. 9 (the "TIRZ Increment") for Project Costs, as provided for and defined in the TIRZ No. 9 Project Plan, including costs of the Improvement Area #1 Improvements.

Pursuant to the Development Agreement and the TIRZ No. 9 Project Plan, the City will agree to contribute a portion of the TIRZ Increment attributable to development within the District (such portion, the "TIRZ No. 9 Annual Credit Amount") into a tax increment fund created by the City (the "TIRZ Fund") to pay Project Costs within TIRZ No. 9, including the costs of the Improvement Area #1 Improvements and financing costs related thereto. The TIRZ No. 9 Annual Credit Amount for each lot for each year will equal fifty percent (50%) of the ad valorem taxes collected and received by the City on the Captured Taxable Value (defined below) of each lot in Improvement Area #1 of the District, less administration costs; provided, however, that the TIRZ No. 9 Annual Credit Amount for each Lot Type (defined in the Service and Assessment Plan) in any year shall not exceed an amount that results in an equivalent tax rate equal to $1.35 per $100 of assessed value for such Lot Type, taking into consideration the equivalent tax rate of the applicable Improvement Area #1 Annual Installment, based on the Estimated Buildout Value (defined in the Service and Assessment Plan) of such Lot Type at the time of adoption of the Assessment Ordinance (such amount, the "TIRZ No. 9 Maximum Annual Credit Amount"). See "ASSESSMENT PROCEDURES – Assessment Amounts – *TIRZ No. 9 Annual Credit Amount*."

With respect to Improvement Area #1 of the District, the "Captured Taxable Value" for each year means that year's taxable assessed value of each lot of taxable real property within Improvement Area #1 less the Tax Increment Base for each such lot. The "Tax Increment Base" for each lot within Improvement Area #1 of the District is the taxable value of such lot as of January 1, 2025. The Tax Increment Base for all lots of taxable real property located within Improvement Area #1 of the District is expected to equal to $300,971. See "APPENDIX C – Form of Service and Assessment Plan."

In the Development Agreement, the City has agreed to use the TIRZ No. 9 Annual Credit Amount to offset a portion of the principal and interest portion of such lot's Improvement Area #1 Annual Installment of Improvement Area #1 Assessments due the following year, as calculated by the Administrator in collaboration with the City, in accordance with the Service and Assessment Plan. The Improvement Area #1 Annual Installment will be calculated by taking into consideration any TIRZ No. 9 Annual Credit Amount applicable to such lot.

Pursuant to the TIRZ No. 9 Ordinance and TIRZ No. 9 Project Plan, the TIRZ No. 9 Annual Credit Amount generated by each lot in any given year shall be used to calculate such lot's TIRZ No. 9 Annual Credit

Amount in the following year (e.g., the TIRZ No. 9 Annual Credit Amount collected in 2026 shall be used to calculate the TIRZ No. 9 Annual Credit Amount applicable to Annual Installments to be collected in 2027). The TIRZ No. 9 Annual Credit Amount may be generated only from ad valorem taxes levied and collected by the City on the Captured Taxable Value on the applicable lot in any year. Consequently, the TIRZ No. 9 Annual Credit Amount will be generated only if the appraised value of such lot in any year is greater than the Tax Increment Base for such lot. Any delay or failure of the Developer or the Homebuilders to develop Improvement Area #1 may result in a reduced amount of the TIRZ No. 9 Annual Credit Amount being available to credit the Improvement Area #1 Annual Installments. See "ASSESSMENT PROCEDURES – Assessment Amounts – *TIRZ No. 9 Annual Credit Amount*" and "APPENDIX C – Form of Service and Assessment Plan."

TIRZ No. 9 will terminate, unless the City elects to extend the term, upon the earlier to occur of (i) December 31, 2065, or (ii) the date that all Project Costs have been paid (whether through the District or TIRZ No. 9). The City expects to contribute the TIRZ No. 9 Annual Credit Amount for Improvement Area #1 for the last year in calendar year 2065 and apply it to the TIRZ No. 9 Annual Credit Amount in 2066.

THE TIRZ NO. 9 REVENUES, IF AVAILABLE, WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ NO. 9 REVENUES TO GENERATE THE TIRZ NO. 9 MAXIMUM ANNUAL CREDIT AMOUNT. THE TIRZ NO. 9 ANNUAL CREDIT AMOUNT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF THE IMPROVEMENT AREA #1 ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ANNUAL COLLECTION COSTS AND THE FUNDING OF THE DELINQUENCY AND PREPAYMENT RESERVE REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. SUCH TIRZ NO. 9 MAXIMUM ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE AVAILABLE TO REDUCE THE PRINCIPAL AND INTEREST PORTION OF THE ANNUAL INSTALLMENT FOR ANY ASSESSED PARCEL UNTIL 2027, AND MAY BE LATER.

Unconditional Levy of Improvement Area #1 Assessments

The City will impose Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Improvement Area #1 Assessments are effective on the date of adoption of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Improvement Area #1 Assessment may be paid in full or in part at any time, or in periodic Improvement Area #1 Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Improvement Area #1 Assessments. Pursuant to the Assessment Ordinance, interest on the Improvement Area #1 Assessments for each lot within Improvement Area #1 of the District will begin to accrue on the date specified in the Service and Assessment Plan will accrue at a rate specified in the Assessment Ordinance but may not exceed the interest rate on the Bonds plus the Additional Interest. Such interest rates may be adjusted as described in the Service and Assessment Plan. Each Improvement Area #1 Annual Installment, including the interest on the unpaid amount of an Improvement Area #1 Assessment, shall be calculated annually and shall be due on October 1 of each year. Each Improvement Area #1 Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Improvement Area #1 Annual Installments of the Improvement Area #1 Assessments will be due on or about October 1, 2026, and will be delinquent if not paid prior to February 1, 2027.

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

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

Improvement Area #1 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 Improvement Area #1 Assessed Property, 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 Improvement Area #1 Assessed Property regardless of whether the owners are named, and runs with the land. The lien for Improvement Area #1 Assessments and penalties and interest will begin on the date of adoption of the Assessment Ordinance and continue until the Improvement Area #1 Assessments are paid or until all Bonds are finally paid.

Failure to pay an Improvement Area #1 Annual Installment when due will not accelerate the payment of the remaining Improvement Area #1 Annual Installments of the Improvement Area #1 Assessments and such remaining Improvement Area #1 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 to secure the Bonds shall be valid and binding and fully perfected from and after the Delivery Date, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under the Indenture, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under the Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur. See "APPENDIX B – Form of Indenture."

Pledged Revenue Fund

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

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

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

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

Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular Improvement Area #1 Assessed Property to which the Foreclosure Proceeds relate (first, to replenish the Reserve Account Requirement and second, to replenish the Delinquency and Prepayment Reserve Requirement), and second, to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture.

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

Bond Fund

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

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

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

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

Date	**Amount**
September 15, 2026	$

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred shall be transferred, at the direction of the City, to the Improvement Area #1 Bond Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Bonds, and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes specified in the Indenture. Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or the final closing memorandum for the Bonds prepared by the City's municipal advisor, Hilltop Securities Inc. Disbursements from the Improvement Area #1 Bond Improvement Account of the Project Fund to pay costs of the Improvement Area #1 Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. The funds from the Improvement Area #1 Bond Improvement Account of the Project Fund shall be disbursed in accordance with a Certification for Payment for Improvement Area #1 Improvements as described in the CFA Agreement.

Except as provided in the succeeding paragraphs below, money on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund shall be used solely to pay costs of the Improvement Area #1 Improvements.

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

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

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

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #1 Bond Improvement Account of the Project Fund and used to pay the costs of Improvement Area #1 Improvements or to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

In the event the Developer has not completed the Improvement Area #1 Improvements by March 10, 2031, then the City shall provide written direction to the Trustee to transfer all funds on deposit in the Improvement Area #1 Bond Improvement Account to the Redemption Fund to redeem Bonds pursuant to the Indenture. Upon such transfer, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

Reserve Fund (Reserve Account and Delinquency and Prepayment Reserve Account)

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds, and initially funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds shall be 100% of average Annual Debt Service on the Bonds as of the Delivery Date; provided, however, that such amount shall be

reduced by the amount of any transfers made to the Redemption Fund as a result of Prepayments; and provided further that as a result of (1) an optional redemption or (2) an extraordinary optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the Delivery Date, the Reserve Account Requirement is $_____*.

The City agrees with the Owners of the Bonds to accumulate and, when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in the Indenture. The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing March 15, 2027, an amount the City confirms to the Trustee is equal to the Additional Interest until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has reaccumulated in the Delinquency and Prepayment Reserve Account. In transferring the amounts pursuant to the Indenture, the Trustee may conclusively rely on a City Certificate (which shall be based on the Improvement Area #1 Annual Installments as shown on the Improvement Area #1 Assessment Roll in the Service and Assessment Plan) unless and until it receives a City Certificate directing that a different amount be used. Whenever a transfer is made from the Reserve Account to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds. The Additional Interest shall continue to be collected and deposited pursuant to the Indenture until the Bonds are no longer Outstanding.

"Delinquency and Prepayment Reserve Requirement" means an amount equal to 5.0% of the principal amount of the Outstanding Bonds to be funded from the Additional Interest deposited to the Pledged Revenue Fund and transferred to the Delinquency and Prepayment Reserve Account.

In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture, the Trustee, pursuant to a City Certificate, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall, or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of $1,000, from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds 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 U.S. Government in accordance with the Code, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, (iii) to the Improvement Area #1 Bond Improvement Account of the Project Fund to pay costs of the Improvement Area #1 Improvements if such application and the expenditure of funds is expected to occur within three years of the Delivery Date, or (iv) to the Redemption Fund to be applied to the redemption of Bonds.

Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the

* To be completed upon pricing of the Bonds.

Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Certificate, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture. In the event that the Trustee does not receive a City Certificate directing the transfer of such excess to the Administrative Fund within 45 days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds pursuant to the Indenture and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with the Indenture.

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

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

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

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

Administrative Fund

The City will create under the Indenture an Administrative Fund held by the Trustee. Periodically upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Improvement Area #1 Assessments and Improvement Area #1 Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of the Annual Collection Costs and Delinquent Collection Costs. See "APPENDIX C – Form of Service and Assessment Plan."

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

Defeasance

Any Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of the Indenture (a "Defeased Debt"), when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment, or (B) Defeasance Securities that mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Neither Defeasance Securities nor moneys deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn

or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds and shall not be part of the Trust Estate. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

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

Events of Default

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

i. The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;

ii. The failure of the City to enforce the collection of the Improvement Area #1 Assessments, including the prosecution of foreclosure proceedings, in accordance with the Indenture;

iii. Default in the performance or observance of any covenant, agreement, or obligation of the City under the Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give notice in its discretion and which shall give such notice at the written request of the Owners of not less than 51% in aggregate Outstanding principal amount of the Bonds; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice; and

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

The Trustee shall not be charged with knowledge of (a) any events or other information, or (b) any default under the Indenture or any other agreement unless a responsible officer of the Trustee shall have actual knowledge thereof.

Remedies in Event of Default

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than fifty-one percent (51%) in aggregate Outstanding principal amount of the Bonds under the Indenture shall proceed, to protect and enforce the rights of the Owners under the Indenture by action seeking mandamus or by other suit, action, or special proceeding in equity or at law in any court of competent jurisdiction for any relief to the extent permitted by Applicable Laws including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due in an Event of Default, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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 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, or in the reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit, or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing or of which the Trustee is deemed to have notice, (ii) such default has become an Event of Default and the Owners of not less than 51% in aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit, or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right

under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request, and furnishing of indemnity set forth in the Indenture shall, at the option of the Trustee as advised by its counsel, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

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

Application of Revenues and Other Moneys After Event of Default

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

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

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

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

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

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Investment or Deposit of Funds

Money in any Fund or Account established pursuant to the Indenture, other than the Reserve Fund, shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee in Investment Securities; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days.

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 as directed by the City in writing.

Against Encumbrances

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

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

Other Obligations or Other Liens; Refunding Bonds

The City reserves the right, subject to the provisions contained in the Indenture, to issue Other 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 Trust Estate, or any portion thereof.

Other than Refunding Bonds, or subordinate lien obligations permitted under the Indenture, the City will not create or voluntarily permit to be created any debt, lien, or charge on the Trust Estate, or any portion thereof, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority thereof might or could be lost or impaired; provided, however, that the City has reserved the right to issue bonds or other obligations secured by and payable from the Trust Estate so long as such pledge is subordinate to the pledge of the Trust Estate securing payment of the Bonds.

Notwithstanding any contrary provision of the Indenture, the City shall not issue additional bonds, notes, or other obligations under the Indenture, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under the Indenture, other than Refunding Bonds and subordinate lien obligations permitted thereunder. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State.

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SOURCES AND USES OF FUNDS*

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

Sources of Funds:	
Principal Amount	
Total Sources	
Uses of Funds:	
Deposit to Improvement Area #1 Bond Improvement Account of the Project Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to Administrative Fund	
Underwriter's Discount [(1)]	
Total Uses	

[(1)] Includes the fee of counsel to the Underwriter.

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* To be completed upon pricing of the Bonds.

DEBT SERVICE REQUIREMENTS*

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

Year Ending (September 30)	Principal	Interest [1]	Total
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			
2056			
Total			

[1] A portion of the proceeds of the Bonds will be used to pay interest due on the Bonds on September 15, 2026. See "SECURITY FOR THE BONDS – Bond Fund" and "SOURCES AND USES OF FUNDS."

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* To be completed upon pricing of the Bonds.

OVERLAPPING TAXES AND DEBT

Overlapping Taxes

The District is located within the corporate boundaries of the City. The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Improvement Area #1 Assessments levied by the City.

In addition to the City, Collin County, Texas, the Collin County Community College District, and the Anna Independent School District ("Anna ISD") may each levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following table shows the overlapping ad valorem tax rates currently levied on property located in Improvement Area #1 of the District.

Taxing Entity	***Without*** application of TIRZ No. 9 Tax Year 2025 Annual Credit Amount [1]	***With*** application of TIRZ No. 9 Tax Year 2025 Annual Credit Amount [1]
The City	$0.525073	$0.525073
Collin County	0.149343	0.149343
Collin County Community College District	0.081220	0.081220
Anna ISD	1.239900	1.239900
Total Current Tax Rate	$1.995536	$1.995536
Estimated Average Improvement Area #1 Annual Installment of Improvement Area #1 Assessment as an Equivalent Tax Rate [2]	$1.105792	$1.105792
TIRZ No. 9 Annual Credit Amount applicable to Estimated Average Improvement Area #1 Annual Installment of Improvement Area #1 Assessment as an Equivalent Tax Rate [3]	$ –	($0.262536) [3]
Estimated Net Average Improvement Area #1 Annual Installments of Improvement Area #1 Assessments as an Equivalent Tax Rate	$ –	$0.843256 [3]
Estimated Total Tax Rate and Estimated Average Improvement Area #1 Annual Installments of Improvement Area # 1 Assessments as an Equivalent Tax Rate [2]	**$3.101328**	**$2.838792** [3]

[1] As reported by the taxing entities. Per $100 in taxable assessed value.

[2] *Preliminary, subject to change.* Derived from information presented in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan. Assumes completion of homes at values estimated by the Developer. See "THE DEVELOPMENT – Expected Build-out, Absorption, and Home Prices in the Tellus Tract."

[3] The City has agreed to contribute the TIRZ No. 9 Annual Credit Amount generated from each lot within Improvement Area #1, in an amount equal to 50% of the City's ad valorem tax collected on the Captured Taxable Value for such lot for such year, to offset a portion of such lot's Improvement Area #1 Annual Installment of Improvement Area #1 Assessments due the following year, subject to the TIRZ No. 9 Maximum Annual Credit Amount. Derived from information in the Service and Assessment Plan. See "ASSESSMENT PROCEDURES – Assessment Amounts – *TIRZ No. 9 Annual Credit Amount*."

Sources: Collin Central Appraisal District, the City, and the Administrator.

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Overlapping Debt

As noted above, Improvement Area #1 of 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 Improvement Area #1 Assessed Property, as of February 1, 2026, and City debt secured by the Improvement Area #1 Assessments:

Taxing or Assessing Entity	Gross Outstanding Debt as of February 1, 2026	Estimated Percentage Applicable [(1)]	Direct and Estimated Overlapping Debt [(1)]
The City (The Bonds)	$ 33,950,000*	100.000%	$ 33,950,000*
The City (Ad Valorem Taxes)	261,831,000	1.342%	3,513,444
Collin County, Texas	982,755,000	0.022%	215,308
Collin County Community College District	438,250,000	0.024%	106,197
Anna Independent School District	443,198,846	1.395%	6,182,831
TOTAL	**$2,159,984,846**		**$43,967,781**

* *Preliminary; subject to change.*

(1) Based on the prospective market value for Improvement Area #1 of the District set forth in the Appraisal and the tax year 2025 net taxable assessed valuations for the taxing entities. See "APPRAISAL" and "APPENDIX H – Appraisal."

Sources: Collin Central Appraisal District, Municipal Advisory Council of Texas, and Preliminary Service and Assessment Plan

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 qualified for an agricultural valuation but the land use changes to a non-agricultural use, "rollback taxes" are assessed for each of the previous three (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 where use changed and not the entire tract.

Beginning in 2026, Improvement Area #1 will no longer be subject to an agricultural valuation. The Developer expects rollback taxes in the approximate amount of $276,157 to be due by January 31, 2027.

Homeowners' Association Dues

In addition to the Improvement Area #1 Assessments, the Developer anticipates that each property owner in Improvement Area #1 of the District will pay a fee to a homeowners' association (the "HOA") in the approximate amount of $150 per month.

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ASSESSMENT PROCEDURES

Capitalized terms used under this caption and not otherwise defined in the Indenture or this Limited Offering Memorandum shall have the meanings given in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Improvements through Improvement Area #1 Assessments, it must adopt a resolution generally describing the Improvement Area #1 Improvements and the land within Improvement Area #1 of the District to be subject to Improvement Area #1 Assessments to pay the cost therefor. The City has caused the Improvement Area #1 Assessment Roll to be prepared, which shows the land within Improvement Area #1 of the District to be assessed, the amount of the benefit to and the Improvement Area #1 Assessment against each lot or parcel of land within Improvement Area #1, and the number of Improvement Area #1 Annual Installments in which the Improvement Area #1 Assessment is divided. The Improvement Area #1 Assessment Roll was or will be filed with the City Secretary and made available for public inspection. Statutory notice was or will be given to the owners of the Improvement Area #1 Assessed Property and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Improvements and funding a portion of the same with Improvement Area #1 Assessments. The City expects to adopt the Assessment Ordinance and levy the Improvement Area #1 Assessments on February 24, 2026. After adoption of the Assessment Ordinance, the Improvement Area #1 Assessments will become legal, valid, and binding liens upon the Improvement Area #1 Assessed Property.

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

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Improvement Area #1 Assessed Property as a result of the Improvement Area #1 Improvements, provides the basis and justification for the determination that such special benefit exceeds the amount of the Improvement Area #1 Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Improvements to Parcels of Improvement Area #1 Assessed Property in a manner that results in equal shares of costs being apportioned to Parcels of Improvement Area #1 Assessed Property similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Improvements are being funded with proceeds of the Bonds, which are payable from Pledged Revenues, including Assessment Revenues, and other assets comprising the Trust Estate. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs of the Improvement Area #1 Improvements will be allocated to the Improvement Area #1 Assessed Property by spreading the entire Improvement Area #1 Assessment across all Improvement Area #1 Assessed Property within Improvement Area #1 of the District based on the ratio of Estimated Buildout Value of each Lot Type in Improvement Area #1 to the Estimated Buildout Value of all Improvement Area #1 Assessed Property. At the time the City adopts the Assessment Ordinance, the Improvement Area #1 Initial Parcel will be the only Parcel within Improvement Area #1, and as such, the Improvement Area #1 Initial Parcel will be allocated 100% of the costs of the Improvement Area #1 Improvements.

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The following table provides additional analysis with respect to assessment methodology, including the value to Improvement Area #1 Assessment burden ratio per Lot Type, equivalent tax rate per Lot Type, and leverage per Lot Type related to the Improvement Area #1 Assessments applicable to the Improvement Area #1 Assessed Property. The information in the table was obtained from and calculated using information provided in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan."

Lien to Value Analysis, Improvement Area #1 Assessment Allocation, Equivalent Tax Rate, and Leverage per Lot Type in Improvement Area #1 [*]

Lot Type	Planned No. of Lots	Estimated Finished Value per Lot Type [(1)]	Estimated Buildout Value per Lot Type [(2)]	Estimated Improvement Area #1 Assessment per Lot Type	Average Improvement Area #1 Annual Installment of Improvement Area #1 Assessment per Lot Type	Tax Rate Equivalent of Average Improvement Area #1 Annual Installment of Improvement Area #1 Assessment per Lot Type [(3)]	Estimated Ratio of Estimated Finished Value per Lot Type to Improvement Area #1 Assessment [(1)]	Estimated Ratio of Estimated Buildout Value per Lot Type to Improvement Area #1 Assessment [(2)]
45'	76	$120,876	$477,000	$ 67,570	$5,275	$1.105792	1:79 : 1	7.06 : 1
50'	166	$132,302	$530,000	$ 75,077	$5,861	$1.105792	1:76 : 1	7.06 : 1
60'	143	$155,755	$636,000	$ 90,093	$7,033	$1.105792	1:73 : 1	7.06 : 1
70'	33	$180,312	$742,000	$105,108	$8,205	$1.105792	1:72 : 1	7.06 : 1

[*] *Preliminary, subject to change.*

[(1)] Developer estimates. May differ from the prices in the Lot Sale and Purchase Agreements and the retail lot value in the Appraisal. See "THE DEVELOPMENT – Lot Purchase and Sale Agreements" and "APPRAISAL."

[(2)] Estimated Buildout Value derived from the Service and Assessment Plan. Provided by the Developer.

[(3)] Per $100 of home value.

Source: Derived from information presented in the Service and Assessment Plan.

For further explanation of the Improvement Area #1 Assessment methodology, see "APPENDIX C – Form of Service and Assessment Plan."

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Improvement Area #1 Assessments on parcels of Improvement Area #1 Assessed Property similarly situated within Improvement Area #1 of the District. The Improvement Area #1 Assessments and interest thereon are expected to be paid in Improvement Area #1 Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers within Improvement Area #1 of the District. See "APPENDIX C – Form of Service and Assessment Plan."

Collection and Enforcement of Assessment Amounts

Pursuant to the PID Act, the Improvement Area #1 Annual Installments may be collected in the same manner and at the same time as ad valorem taxes of the City. The Improvement Area #1 Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Improvement Area #1 Assessments incur interest, penalties, and attorney's fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the Improvement Area #1 Assessed Property, superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. See "BONDHOLDERS' RISKS – Assessment Limitations."

In the Indenture, the City covenants to collect, or cause to be collected, Improvement Area #1 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 Improvement Area #1 Annual Installments. Each Annual Service Plan Update shall include an updated Improvement Area #1 Assessment Roll and a calculation of the Improvement Area #1 Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Parcels of Improvement Area #1 Assessed Property in proportion to the amount of the Improvement Area #1 Annual Installments for such Parcels.

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

To the extent permitted by law, notice of the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Improvement Area #1 Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessment, or the corresponding Improvement Area #1 Assessed Property.

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

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

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

After July, the penalty remains at 12%, and interest accrues at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts

due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Improvement Area #1 Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Assessment Amounts

Improvement Area #1 Assessment Amounts. The maximum amounts of the Improvement Area #1 Assessments will be established by the methodology described in the Service and Assessment Plan. The Improvement Area #1 Assessment Roll sets forth for each year the Improvement Area #1 Annual Installment for each Improvement Area #1 Assessed Property consisting of the annual payment allocable to the Bonds and the Improvement Area #1 Improvements for each Improvement Area #1 Assessed Property, which amount includes (i) the Additional Interest, and (ii) the annual payment allocable to Annual Collection Costs. The Improvement Area #1 Annual Installments for the Improvement Area #1 Assessments may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessments will be levied against the Parcels comprising the Improvement Area #1 Assessed Property as indicated on the Improvement Area #1 Assessment Roll. See "APPENDIX C – Form of Service and Assessment Plan" and "APPENDIX G – Form of CFA Agreement."

The Improvement Area #1 Annual Installments shown on the Improvement Area #1 Assessment Roll will be reduced to equal the actual costs of repaying the Bonds (which amount will include Additional Interest) and actual Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

If the debt service on issued and Outstanding Bonds is reduced as the result of an economic refunding of the Bonds, the Prepayment of the Improvement Area #1 Assessments, or the redemption of the Bonds, then there would be a corresponding reduction in the Improvement Area #1 Assessments and the Improvement Area #1 Annual Installments. See "APPENDIX C – Form of Service and Assessment Plan." In such case, the reduced Improvement Area #1 Assessment and Improvement Area #1 Annual Installment, as shown on the Improvement Area #1 Assessment Roll, shall be reflected in the next Annual Service Plan Update and approved by City Council.

Method of Apportionment of Improvement Area #1 Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Improvement Area #1 Assessments shall be initially allocated to the Parcels consisting of the Improvement Area #1 Assessed Property based on the ratio of the Estimated Buildout Value of each Parcel in Improvement Area #1 to the Estimated Buildout Value of all Parcels in Improvement Area #1.

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

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

Where the terms have the following meanings:

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

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

C = the Estimated Buildout Value of the newly divided Improvement Area #1 Assessed Property

D = the sum of the Estimated Buildout Value for all of the newly divided Improvement Area #1 Assessed Properties

The calculation of the Improvement Area #1 Assessment of an Improvement Area #1 Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Improvement Area #1 Assessed Property, relying on information from homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Improvement Area #1 Assessed Property. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Improvement Area #1 Assessments for all newly divided Improvement Area #1 Assessed Properties shall equal the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Improvement Area #1 Assessed Property. The reallocation of an Improvement Area #1 Assessment for an Improvement Area #1 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #1 Assessment prior to the reallocation. Any reallocation shall be reflected in the next Annual Service Plan Update and approved by the City Council.

Upon Subdivision by a Recorded Subdivision Plat. Upon the subdivision of any Improvement Area #1 Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

$$A = [B \times (C \div D)]/E$$

Where the terms have the following meanings:

A = the Improvement Area #1 Assessment for the newly subdivided Lot

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

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

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

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

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value for each Lot to be created after recording the subdivision plat as of the date the subdivision plat is anticipated to be recorded. The calculation of the Improvement Area #1 Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Improvement Area #1 Assessments for all newly subdivided Lots shall not exceed the Improvement Area #1 Assessment for the portion of the Improvement Area #1 Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Improvement Area #1 Assessed Property. The reallocation of an Improvement Area #1 Assessment for an Improvement Area #1 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #1 Assessment prior to the reallocation. Any reallocation pursuant

to this section shall be reflected in the next Annual Service Plan Update and approved by the City Council.

Upon Consolidation. If two or more Lots or Parcels are consolidated into a single Parcel or Lot, the Administrator shall allocate the Improvement Area #1 Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be reflected in the next Annual Service Plan Update and approved by the City Council. The Improvement Area #1 Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory prepayment of Improvement Area #1 Assessments.

Maximum Assessment. Notwithstanding the foregoing, the Service and Assessment Plan establishes a "Maximum Assessment" for each Lot Type in Improvement Area #1 of the District, which Maximum Assessment is shown in Exhibit E of the Service and Assessment Plan. See "APPENDIX C – 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 Improvement Area #1 Assessment per Lot for any Lot Type exceeding the Maximum Assessment. If the Administrator determines that the resulting Improvement Area #1 Assessment per Lot for any Lot Type will exceed the Maximum Assessment, then (i) the Improvement Area #1 Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay, as a mandatory prepayment of the Improvement Area #1 Assessment, to the City the amount the Improvement Area #1 Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, prior to the City approving the final plat.

In addition, if the Improvement Area #1 Assessed Property is transferred to a person or entity that is exempt from payment of the Improvement Area #1 Assessment, the owner transferring the Improvement Area #1 Assessed Property shall pay to the City the full amount of the Improvement Area #1 Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer. If the owner of the Improvement Area #1 Assessed Property causes the Improvement Area #1 Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay to the City the full amount of the Improvement Area #1 Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

For further information about apportionment of the Improvement Area #1 Assessments, See "APPENDIX C – Form of Service and Assessment Plan."

TIRZ No. 9 Annual Credit Amount. Pursuant to the Service and Assessment Plan and the TIRZ No. 9 Ordinance, the City agreed to use the TIRZ No. 9 Annual Credit Amount generated from each Improvement Area #1 Assessed Property to offset a portion of such Parcel's Improvement Area #1 Assessment related to the Improvement Area #1 Improvements. The Improvement Area #1 Annual Installment of the Improvement Area #1 Assessments for each Parcel within Improvement Area #1 will be calculated by taking into consideration any TIRZ No. 9 Annual Credit Amount applicable to such Parcel, as described under "SECURITY FOR THE BONDS – Amount of Assessments May be Reduced by TIRZ No. 9 Annual Credit Amount" and in "APPENDIX C – Form of Service and Assessment Plan." The TIRZ No. 9 Annual Credit Amount is generated only from ad valorem taxes levied and collected by the City on the Captured Taxable Value on the applicable Parcel in any year. Consequently, the TIRZ No. 9 Annual Credit Amount is generated only if the appraised value of such Parcel in any year is greater than the TIRZ Base Value of such Parcel. See "APPENDIX C – Form of Service and Assessment Plan."

TIRZ NO. 9 REVENUES ARE NOT PLEDGED AS SECURITY FOR THE BONDS.

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any Improvement Area #1 Assessed Property may voluntarily prepay (a "Prepayment"), at any time, all or part of an Improvement Area #1 Assessment levied against such owner's Improvement Area #1 Assessed Property, together with accrued interest to the date of payment. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a

delinquent installment of an Improvement Area #1 Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Improvement Area #1 Assessments.

Priority of Lien

The Improvement Area #1 Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for the State, county, school district, or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the Assessment Ordinance until the Improvement Area #1 Assessment is paid and may be enforced by the City in the same manner as an ad valorem tax levied against real property may be enforced by the City. The owner of any property assessed may pay the entire Improvement Area #1 Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time.

Foreclosure Proceedings

In the event of delinquency in the payment of any Improvement Area #1 Annual Installment, except for unpaid Improvement Area #1 Assessments on homestead property (unless the lien associated with the assessment attached prior to the date the property became a homestead), the City is empowered to order institution of an action in state district court to foreclose the lien of such delinquent Improvement Area #1 Annual Installment. In such action the real property subject to the delinquent Improvement Area #1 Annual Installments may be sold at judicial foreclosure sale for the amount of such delinquent Improvement Area #1 Annual Installments, plus penalties and interest.

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

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

In the Indenture, the City creates the Delinquency and Prepayment Reserve Account under the Reserve Fund and will fund such account as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If 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 – Reserve Fund (Reserve Account and Delinquency and Prepayment Reserve Account)," "APPENDIX B – Form of Indenture," and "APPENDIX C – Form of Service and Assessment Plan."

THE CITY

Background

The City is located in north central Collin County, 40 miles north of Dallas and 12 miles northwest of the City of McKinney. Access to the City is provided by State Highway 121, State Highway 5, US-75, and Farm Road 455. The City covers approximately 15 square miles. Some of the services that the City provides are public safety (police and fire protection), streets, water and sanitary sewer utilities, planning and zoning, and general administrative services. The 2020 Census population for the City was 16,896. The City estimates the population as of January 1, 2025, was 34,100.

City Government

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1913 and first adopted its Home Rule Charter on May 7, 2005. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers elected for staggered three-year terms. The City Manager is the Chief Administrative Officer for the City.

The current members of the City Council and principal administrators of the City are listed on page i hereof.

For more information regarding the City and surrounding areas, see "APPENDIX A – General Information Regarding the City and Surrounding Areas."

Water and Wastewater

The City will provide both water and wastewater service to the District. The City's existing water and wastewater systems are sufficient to serve all of the property in Improvement Area #1 of the District.

The City is currently served by ground water through nine water wells located at five different sites. These nine wells produce a total of 3.4 million gallons per day. The City has a total elevated storage capacity of 1,500,000 gallons of water and five ground storage tanks with total storage capacity of 2,500,000 gallons.

In partnership with the cities of Melissa, Van Alstyne, and Howe, Texas, the City is connected to a large diameter water transmission line managed by the Greater Texoma Utility Authority ("GTUA"). The GTUA line provides a connection to the North Texas Municipal Water District's ("NTMWD") water distribution system, providing the City with access to treated surface water. This surface water line is part of the City's long term water supply plan. Currently the City has a maximum allowable take of 5,040 gallons per minute ("gpm") from the GTUA connection, providing the City with a maximum peak flow of treated water supply of 6,706 gpm. Both GTUA and the City are working on capital projects which will increase the maximum treated water supply and storage.

GTUA expanded its Bloomdale Pump Station vault, which increased the GTUA total maximum flow to over 9,000 gpm. The City has completed an expansion of its Collin Pump Station site, which brought the existing 1-million-gallon ground storage tank and new pumps online with adjacent wells to maximize storage and flow. The City is currently constructing a 4-million-gallon ground storage tank at the Collin Pump Station site to further increase storage capacity to a total of 6.5 million gallons. Additional water system expansion projects are identified in the City's capital improvement plan and the GTUA/CGMA capital improvement plan. The Development requires the dedication to the City of a 1.5-3 acre site to be used as a site for a water tower and/or a fire station. The site will be dedicated to the City in 2026 and, assuming it is used for a water tower, will increase storage capacity by 2 million gallons.

The City's sanitary sewer system consists of seven lift stations and two wastewater treatment facilities, being the John R. Geren (Slayter Creek) Wastewater Treatment Plant on the east side of US 75 and the newly constructed Hurricane Creek Regional Wastewater Treatment Plant on the west side of US 75. In addition, the City

has two large diameter sewer transmission lines that transport wastewater directly into the NTMWD's wastewater system to the South (Wilson Creek plant). The Slayter Creek Wastewater Treatment Plant is located on Slayter Creek, just north of the confluence of Slayter Creek and Throckmorton Creek. The total treatment capacity of the City's facility is approximately 0.50 million gallons per day ("gpd"). A portion of the NTMWD regional sewer is located along Throckmorton Creek, in the south-central part of the City and the other is located near Clemmons Creek in the southeastern part of the City. The Slayter Creek Wastewater Treatment Plant is currently near capacity. The transmission lines will soon be near capacity. The City recently completed the Slayter Creek Interceptor Sewer project which now conveys wastewater flows in excess of the Slayter Creek Wastewater Treatment capacity to the NTMWD regional wastewater system. As part of the Development, a sewer lift station and force main will be constructed to take flows west to Slayter Creek, which is planned to service phases 1-3 of the District. Planning and engineering for service to phases 4-6 are underway.

The City recently completed the initial phase of a new Hurricane Creek Regional Wastewater Treatment Plant, which will significantly expand the City's ability to collect and treat wastewater required for new development west of US 75. The temporary treatment plan has been operational since March 2025 and can treat up to 0.5 mgd, while the reaming phases are finished. In July 2025, the City issued certificates of obligation to fund the first full phase of the new Hurricane Creek Regional Wastewater Treatment Plant, which is expected to have a capacity to treat 2 mgd of wastewater, with plans to gradually expand the plant's capacity to 16 mgd. The City will use the new plant to treat wastewater for its own residents as well as provide wholesale treatment for the cities of Van Alstyne and Weston and various water districts in the area.

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. 2025-03-1753 of the City adopted on March 25, 2025 (the "Creation Resolution"), for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the 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 reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The PID Act provides that the City may levy and collect assessments on property in the District, or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction, or improvement of the Improvement Area #1 Improvements. See "THE IMPROVEMENT AREA #1 IMPROVEMENTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition, or purchase of the Improvement Area #1 Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues and other assets comprising the Trust Estate. See "ASSESSMENT PROCEDURES" and "APPENDIX C – Form of Service and Assessment Plan."

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THE IMPROVEMENT AREA #1 IMPROVEMENTS

General

The Improvement Area #1 Improvements will be dedicated to the City. Pursuant to the Development Agreement, the Developer is responsible for the completion of the construction, acquisition, or purchase of the Improvement Area #1 Improvements.

Pursuant to the CFA Agreement and the Indenture, the City will reimburse the Developer for a portion of the Actual Costs of the Improvement Area #1 Improvements from proceeds of the Bonds. See "THE DEVELOPMENT – Development Plan."

The Improvement Area #1 Improvements, a portion of which are being financed with proceeds of the Bonds, include street, water, sewer, storm drainage, right of way, and soft costs benefitting only Improvement Area #1 Assessed Property, as described below.

Streets: Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, asphalt pavement for roadways, turn lanes, pavers, stamping and staining of concrete, sidewalks, testing, handicap ramps, and streetlights. All related earthwork, excavation, erosion control, intersections, signage, traffic control, maintenance bonds, lighting and re-vegetation/landscaping of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within Improvement Area #1.

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

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

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

Right of Way: Improvements include right of way required to provide street improvements for all Lots within Improvement Area #1.

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

The total cost of the Improvement Area #1 Improvements is expected to be approximately $27,578,651*. Proceeds of the bonds in the approximate amount of $27,473,505* will be used to pay the Developer for a portion of such costs. The remaining costs in the approximate amount of $105,146* will be paid by the Developer, without reimbursement by the City. In addition to costs to construct the Improvement Area #1 Improvements, the Developer is responsible for paying, without reimbursement by the City, for the cost of the Private Improvements in the approximate amount of $6,939,433 and costs of the Improvement Area #1 Amenities in the approximate amount of $8,350,000. As of December 31, 2025, the Developer has spent approximately $1,457,752 on construction of the Improvement Area #1 Improvements, and $658,252 on construction of the Private Improvements. See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "THE DEVELOPMENT – Amenities and Private Improvements," and "APPENDIX C – Form of Service and Assessment Plan."

* *Preliminary, subject to change.*

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

Type of Improvement Area #1 Improvement	Costs
Streets	$ 9,627,483
Water	2,285,898
Sewer	2,797,636
Storm Drainage	3,583,566
Right of Way	3,696,000
Soft Costs	5,588,068
Total	**$27,578,651**

Ownership and Maintenance of Improvement Area #1 Improvements

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

THE IMPROVEMENT AREA #1 MAJOR IMPROVEMENTS

The Improvement Area #1 Major Improvements include the following public improvements, the costs of which are expected to be reimbursed to the Developer from impact fees collected within the District pursuant to an Eligible Infrastructure Grant. See THE DEVELOPMENT – Payment of Costs of the Improvement Area #1 Major Improvements" and "APPENDIX F – Development Agreement."

Water. Water improvements include on-site water lines ranging in size from 12" to 16", as depicted on Exhibit G to the Development Agreement.

Sewer. Sewer improvements include offsite trunk lines ranging in size from 10" to 24" and a 16" force main along FM 455, as depicted on Exhibit F-1 to the Development Agreement.

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

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

EXPECTED COSTS OF THE IMPROVEMENT AREA #1 MAJOR IMPROVEMENTS

	Expected Cost
Water	$ 2,218,535
Sewer	6,100,420
Soft Costs	3,078,013
Total	**$11,396,968**

Source: The Developer

Ownership and Maintenance of Improvement Area #1 Major Improvements

The Improvement Area #1 Major 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 Improvement Area #1 Major Improvements constructed and conveyed.

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 Municipal Advisor, and the Underwriter, and none of the City, the City's Municipal Advisor, or the Underwriter have any way of guaranteeing the accuracy of such information.

Development Plan

The District is an approximately 1,123-acre master-planned community expected to be developed in part by Tellus Texas and in part by Sherley Partners. Tellus Texas has agreed to purchase approximately 978 acres of land constituting the Tellus Tract from Sherley Partners in phases as development progresses. Sherley Partners expects to retain approximately 150 acres in the District constituting the Sherley Retained Tract. In December 2024, Tellus Texas purchased approximately 200 of such acres, including approximately 135 acres constituting Improvement Area #1 of the District and approximately 65 acres constituting The Farm, for a purchase price of $10,733,053, using cash on hand. Tellus Texas expects to close on an additional 50 acres pursuant to the Sherley PSA in or about March 2026, which takedown is expected to include approximately 3 acres to be conveyed to the City for use as a fire station and water tower site or sites, 0.2 acres to be conveyed to the City for a sewer pump station, and approximately 46.8 acres for phase 2 of the Development.

The Developer expects to develop the single-family residential portion of the Tellus Tract in six phases to include a total of approximately 2,578 single-family residential lots, as well as the North Amenity Center, the South Amenity Center, and other amenities throughout the District. The Developer will also develop The Farm as a working farm-style amenity center with operational farming facilities See "THE DEVELOPMENT – Amenities and Private Improvements" and "– Development Agreement."

The Developer expects Sherley Partners to develop the Sherley Retained Tract as approximately 7 single-family residential lots, 55 cottage home lots, 400 multifamily units, and 260,000 square feet of commercial space. The Tellus Tract and the Sherley Retained Tract together constitute the "Development." See the map and Concept Plan for the District on pages iv-v.

The Developer began development of Improvement Area #1 in November 2025 and expects it to be completed in the fourth quarter of 2026. A portion of the proceeds of the Bonds is expected to be used to reimburse the Developer for all[*] of the Actual Costs of the Improvement Area #1 Improvements. To the extent proceeds of the Bonds are insufficient to pay all such costs, the balance will be paid by the Developer, without reimbursement by the City. See "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "– Expected Build-out, Absorption, and Home Prices in the Tellus Tract," and "APPENDIX C – Form of Service and Assessment Plan."

Payment of Costs of the Improvement Area #1 Major Improvements

The costs of the Improvement Area #1 Major Improvements are expected to be approximately $11,396,968. The costs of the Improvement Area #1 Major Improvements are expected to be reimbursed to the Developer pursuant to the Eligible Infrastructure Grant funded from impact fees collected in Improvement Area #1 of the District. As of December 31, 2025, the Developer has spent approximately $262,732 on costs of construction of the Improvement Area #1 Major Improvements using cash on hand. See "THE IMPROVEMENT AREA #1 MAJOR IMPROVEMENTS" and "– Development Agreement."

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[*] *Preliminary, subject to change.*

Lot Purchase and Sale Agreements

Improvement Area #1 is expected to include 418 single-family residential lots, as follows:

Lot Size	Improvement Area #1
45’	76
50’	166
60’	143
70’	33
Total	**418**

The Developer expects to complete construction of the Improvement Area #1 Improvements and other improvements necessary for delivery of lots in Improvement Area #1 in the fourth quarter of 2026. The Developer expects to complete sales of lots to the Homebuilders in the third quarter of 2027. It is expected that the Homebuilders will commence construction of homes in the fourth quarter of 2026. The Homebuilders have made combined Earnest Money Deposits in the total amount of $14,963,385. The Earnest Money Deposits are unsecured and will be credited towards the purchase prices at the lot closings. Additionally, there are circumstances described in the lot purchase and sale agreements the occurrence of which may result in the termination of such agreements.

The following table reflects the terms of the lot purchase and sale agreements with the Homebuilders.

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Builder	Lot Type	Lot Total	Per Lot***	Takedown Schedule
Scott Felder	45' rear entry	37*	$119,250	19 lots 30 days after substantial completion ("SC"); 19 lots 270 days after SC
Perry	45' front entry	39	$119,250	20 lots 30 days after SC; 19 lots 270 days after SC
Scott Felder	50'	41	$132,500	**1st closing:** lesser of all Phase 1A lots and 21 lots; **2nd Closing**: If Phase 1B achieves SC before Phase 1C, within 30 days of Phase 1B SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 21 Lots; If Phase 1B and Phase 1C achieve SC at the same time, within 30 days of Phase 1C SC, Purchaser shall purchase the amount of Phase 1C Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 21 Lots; **3rd Closing:** If Phase 1C achieves SC before Phase 1B: within 30 days of Phase 1B SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing, Second Closing and Third Closing combined result in Purchaser's acquisition of 21 Lots; **Final Closing:** 20 lots 270 days after 1st closing
DRB Group/ Brightland	50'	82	$132,500	**1st closing:** lesser of all Phase 1A lots and 41 lots; **2nd Closing**: If Phase 1B achieves SC before Phase 1C, within 30 days of Phase 1B SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 41 Lots; If Phase 1B and Phase 1C achieve SC at the same time, within 30 days of Phase 1C SC, Purchaser shall purchase the amount of Phase 1C Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 41 Lots; **3rd Closing:** If Phase 1C achieves SC before Phase 1B: within 30 days of Phase 1B SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing, Second Closing, and Third Closing combined result in Purchaser's acquisition of 41 Lots; **4th Closing**: 21 lots 270 days after SC **Final Closing:** 20 lots 360 days after 1st closing
Homebound	50'	42	$132,500	**1st closing:** lesser of all Phase 1A lots and 21 lots; **2nd Closing**: If Phase 1B achieves SC before Phase 1C, within 30 days of Phase 1B SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 21 Lots; If Phase 1B and Phase 1C achieve SC at the same time, within 30 days of Phase 1C SC, Purchaser shall purchase the amount of Phase 1C Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 21 Lots; **3rd Closing:** If Phase 1C achieves SC before Phase 1B, within 30 days of Phase 1B SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing, Second Closing, and Third Closing combined result in Purchaser's acquisition of 21 Lots; **Final Closing:** 21 lots 270 days after 1st closing
Bloomfield**	60'	68	$96,000	All lots within any completed phase 30 days after SC
Highland	60'	38	$159,000	**1st closing:** lesser of all Phase 1A lots and 19 lots; **2nd Closing**: If Phase 1B achieves SC before Phase 1C, within 30 days of Phase 1B SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 19 Lots; If Phase 1B and Phase 1C achieve SC at the same time, within 30 days of Phase 1C SC,

				Purchaser shall purchase the amount of Phase 1C Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 19 Lots; **3rd Closing:** If Phase 1B and Phase 1C do not achieve SC simultaneously, within 30 days of the later of Phase 1B SC and Phase 1C SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing, Second Closing, and Third Closing combined result in Purchaser's acquisition of 19 Lots; **Final Closing:** 19 lots 270 days after 1st closing
Perry	60'	37	$159,000	**1st closing:** lesser of all Phase 1A lots and 19 lots; **2nd Closing**: <u>If Phase 1B achieves SC before Phase 1C</u>, within 30 days of Phase 1B SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 19 Lots; <u>If Phase 1B and Phase 1C achieve SC at the same time</u>, within 30 days of Phase 1C SC, Purchaser shall purchase the amount of Phase 1C Lots needed such that the Initial Closing and Second Closing combined result in Purchaser's acquisition of 19 Lots; **3rd Closing:** If Phase 1B and Phase 1C do not achieve SC simultaneously, within 30 days of the later of Phase 1B SC and Phase 1C SC, Purchaser shall purchase the amount of Phase 1B Lots needed such that the Initial Closing, Second Closing, and Third Closing combined result in Purchaser's acquisition of 19 Lots; **Final Closing:** 18 lots 270 days after 1st closing
Drees	70'	33	$185,500	17 lots 30 days after SC; 16 lots 270 days after SC
	Total	**417******		

* The Developer expects to amend its contracts with Scott Felder to reduce the lot count for 45' lots by one lot and increase the lot count for 50' lots by one lot. Such amendments will result in all 418 lots within Improvement Area #1 being under contract with Homebuilders.

** The reduced price and fees under the Bloomfield contract are due to Bloomfield's partnership in the development.

*** Except for the Bloomfield contract, the contracts include a 6% annual escalator, marketing fee of $1,500, amenity fee of $4,500, and a farm amenity fee of $1,500. The Bloomfield contract includes a 5% annual escalator, marketing fee of $1,500, and amenity fee of $1,500.

**** One 50' lot is currently uncontracted.

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The expected schedule for sale of lots to the Homebuilders pursuant to the Lot Purchase and Sale Agreements are shown in the following table.

Expected Absorption of Lots to *Homebuilders* by Lot Type in Improvement Area #1

Expected Sale Date	45' Lot	50' Lot	60' Lot	70' Lot	Total Lots
2026	39	83	106	17	245
2027	37	83	37	16	173
	76	**166**	**143**	**33**	**418**

The Developer's expectations regarding absorption of homes in Improvement Area #1 is shown in the following table:

Expected Absorption of Lots to *Homeowners* by Lot Type in Improvement Area #1

Expected Sale Date	45' Lot	50' Lot	60' Lot	70' Lot	Total Lots
2027	59	72	72	24	227
2028	17	72	71	9	169
2029	–	22	–	–	22
	76	**166**	**143**	**33**	**418**

Expected Buildout, Absorption, and Home Prices in the Tellus Tract

The following tables reflect the Developer's expectations with respect to lot buildout and absorption timing and lot and home prices, respectively, in the Tellus Tract.

Expected Buildout and Absorption of Lots in the Tellus Tract

	Lot Size	Number of Lots	Expected Infrastructure Completion Date	Expected Initial Sale Date of Single-Family Lots to Homebuilders	Expected Final Sale Date of Single-Family Lots to Homebuilders	Expected Initial Sale Date of Single-Family Homes to Homeowners
Improvement Area #1	45'-70'	418	Q4 2026	Q4 2026	Q3 2027	Q1 2027
Improvement Area #2	40'-100'	355	Q4 2027	Q4 2027	Q1 2029	Q1 2028
Improvement Area #3	40'-100'	422	Q1 2029	Q1 2029	Q2 2030	Q2 2029
Improvement Area #4	40'-100'	431	Q2 2030	Q2 2030	Q2 2031	Q3 2029
Improvement Area #5	Townhome-100'	500	Q3 2031	Q3 2031	Q1 2033	Q4 2031
Improvement Area #6	Townhome-100'	452	Q4 2032	Q4 2032	Q2 2034	Q1 2033
		2,578				

Expected Lot and Home Prices in the Tellus Tract

	Lot Type	Number of Lots	Expected Lot Prices	Expected Home Prices
Improvement Area #1	45' Rear Entry	37	$119,250 [(1)]	$477,000
	45' Front Entry	39	$119,250 [(1)]	$477,000
	50'	166	$132,500 [(1)]	$530,000
	60'	143	$159,000 [(1)]	$636,000
	70'	33	$185,500 [(1)]	$742,000
		418		
Improvement Area #2	40'	53	$106,000	$424,000
	50'	111	$132,500	$530,000
	60'	117	$159,000	$636,000
	70'	45	$185,500	$742,000
	100'	29	$240,000	$960,000
		355		
Improvement Area #3	40'	83	$106,000	$424,000
	50'	145	$132,500	$530,000
	60'	123	$159,000	$636,000
	70'	43	$185,500	$742,000
	100'	28	$240,000	$960,000
		422		
Improvement Area #4	40'	88	$106,000	$424,000
	50'	126	$132,500	$530,000
	60'	131	$159,000	$636,000
	70'	48	$185,500	$742,000
	100'	38	$240,000	$960,000
		431		
Improvement Area #5	Townhome	65	$ 80,000	$320,000
	40'	66	$106,000	$424,000
	50'	124	$132,500	$530,000
	60'	141	$159,000	$636,000
	70'	65	$185,500	$742,000
	100'	39	$240,000	$960,000
		500		
Improvement Area #6	Townhome	55	$ 80,000	$320,000
	40'	131	$106,000	$424,000
	50'	102	$132,500	$530,000
	60'	100	$159,000	$636,000
	70'	38	$185,500	$742,000
	100'	26	$240,000	$960,000
		452		
		2,578		

(1) Excludes contractual price escalations.

Amenities and Private Improvements

In addition to the Improvement Area #1 Improvements, the Development Agreement obligates the Developer to construct the Amenities, as follows:

- The North Amenity Center, located in Improvement Area #1, on a minimum 2-acre site, to include at least 4,000 square feet of an air-conditioned space in one or more buildings, a minimum of 3,500 square feet swimming pools (one or more), bathrooms, a playground and open recreation area;

- The South Amenity Center to include an amenity center building or shaded structure, bathrooms, playground and open recreation area;

- The Farm, to include operational farming facilities and a minimum 5-acre programmed site adjacent to the farm, to include, at a minimum, a structure for agricultural education, a multi-use field area for events, and a parking lot; and

- Four of the following nine amenity options:

    - 2-5-year-old playground;

    - 5-8-year-old playground;

    - Sand volleyball court, tennis court, or pickleball court;

    - Basketball court;

    - Trails and open space;

    - Outdoor workout equipment along hike and bike trails;

    - Three or more pocket parks, each at least 1 acre;

    - Dog park; or

    - Park benches, trash cans, and pet stations along the trail and in the dog park.

The Amenities will be owned, operated, and maintained by the HOA. The HOA will provide for the ongoing operation, maintenance, and repair of the Amenities through the administration of a property owner's association fee to be paid by each lot owner within the District. See "OVERLAPPING TAXES AND DEBT – Homeowners' Association Dues."

The Developer expects the cost of the North Amenity Center to be $11.5 million, the cost of the South Amenity Center to be $8.5 million, and the total cost of The Farm to be $5 million. It is expected that the cost of the portion of The Farm to be constructed concurrently with Improvement Area #1 will be approximately $750,000 and the cost of the park, open space and trail improvements to be constructed within Improvement Area #1 (collectively with the portion of The Farm to be constructed, the "Improvement Area #1 Amenities") will be $7.6 million.

In addition, the Developer is responsible for paying, without reimbursement by the City, for costs of the "Private Improvements," consisting of approximately $3,237,511 of improvements necessary to deliver finished lots and not constituting Improvement Area #1 Improvements, and approximately $3,701,922 for parkland infrastructure, hardscaping, trails, and similar improvements. The Private Improvements will be owned, operated, and maintained by the HOA.

Future Improvement Area Bonds

The Developer expects to request the City to issue Future Improvement Area Bonds to finance the costs of the public improvements benefitting the Future Improvement Area. The estimated costs of the public improvements benefitting the Future Improvement Area will be determined as development progresses, and the Service and Assessment Plan will be updated accordingly. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Future Improvement Area. The Developer anticipates that Future Improvement Area Bonds will be issued over a six-year period.

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

Development Agreement

Pursuant to the Sherley Farms Development Agreement by and among the City, Tellus Texas, and Sherley Partners, effective as of December 17, 2024 (the "Development Agreement"), the Developer has the right to construct public improvements for the District, including the Improvement Area #1 Improvements, according to certain rules and regulations of the City, and to be reimbursed for a portion of the costs of such construction through the proceeds of assessments and/or PID Bonds (defined below). The Development Agreement provides certain requirements to be met for the issuance of the Bonds and any additional bonds issued for the payment of additional Authorized Improvements (defined in the Development Agreement and the PID Act) (collectively, "PID Bonds"), including (i) the maximum equivalent tax rate, including the PID Assessments associated with the PID Bonds and all overlapping taxing jurisdictions, may not exceed $1.35 per $100 taxable assessed valuation without prior written consent of the City; and (ii) the ratio of the appraised value of the property being financed, as confirmed by an independent appraisal, to the par amount of the PID Bonds proposed to be issued with respect to such property must be at least 2:1, unless a lower ratio is approved by the City. See "APPENDIX F – Development Agreement."

In addition to construction of the Improvement Area #1 Improvements, the Development Agreement obligates the Developer to construct the Major Improvements, the Amenities, the Private Improvements, and hike and bike trails. The Developer must also convey a site to Anna ISD for use as a school and convey to the City (i) up to 1.5 acres for an elevated water storage tank, or (ii) 3 acres for a fire station, at the City's option. See "APPENDIX F – Development Agreement."

In addition, the Development Agreement obligates the City to expand its Slayter Creek wastewater treatment plant to 0.975 mgd capacity and construct approximately 26,000 linear feet of parallel sewer lines. See "THE CITY – Water and Wastewater."

In the Development Agreement, the City agreed to create TIRZ No. 9 and dedicate the TIRZ No. 9 Annual Credit Amount on a lot for a period of up to 30 years from the date the Improvement Area #1 Assessments are levied to reduce the amount of the Improvement Area #1 Assessments levied on property within TIRZ No. 9. See "SECURITY FOR THE BONDS – Amount of Assessments May be Reduced by TIRZ No. 9 Annual Credit Amount."

CFA Agreement

The City and the Developer expect to enter into the CFA Agreement, effective February 24, 2026, which will provide, in part, for the deposit of a portion of the proceeds of the Bonds for payment of costs of the Improvement Area #1 Improvements, and other matters related thereto. Pursuant to the CFA Agreement, the Developer is responsible for overseeing the construction and development of the Improvement Area #1 Improvements in accordance with the Development Agreement and the CFA Agreement. The City's obligation to pay or reimburse the Developer for the costs of the Improvement Area #1 Improvements is limited to the lesser of the Actual Costs or Budgeted Costs, and any Cost Overruns (as each of such terms are defined in the CFA Agreement) are the Developer's responsibility. See "APPENDIX G – Form of CFA Agreement."

Zoning/Permitting

The District is currently zoned as a planned development district pursuant to Ordinance No. 1137-2025-02 adopted by the City Council on February 25, 2025 (the "PDD Ordinance"). The PDD Ordinance allows certain restricted commercial, multi-use, multifamily residential, single-family residential, and single-family residential zero lot line uses and establishes guidelines pertaining to purpose, height, area, setbacks, aesthetics, landscaping, and use. Because the District lies within the city limits of the City, the City's zoning and subdivision regulations control the aspects of development not specifically set forth in the PDD Ordinance or the Development Agreement.

Education

Students in the District will attend schools in Anna ISD. Anna ISD serves the City and other portions of Collin County. Anna ISD enrolls over 6,000 students in one high school, two middle schools, five elementary schools, and a special programs center. Students in the District are expected to attend Rosamond-Sherley Elementary School (approximately 1 mile from the District), Slayter Creek Middle School (approximately 2 miles from the District), and Anna High School (approximately 2.5 miles from the District).

GreatSchools.org does not currently rate Rosamond-Sherley Elementary School. GreatSchools.org currently rates Slayter Creek Middle School 3 out of 10, and Anna High School 6 out of 10. According to the Texas Education Agency annual accountability ratings, Anna ISD was rated "C," Rosamond-Shelly Elementary School was rated "D," Slayter Creek Middle School was rated "C," and Anna High School was rated "A" for the 2024-25 school year. (The categories for public school districts and public schools are A, B, C, D, and F.)

It is noted that the ratings information provided for Slayter Creek Middle School is mistakenly shown on the GreatSchools.org website as "Anna Middle School."

Pursuant to the Development Agreement, the Developer will convey a site for an elementary school to Anna ISD. However, the location of the site has not been determined.

Environmental

A Phase One Environmental Site Assessment (the "Phase One ESA") of property including the District, dated January 9, 2024, was completed by Reed Engineering Group (the "Report"). According to the Report, no recognized environmental conditions, controlled recognized environmental conditions, or significant data gaps were revealed in connection with such property. The Report noted various onsite containers and drums on the property that were considered to be *de minimis* conditions and recommended removal of the containers and drums prior to purchase of the property. The Developer is following such recommendations as it purchases portions of such property.

According to the website for the Texas Parks and Wildlife Department, the whooping crane is a federally recognized endangered species and the rufa red knot, piping plover, and black rail are federally recognized threatened species in Collin County. The Developer is not aware of any endangered or threatened species located on property within the District.

Existing Mineral Rights and Other Third-Party Property Rights

There are certain mineral rights reservations of prior owners of real property within the Property (the "Mineral Owners") pursuant to one or more deeds in the chain of title for the Property. While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. The Developer is not aware of any real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may 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 rights of the Mineral Owners to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay

Improvement Area #1 Assessments, the Developer makes no guarantee as to such expectation. See "BONDHOLDERS' RISKS – Exercise of Third-Party Property Rights."

Flood Zone

According to the Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map ("FIRM") Community Panel number 48085C0160J (June 2, 2009), the property in Improvement Area #1 of the District lies outside the range of both the 100-year and 500-year floodplains.

Utilities

Water and Wastewater. The City will provide both water and wastewater service to the District. The City's water distribution system and wastewater collection and treatment system currently have sufficient capacity to provide water and wastewater service to Improvement Area #1 of the District. See "THE CITY – Water and Wastewater."

Other Utilities. The Developer expects additional utilities to be provided by: (1) Phone/Data - AT&T; (2) Electric – Oncor; (3) Cable – AT&T; and (4) Natural Gas - Atmos Energy.

THE DEVELOPER

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City, the City's Municipal Advisor, and the Underwriter, and none of the City, the City's Municipal 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, if any, 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 was created for the sole purpose of owning, managing, developing, and ultimately conveying the Tellus Tract to third parties, as described under the caption "THE DEVELOPMENT." The Developer is a Texas limited liability company, the primary assets of which are the real property constituting Improvement Area #1 of the District and The Farm. The Developer will have no source of funds with which to pay Improvement Area #1 Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of lots within Improvement Area #1, reimbursements from the City pursuant to the CFA Agreement, contributions from its equity partners, and third-party banking sources. The Developer's ability to make full and timely payments of Improvement Area #1 Assessments will directly affect the City's ability to meet its obligation to make payments on the Bonds.

The sole member and manager of the Developer is Tellus–Anna, LLC, a Texas limited liability company. The Developer was created to own and manage the District. Under the Developer's company agreement, the Developer has the duty and obligation to, among other things, develop, manage, operate, and maintain the property within the District as it is purchased. Both the Developer and its member/manager are part of a larger group of

entities managed in part by Tellus Group Operations LLC, a Delaware limited liability company ("Tellus Group"), a real estate investment firm located in North Dallas, Texas, focused on residential and mixed-use land development with a primary focus in master-planned, amenity-rich lifestyle communities.

Description of Past and Current Projects of the Developer

The following is a brief sampling of past and current development projects of the executive team of the Tellus Group:

Project Name	Location	Acreage	No. of Units	Description
Meraki	Forney, TX	1,000	2,700	Master-planned community SFA, mixed-use
Windsong Ranch	Prosper, TX	2,100	3,175	Master-planned community SFA, mixed-use
Paloma Creek	Aubrey, TX	1,200	5,500	Worked with Provident Realty Advisers on the limited partner/equity side - involved Fresh Water Supply District underwriting and bond issues
Woodforest	Montgomery County, TX	3,000	5,000	Worked with Johnson Development on the limited partner/equity side - involved Municipal Utility District underwriting and bond issues
Boot Ranch	Fredericksburg, TX	2,000	500	Master-planned private golf club community SFA
Various	DFW Metroplex	1,200	4,100	Separate smaller projects of 100 to 300 lots around the DFW Metroplex
Angel Fire Resort	Angel Fire, NM	22,000	20,000	Master-planned resort community: SFR Condo, Ski resort, Golf Course, Country Club, Property management, Hotel, Timeshare, Utility company
Ritz Carlton Golf Club and Residences Dove Mountain	Marana, AZ	950	500	Master-planned community SFA, mixed-use, golf course
Silverwood	Hesperia, CA	9,500	15,000	Master-planned community SFA, mixed-use
The Grove	College Grove, TN	1,120	770	Master-planned private golf club community SFA, mixed-use
Rolling Hills Ranch	Chula Vista, CA	606.8	2,400	Master-planned community SFA, mixed-use
Summerly	Lake Elsinore, CA	706.7	1482	Master-planned community SFA, mixed-use
Village 7 - Village of Vista Verde	Chula Vista, CA	288.5	444	Master-planned community SFA, mixed-use
Jupiter Country Club	Jupiter, Florida	500	551	Master planned community with golf course (early in development - circa 2007) (included County Development District)
Landmark Golf Company	Indian Wells, CA	Multiple		Golf Development Company
Mosaic	Celina, TX	433.9	1,660	Master-planned community SFA, mixed use

Executive Biographies of Tellus Group

D. Craig Martin, Partner. Craig Martin, CEO and Partner of Tellus Group, has worked in the real estate industry over 43 years focusing on recapitalizing opportunistic, distressed and value add real estate assets. Craig has experience purchasing assets from the FDIC, secured creditors and lenders, Federal Bankruptcy trustees, Joint Provisional Liquidators, as well as public companies and private parties.

Prior to forming Tellus Group, Mr. Martin was the founder of Terra Verde Group and the managing partner of several large land development partnerships, as well as golf and ski resort developments. Mr. Martin also spent seven years as a senior member of Robert M. Bass Realty of Fort Worth, Texas. At RMB Realty, Mr. Martin was active in the underwriting analysis, acquisition, and management of primarily large land development transactions and directed a team of outside consultants. Other past professional experience includes serving as managing director of the Landmark Golf Company of Indian Wells, California and managing general partner of the Angel Fire Ski and Golf Resort in New Mexico.

Mr. Martin began his career as a real estate investment broker for the Staubach Company of Dallas while studying real estate and finance at the Edwin L. Cox School of Business at Southern Methodist University. Mr.

Martin is an active full member of the Urban Land Institute and currently serves on the Community Development Council (Blue Flight) and is an active member of the Dallas and National Home Builders Associations. Mr. Martin is the past Chapter Chairman of the YPO Gold Dallas Chapter (2016-2017). Mr. Martin has also served for seven years on the board of trustees of Liberty Christian School in Argyle, Texas.

David R. Blom, Partner. David Blom, President and Partner of Tellus Group, has experience that encompasses both financial and development aspects of land development, with an emphasis on single-family development. He began his career with Republic Bank in Texas in 1983, where he was active in real estate foreclosures and asset turnaround activities, including the refurbishment and eventual sale of retail shopping centers and office buildings with a total value exceeding $60 million.

Mr. Blom then joined a private development company in Dallas in 1990, where he served as V.P. – Finance and then President, presiding over all aspects of the entitlement, development, and sale of over 4,000 single-family lots across the Dallas-Fort Worth-Arlington Metroplex. Mr. Blom subsequently joined an institutional pension fund advisor, managing and underwriting large scale projects with a wide range of developers and builders from Washington D.C. to Florida, with financial commitments totaling over $300 million.

Mr. Blom joined Forest City Enterprises in 2007, establishing the Texas Land Division and underwriting and acquiring a portfolio of twelve projects in three of the major markets in Texas, with a build-out value of over $400 million. His responsibilities included underwriting analysis, loan sourcing and negotiation, municipal entitlements, and builder relationships.

Mr. Blom joined Terra Verde Group in 2012 to manage all aspects of the development and sale of lots and land in the 2,000-acre master-planned community Windsong Ranch, located in Prosper, Texas, which was acquired from Forest City. In 2018 Mr. Blom became a partner in Tellus Group in the acquisition of Windsong Ranch from Terra Verde Group in 2018. The Windsong Ranch executive team created by Terra Verde transitioned to Tellus Group as part of the acquisition.

Mallorie Wise, Associate Director, Transactions. Mallorie Wise joined Tellus Group in 2025 as Associate Director of Transactions, bringing a blend of real estate expertise, financial acumen, and project management skills to the company's real estate development endeavors. She plays a pivotal role in identifying and evaluating new land acquisition opportunities, managing financial analysis, underwriting, and overseeing key phases of development projects from due diligence through closing. Mallorie also supports capital markets activities, negotiates legal documentation, and collaborates with design and development teams to deliver results for investors and stakeholders.

Before joining Tellus Group, Mallorie gained extensive experience managing complex real estate projects. At Provident Realty Advisors, she focused on the development of large-scale master-planned communities, coordinating budgets, entitlements, marketing, and HOA management. Previously, at U.S. Federal Properties, she oversaw a pipeline of retail assets nationally, guiding them from site acquisition to sale. Mallorie holds a Master of Business Administration and Juris Doctor from Tulane University, where she specialized in Real Estate and graduated with honors. She also earned a Bachelor of Arts in Journalism with distinction from Indiana University. Her comprehensive background, entrepreneurial spirit, and dedication to delivering value position Mallorie as a key leader in advancing Tellus Group's portfolio of innovative and sustainable developments.

Kamille Grey, Vice President Finance & Accounting. Kamille Grey is an accomplished finance and accounting professional with extensive experience in the commercial real estate industry. She serves as Vice President of Finance and Accounting for Tellus Group. Previously, she served as VP Controller at Jackson-Shaw Company in Dallas, Texas, overseeing finance and accounting for a diverse portfolio of commercial real estate developments.

With expertise in treasury responsibilities, Kamille plays a pivotal role in managing banking relationships, approving daily activities, and preparing comprehensive financial forecasts. She ensures that all financial transactions are properly accounted for, oversees annual audits, and manages partner reporting, including capital calls and distribution schedules. Kamille's previous experience includes serving as an Accounting Manager at Provident Realty Advisors, where she successfully managed a software conversion that added efficiency to the team

and oversaw the accounting for multiple real estate developments. Her commitment to accuracy and efficiency was evident through her oversight of financial report packages sent to lenders and partners, as well as her involvement in annual audits. Her additional professional experience includes a significant role as Accounting Manager at Brookfield Properties Retail, overseeing accounting for 12 retail mall properties and enhancing financial reporting processes. Kamille's strong analytical skills and comprehensive understanding of financial principles make her a vital team member in navigating the complexities of the real estate industry.

Kristin Sherrill, Director of Operations. Kristin Sherrill joined Tellus Group in early 2022 as the company's Architectural & Marketing Manager. Her responsibilities include building and managing effective relationships with key stakeholders such as builders, realtors, and community lifestyle management groups and helping coordinate the efforts of the Tellus development and land acquisition teams with onsite contractors, outside legal associates, and marketing agencies. She contributes to the company's short and long-term planning and assessment of goals and financial expenditures. Her extensive residential development operations and marketing background make her uniquely qualified for the Director of Operations position. She has experience with and will continue to oversee all architectural review processes for the company's numerous residential projects, and oversee the coordination, planning, and implementation of all marketing outreach.

Kristin began her career on the marketing side as a digital marketing specialist for a major regional newspaper. Later she served as marketing director for Texas Health Harris Methodist Hospital. During her tenure, Kristin represented the hospital with area business leaders, the community, and the media. She also focused on maintaining and enhancing the hospital's internal and external communications. In July 2019, Kristin took her expertise in communications to work for Republic Property Group, where she was a Field Marketing Specialist. Her duties included relationship development with stakeholders in the builder and realtor communities, hosting sales meetings with key associates, serving as a company delegate with civic groups, and providing brand and marketing support. Kristin later moved to Community Operations for RPG, where she collaborated with builder teams on daily operations, including inspections, oversaw architectural reviews, submissions, approvals, and the builder inventory portal. She also led community relationships with the HOA's various community groups, managed developer communications with municipal departments and key employees, and helped coordinate marketing efforts.

Kristin earned her degree in Strategic Communications from Texas Christian University. Additionally, she possesses many technical certifications and skills in real estate management, mapping, and development software, outbound marketing website software, and financial and graphics programs.

Tina Sauseda, Vice President – Operations. As Vice President of Operations Tellus Group LLC, Ms. Sauseda is part of the development team at Windsong Ranch. She oversees various aspects of the business including contracts administration working with Windsong Ranch homebuilders and their title companies managing lot purchase agreements and lot sales. She also coordinates contracts with on-site contractors, including draws for specific projects. Her responsibilities also include working closely with outside legal associates and human resources management for the Tellus staff. In addition, Ms. Sauseda works with the management teams of both the Windsong Ranch Community Association and the Mosaic Community Association and serves on the board of each.

Ms. Sauseda began her career in Houston in 1976 working in the real estate appraisal industry. She transitioned into the oil and gas industry working with companies such as Exxon & Phillips Petroleum. She then joined The Stanford Group which specialized in residential and commercial real estate development, management and interior design. Her background includes numerous years in advertising and PR with The Bloom Companies and Gleason/Calise Associates. Most recently she worked on the homebuilder side with Darling Homes/Taylor Morrison until transitioning to the developer side working with the Tellus Group.

Andre Ferrari, Chief Operating Officer. Andre Ferrari joined the Tellus Group in 2022. Mr. Ferrari is responsible for identifying and evaluating real estate acquisition opportunities as they relate to the company's overall expansion goals. He also works alongside the rest of the team planning new communities, collaborating with municipalities, interfacing with existing and potential future homebuilder partners, capitalizing developments, structuring joint ventures, managing current developments and coordinating investor communications.

Prior to joining Tellus Group, Mr. Ferrari advised real estate owners and operators on capitalization of their real estate assets and projects at JLL Capital Markets (formerly HFF). Mr. Ferrari's clients included pension funds,

developers, investment managers, family offices, and a variety of real estate investment vehicles. He primarily focused on joint venture equity and construction financing for residential developments. During his time at JLL, Mr. Ferrari was involved in over $2.5 billion of closed transactions across more than 20 states.

Prior to his time at JLL, Mr. Ferrari was an associate attorney at the international law firm Haynes and Boone, where he advised clients on their real estate and merger and acquisition transactions. During his time at Haynes and Boone, Mr. Ferrari advised clients on over $3.5 billion in closed transactions.

Mr. Ferrari received his undergraduate degree in finance from the University of Central Florida and his Juris Doctor from the University of Virginia School of Law. He is a licensed attorney in the State of Texas. He is also an active member of The Real Estate Council (TREC) and formerly served on its Young Guns Board. Mr. Ferrari's interest in residential development originated prior to obtaining his J.D. during his time with Hicks Trans American Partners, where he worked on master-planned community developments in the Patagonia region of Argentina. Mr. Ferrari is originally from Bogota, Colombia, and is bilingual.

Justin Craig, Vice President – Planning/Entitlement. Currently, Justin Craig serves as Vice President – Planning/Entitlement for Tellus Group. His position encompasses the management of on-site development activities and navigating jurisdictional permitting. He also leads the coordination and establishment of entitlements for Meraki through Kaufman County and Forney and for future acquisitions. Mr. Craig was hired in 2016 by Terra Verde Group as Development Manager prior to the transition to Tellus Group.

Mr. Craig's background includes 21 years of experience in the real estate development industry spanning project development, management, acquisition, and disposition with an emphasis in real estate entitlements. He began his career in Southern California working for a large master plan developer as a project coordinator working his way up through the financial downturn to the position of Vice President focused on forward planning, entitlement, project design management, and managing lot sales with revenues upwards of $200 million dollars.

He then transitioned to a consultancy role working with an investment fund and multiple developers, including his previous employer, focusing on entitlement, project due diligence, underwriting evaluation, creating cost to complete budgets, managing various entitlement related efforts, and navigating jurisdictional permit compliance issues. This eventually led to a role with a multi-family apartment developer managing the underwriting and entitling of two redevelopment multi-family apartment projects, one $96 million-dollar project located in the City of San Diego and another $78 million-dollar project in the City of Santa Clarita, the former requiring significant community outreach and governmental regulatory navigation.

Mr. Craig earned his Bachelor of Business Administration degree from the University of San Diego.

Kris Wilson, Vice President – Development. Kris Wilson began his career in Dallas working for a landscape architecture and planning firm, concentrating on the planning and designing of master-planned communities in the Dallas-Fort Worth area. Later, he transitioned to the construction industry focusing on aquatic amenity construction then structural steel and ornamental metals when he worked as a project manager with a team that worked on the Dallas-Fort Worth Terminal Rehabilitation Project. In 2013 Mr. Wilson joined the Tellus Group to work with the Windsong Ranch team.

As Vice President – Development, Mr. Wilson oversees all aspects of construction, from underground utilities to lot completion. His responsibilities include creating and managing construction schedules, managing subcontractors, and performing quality control on all aspects of development. In addition to lot development, his focus has been on the construction and delivery of amenities such as a Mountain Bike Course, Disc Golf Course, Community Garden, Basketball Court, Dog Park, The Lagoon at Windsong Ranch (a five-acre, freshwater, clear tropical lagoon), and the lazy river planned for the District. Mr. Wilson oversees the implementation and management of onsite wildlife management plans, works with the onsite farming and ranching operations, and coordinates with homeowner associations regarding amenity repairs and maintenance.

Mr. Wilson graduated from Louisiana State University with a Bachelor's degree in landscape architecture.

History and Financing of the District

Property Acquisition. In December 2024, the Developer purchased approximately 200 acres from Sherley Partners, including approximately 135 acres consisting of Improvement Area #1 of the District and approximately 65 acres consisting of The Farm for a purchase price of $10,733,053, using cash on hand.

Development Financing. The Developer has entered into a Loan and Security Agreement, dated as of December 18, 2025 (the "Revolving Credit Agreement"), with Third Coast Bank, a Texas state bank, providing for loans in a combined maximum amount equal to the lesser of (i) $26,000,000, and (ii) 65% of the value of the lots under development. The Revolving Credit Agreement is secured by a deed of trust on land constituting The Farm and matures on July 1, 2028. As of December 31, 2025, the Developer had loans outstanding in the amount of $364,688.13. The Developer may repay the outstanding portion of the Revolving Credit Agreement from any available resources, including revenue generated from sales of developed lots in the District.

The Revolving Credit Agreement imposes a number of conditions upon the Developer's right to obtain loans. If the Developer were unable to satisfy such conditions, release of funds from the Revolving Credit Agreement and the construction of the Improvement Area #1 Improvements could be delayed or prevented entirely, which would adversely affect the security for the Bonds.

There are no liens against property within Improvement Area #1 of the District. The PID Act provides that the Assessment Lien is a first and prior lien against the Improvement Area #1 Assessed Property and is superior to all other liens and claims except liens or claims for state, county, school district, or municipality ad valorem taxes.

Sufficiency of Developer's Financing. According to the Developer, the Developer's available financing sources are sufficient to fund the total budgeted costs of the Improvement Area #1 Improvements in the approximate amount of $27,578,651, the costs of the Improvement Area #1 Major Improvements in the approximate amount of $11,396,968, the costs of the Improvement Area #1 Amenities in the approximate amount of $8,350,000, and the costs of the Private Improvements in the approximate amount of $6,939,433. The Developer's financing sources include the Revolving Credit Agreement, the Earnest Money Deposits, the net proceeds of the Bonds in the approximate amount of $27,473,505[*], and Developer equity. See "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "THE IMPROVEMENT AREA #1 MAJOR IMPROVEMENTS," "THE DEVELOPMENT – Amenities and Private Improvements."

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 Municipal Advisor, and the Underwriter, and none of the City, the City's Municipal 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.

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

The Administrator's duties will include:

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

[*] *Preliminary, subject to change.*

- Trust account analysis and reconciliation
- Property owner inquires
- Determination of Prepayment amounts
- Preparation and review of disclosure notices with Dissemination Agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

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

APPRAISAL

General. Peyco Southwest Realty, Inc. (the "Appraiser"), prepared an appraisal report for the City dated February 6, 2026, and effective as of December 1, 2026, based upon a physical inspection of Improvement Area #1 of the District conducted on October 13, 2025 (the "Appraisal"). The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX H 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 H – Appraisal."

Value Estimates. The Appraiser estimated the prospective market value of the fee simple interests of the Improvement Area #1 Assessed Property. See "THE IMPROVEMENT AREA #1 IMPROVEMENTS."

The Appraisal does not reflect the value of Improvement Area #1 of the District as if sold to a single purchaser in a single transaction. The Appraisal provides the fee simple estate values for Improvement Area #1 of the District. See "APPENDIX H – Appraisal."

The prospective market value estimate for the Improvement Area #1 Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of December 1, 2026, is $59,372,000 ($142,000/lot).

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

Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached as APPENDIX H.

BONDHOLDERS' RISKS

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

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A

CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE.

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

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

Deemed Representations and Acknowledgment by Initial Purchasers

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

General Factors relating to Payment of the Bonds

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #1 to pay Improvement Area #1 Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the property within the District, including Improvement Area #1, it being understood that poor economic conditions within the City, State, and region may slow the assumed pace of sales of such property.

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

Assessment Limitations

Improvement Area #1 Annual Installments of Improvement Area #1 Assessments are billed to owners of Improvement Area #1 Assessed Property. Improvement Area #1 Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as ad valorem taxes as described under "ASSESSMENT PROCEDURES." Additionally, Improvement Area #1 Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of the Bonds maturing in each year, interest, and the Annual Collection Costs for such year. See "ASSESSMENT PROCEDURES." The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Improvement Area #1 Annual Installments of Improvement Area #1 Assessments in the future.

In order to pay debt service on the Bonds, it is necessary that Improvement Area #1 Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Improvement Area #1 Annual Installments, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Improvement Area #1 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."

Upon an ad valorem tax lien foreclosure event of a property within Improvement Area #1, any Improvement Area #1 Assessment that is delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Improvement Area #1 Assessments, the liens securing such delinquent ad valorem taxes and delinquent Improvement Area #1 Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Improvement Area #1 Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, Section 372.017(b), case law relating to other types of assessment liens, and opinions of the Texas Attorney General, the Assessment Lien as it relates to Improvement Area #1 Annual Installments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment payments not being accelerated. Texas Local Government Code Section 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights 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 Improvement Area #1 of the District as of the date of adoption of the Assessment Ordinance. Consequently, there are and can be no Pre-existing Homestead Rights on the Improvement Area #1 Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

Failure by owners of the Improvement Area #1 Assessed Property to pay Improvement Area #1 Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels of Improvement Area #1 Assessed Property which have been subject to foreclosure proceedings for

amounts sufficient to cover the delinquent installments of Improvement Area #1 Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

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

Direct and Overlapping Indebtedness, Assessments, and Taxes

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

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

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

Lien Foreclosure and Bankruptcy

The payment of Improvement Area #1 Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Improvement Area #1 Assessment may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Improvement Area #1 Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, and the possibility that delinquent Improvement Area #1 Assessments might not be paid in full. See "OVERLAPPING TAXES AND DEBT."

Bondholders' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and at the written direction of the Owners of not less than 51% in aggregate Outstanding principal amount of the Bonds shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, to protect and enforce the rights of the

Owners under the Indenture by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained therein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Improvement Area #1 or sell property within Improvement Area #1 in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS – Bankruptcy Limitation to Bondholders' Rights."

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

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

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

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

Judicial Foreclosures

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

No Acceleration

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

Bankruptcy Limitation to Bondholders' Rights

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

If the City decides in the future to proceed voluntarily under Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under State law are obtained, and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the Owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt. The City

cannot predict a Bankruptcy Court's treatment of the Owners' creditor claim and whether an Owner would be repaid in full.

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

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract for the purchase of such real property, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a purchase contract is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the purchase contract. If the Developer or the Homebuilders within Improvement Area #1 do not provide the required notice and prospective purchasers of Improvement Area #1 Assessed Property within Improvement Area #1 terminate a purchase contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney's fees, or (ii) an amount not to exceed $5,000, plus reasonable attorney's fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the Improvement Area #1 Assessed Property. In such an event, the outstanding Improvement Area #1 Assessments on such Improvement Area #1 Assessed Property should be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further, if the Developer or a Homebuilder does not provide the required notice and becomes liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The forms of notice to be provided to homebuyers are attached to the Service and Assessment Plan and will be included in each Annual Service Plan Update. See "APPENDIX C – Form of Service and Assessment Plan."

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89th Legislative Session of the State, including two special sessions, ended on September 4, 2025. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Limited Secondary Market for the Bonds

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event an Owner thereof determines to solicit purchasers for the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current Owners of the Bonds, depending on the progress of development of Improvement Area #1, existing real estate and financial market conditions, and other factors.

No Credit Rating

The City has not applied for or received a rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will

develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Adverse Developments Affecting the Financial Services Industry

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

The Developer expects to finance the costs of the Improvement Area #1 Improvements not paid from bond proceeds with the Revolving Credit Agreement. If the Developer is unable to access funds under the Revolving Credit Agreement, the Developer's ability to complete the Improvement Area #1 Improvements could be adversely affected. If a Homebuilder uses a line of credit or other financial instrument to finance home construction and is unable to access funds under such line of credit or other financial instrument, the Homebuilder's ability to take down lots and complete homes could be adversely affected. Additionally, confidence in the safety and soundness of regional banks specifically, or the banking system generally, could impact where customers choose to maintain deposits, which could materially adversely impact the homebuilder's liquidity and access loan funding capacity, and results in an impact to operations. Similar impacts to the development industry have occurred in the past.

General Risks of Real Estate Investment and Development

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

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

obligation to purchase lots from the Developer and obtain its Earnest Money Deposit. See "THE DEVELOPMENT – Expected Build-out, Absorption, and Home Prices in the Tellus Tract."

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer and any subsequent owners to pay the Improvement Area #1 Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Improvement Area #1 Assessments and could greatly reduce the value of the property within Improvement Area #1 the District in the event such property has to be foreclosed. If Improvement Area #1 Annual Installments of Improvement Area #1 Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

Risks Related to the Current Residential Real Estate Market

The real estate market is currently experiencing a slowing of new home sales and new home closings due in part to rising inflation and mortgage interest rates. It is difficult to determine what effects the 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 Improvement Area #1. No assurances can be given that projected home prices and buildout values presented in this Limited Offering Memorandum will be realized.

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

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's on-again, off-again tariffs, threatened impositions of tariffs, and the imposition or threatened imposition of retaliatory tariffs against the United States will impact the ability of the Developer to estimate costs. If the Actual Costs of the Improvement Area #1 Improvements are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #1 Improvements or pay the Improvement Area #1 Assessments when due. See "THE DEVELOPER – History and Financing of the District." If the cost of materials remains high or increases, it may affect the ability of the Homebuilders to construct homes within Improvement Area #1 of the District.

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

Completion of Homes

The cost and time for completion of homes by the Homebuilders is uncertain and may be affected by changes in national, regional, and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional, and national market conditions; unanticipated development costs, market preferences, and architectural

trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes yet to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates may adversely affect the estimated value of property within Improvement Area #1 of the District, could impair the economic viability of the District and the Development, and could reduce the ability or desire of property owners in Improvement Area #1 of the District to pay the Improvement Area #1 Assessments.

Competition

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

Competitive projects in the area include, but are not limited to the following:

Project Name	No. of Units	Proximity to Development	Developer	Date Started	Prices
The Villages of Hurricane Creek	984	Approx. 3.7 miles	Centurion American	2021	$340K - $670K
Liberty Hills	1,831	Approx. 3.4 miles	Perry Homes and Veritas Communities	2026	$500K +
Anna Town Square	1,938	Approx. 2 miles	Skorburg	2014	$392K - $589K
Coyote Meadows	700	2,000 ft.	Ashton Woods	2024	$268K - $356K
AnaCapri	1,800	Approx. 2 miles	Megatel	2024	$400K +
Mantua	4,116	Approx. 5 miles	Risland US Holdings	2019	$300K - $700K

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

Hazardous Substances

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

substance, the marketability and value of parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

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

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

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

Regulation

Development within the District and the Development 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 and the Development, 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 the Development and property values.

Availability of Utilities

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

Flood Plains

According to the FEMA FIRM Community Panel number 48085C0160J (June 2, 2009), the property in Improvement Area #1 of the District lies outside the range of both the 100-year and 500-year floodplains.

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

Risk from Weather Events

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

Exercise of Third-Party Rights

As described herein under "THE DEVELOPMENT– Mineral Rights and Other Third-Party Property Rights" there are certain mineral rights reservations located within Improvement Area #1 of the District not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within Improvement Area #1 of the District recorded in the real property records of Collin County.

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Improvement Area #1 of the District to pay Improvement Area #1 Assessments. However, none of the City, the Municipal Advisor, or the Underwriter provide any assurances as to such expectations.

Tax-Exempt Status of the Bonds

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

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

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

Management and Ownership

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such

circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

Dependence Upon Developer

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

None of the Developer or the homebuilders will guarantee or otherwise be obligated to pay debt service on the Bonds. Payment of the Assessments on the Assessed Property will initially be the responsibility of the Developer and/or the Homebuilders, as the case may be, as the owners of such Assessed Property prior to purchase by homeowners.

Use of Appraisal

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The Appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation and specified therein. The estimated market value specified in the Appraisal is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's forecasts for properties in Improvement Area #1 of the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in Improvement Area #1 of the District.

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

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

Agricultural Use Valuation and Redemption Rights

The property in Improvement Area #1 is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. The Developer expects that property within Improvement Area #1 will be removed from agricultural valuation in the 2026 tax year. Under State law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although the Improvement Area #1 Assessments are not considered a tax under State law, the PID Act provides that the lien for the Improvement Area #1 Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for the Improvement Area #1 Assessments, though there is no indication in State law that such redemption rights would be available in such a case.

TIRZ Annual Credit Amount and Marketing of the Development

The TIRZ No. 9 Revenues are generated only from ad valorem taxes levied and collected by the City on the captured appraisal value in TIRZ No. 9 in any year. Any delay or failure by the Developer to develop Improvement Area #9 may result in a reduced amount of the TIRZ No. 9 Revenues being available to credit against the Improvement Area #1 Assessments. TIRZ No. 9 Revenues generated from the Captured Appraised Value for each parcel in Improvement Area #1 during the development of such parcel will not result in a TIRZ No. 9 Annual Credit Amount which is sufficient to equal the TIRZ No. 9 Maximum Annual Credit Amount. The ability of the TIRZ No. 9 Annual Credit Amount to equal the TIRZ No. 9 Maximum Annual Credit Amount for parcels within Improvement Area #1 is dependent on the actual buildout values in Improvement Area #1 meeting the projections for the estimated buildout value described in the Service and Assessment Plan. If the buildout values in Improvement Area #1 do not reach the expected values, the TIRZ No. 9 Revenues will not be sufficient to produce the TIRZ No. 9 Maximum Annual Credit Amount. See "OVERLAPPING TAXES AND DEBT" and "APPENDIX C – Form of Service and Assessment Plan."

The City's contribution of the TIRZ No. 9 Revenues as a credit against Improvement Area #1 Annual Installments of the Improvement Area #1 Assessments results in less tax revenue being deposited into its general fund for use on public services, such as police and fire protection. Application of the TIRZ No. 9 Annual Credit Amount may affect the City's ability to provide for such basic services.

The TIRZ No. 9 Revenues constitute revenues collected by the City from a portion of its ad valorem tax rate levied on parcels within the Improvement Area #1 of the District. Effective September 1, 2025, if the Attorney General of the State determines that a municipality has not had its records and accounts audited, has not had an annual financial statement prepared based on such audit, and has not filed such financial statement and auditor's opinion on such statement in the office of the municipal secretary or clerk before the 180th day of such municipality's fiscal year end, as required by Section 103.003, Texas Local Government Code, as amended, the municipality may not adopt an ad valorem tax rate that exceeds its no-new-revenue tax rate for the tax year that begins on or after the date of the Attorney General's determination and any subsequent tax year that begins before such statement and opinion are filed. The adoption of a no-new-revenue tax rate could result in a reduction of the TIRZ No. 9 Annual Credit Amount for such year. For the five most recently completed fiscal years for which the filing has come due pursuant to Section 103.003 (fiscal years ending 2019-2024), the City has made its filing beyond the 180-day deadline four times.

It is uncertain what impact, if any, the TIRZ No. 9 Annual Credit Amount application to the Improvement Area #1 Annual Installments will have on the underwriting of residential mortgages. If the underwriter of residential mortgages does not recognize the TIRZ No. 9 Annual Credit Amount, it may make it more difficult for a borrower to qualify for a home mortgage which could have a negative impact on home sales and projected absorption.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the City to

observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

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

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

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

State, Local And Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by (i) 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, (ii) based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

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

Legal Opinions

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

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds 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" (except for the final paragraph hereof), "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and APPENDIX B and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

Litigation – The City

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

Litigation – The 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 officers or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a "Material Adverse Effect"). Principals of the Developer and their affiliated entities may in the future be parties to pending and/or 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.

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 governmental immunity, 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 Regions Bank (in such capacity, the "Dissemination Agent") will enter into a Continuing Disclosure Agreement of Issuer (the "Disclosure Agreement of Issuer") for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Issuer, certain financial information and operating data relating to the City (collectively, the "City Reports"). The specific nature of the information to be contained in the City Reports is set forth in "APPENDIX E-1 – Form of Disclosure Agreement of Issuer." Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

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

The City's Compliance with Prior Undertakings

The City believes it has substantially complied in all material respects with its continuing disclosure undertakings pursuant to the Rule during the last 5 years.

The Developer

The Developer, the Administrator, and the Dissemination Agent have entered into a Continuing Disclosure Agreement of Developer (the "Disclosure Agreement of Developer") for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Development and the Improvement Area #1 Improvements (collectively, the "Developer Reports"). The specific nature of the information to be contained in the Developer Reports is set forth in "APPENDIX E-2 – Form of Disclosure Agreement of Developer." Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Disclosure Agreement of Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Disclosure Agreement of Developer 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 Disclosure Agreement of Developer. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as

provided in the Disclosure Agreement of Developer. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Developer or from any statement made pursuant to the Disclosure Agreement of Developer.

The Developer's Compliance with Prior Undertakings

The Developer has not made any previous continuing disclosure agreements in accordance with the Rule.

UNDERWRITING

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL 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 of the United States or its agencies and instrumentalities, including letters of credit; (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) 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; (9) 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; (10) 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 (12) through (14) 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, (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (12) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that comply with federal Securities and Exchange Commission Rule 2a-7, and (14) 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 Regions Bank, an Alabama state banking corporation, 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.regions.com. Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, the Amenities, the Private Improvements, the Development, and the Developer generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE" (except the subcaption "– The Bonds"), "THE IMPROVEMENT AREA #1 IMPROVEMENTS," "THE IMPROVEMENT AREA #1 MAJOR IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, and the Development), "LEGAL MATTERS – Litigation – The Developer," "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings," APPENDIX F, and APPENDIX G have been provided by the Developer.

Experts

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

The City Council has approved by resolution this Preliminary Limited Offering Memorandum and the City Council has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds. In the Bond Ordinance, the City Council will approve the form and content of the final Limited Offering Memorandum.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREAS

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

Location and Population

The City is located in north central Collin County, 40 miles north of Dallas and 12 miles northwest of the City of McKinney. Access to the City is provided by State Highway 121, State Highway 5, US-75, and Farm Road 455. The City covers approximately 15 square miles. Some of the services that the City provides are public safety (police and fire protection), streets, water and sanitary sewer utilities, planning and zoning, and general administrative services. The 2020 Census population for the City was 16,896. The City estimates the population as of January 1, 2025, was 34,100.

Historical Employment in Collin County

	Average Annual				
	2025 [(1)]	2024	2023	2022	2021
Civilian Labor Force	695,010	680,301	664,539	635,039	597,989
Total Employed	667,373	654,384	640,361	614,007	571,326
Total Unemployed	27,637	25,917	24,178	21,032	26,663
Unemployment Rate	4.0%	3.8%	3.6%	3.3%	4.5%

[(1)] Data through November 2025.

Source: Texas Workforce Commission, Department of Economic Research and Analysis.

Major Employers

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

Employer	Product or Service	Employees
Anna Independent School District	Education	856
Walmart	Retail	457
Pate Rehab	Medical	168
City of Anna	Municipal Government	191
Brookshire's	Grocery Store	97
Bronco Manufacturing	Machine Shop	37
Hurricane Creek Country Club	Country Club	48
Love's Travel Shop	Retail	56
McDonald's	Restaurant	49
Tri-Country Vet	Vet Clinic	12

Source: City's Annual Comprehensive Financial Report for Fiscal Year Ended September 30, 2024

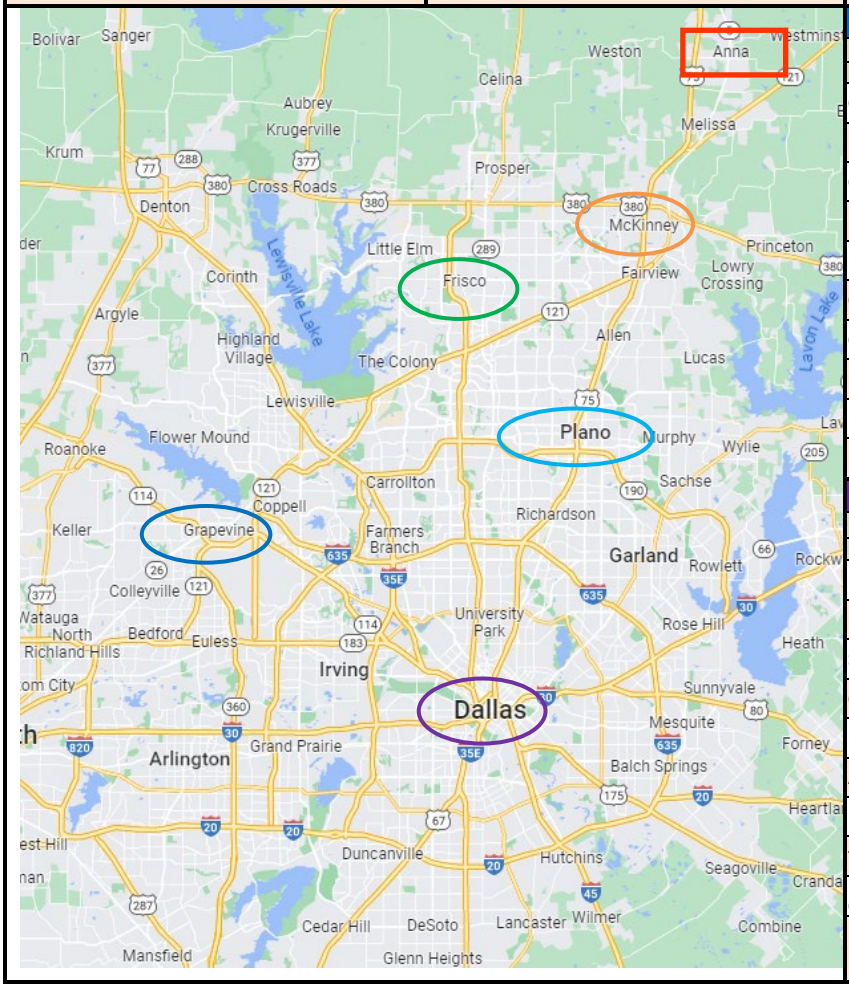
Surrounding Economic Activity

The major employers of certain municipalities in the Dallas–Fort Worth–Arlington metropolitan area are set forth in the table below.

City of McKinney (2024)	
Approximately 14 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 Corp.	1,653
City of McKinney	1,565
Medical City McKinney	1,434
Baylor Scott & White Medical Center	1,171
Collin College	794
Simpson Strong-Tie	650

City of Frisco (2024)	
Approximately 28 miles from the City	
Employer	**Employees**
Frisco ISD	8,850
Dallas Cowboys	2,000
City of Frisco	1,813
HCL Technologies Ltd.	1,500
ICS	1,300
Keurig Dr Pepper Inc.	1,213
Amerisource Bergen Specialty Group	749
Baylor Scott White/Centennial Hosp.	567
Mario Sinacola & Sons Excavating	500
Goodman Networks Inc.	463

City of Plano (2024)	
Approximately 27 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	3,759
Ericsson	3,346
AT&T Foundry	2,500
Medical City Plano	2,332
Liberty Mutual Insurance Company	2,184
USAA	2,092



City of Grapevine (2023)	
Approximately 49 miles from the City	
Employer	**Employees**
Gaylord Texas Resort & Conv Ctr	2,000
Dallas/Ft. Worth Int'l Airport	1,970
Grapevine-Colleyville ISD	1,870
Paycom	990
Baylor Medical	660
Great Wolf Lodge	600
City of Grapevine	590
Boeing Distribution	500
Hyatt Regency DFW	500
Kubota	450

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

Source: Municpal Advisory Council of Texas

APPENDIX B

FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF ANNA, TEXAS

and

REGIONS BANK,
as Trustee

DATED AS OF MARCH 1, 2026

SECURING

[$_____]
CITY OF ANNA, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

TABLE OF CONTENTS

Page

ARTICLE I – DEFINITIONS, FINDINGS AND INTERPRETATION 4

Section 1.1. Definitions 4
Section 1.2. Findings 12
Section 1.3. Table of Contents, Titles and Headings. 12
Section 1.4. Interpretation. 13

ARTICLE II – THE BONDS 13

Section 2.1. Security for the Bonds. 13
Section 2.2. Limited Obligations. 13
Section 2.3. Authorization for Indenture. 14
Section 2.4. Contract with Owners and Trustee. 14

ARTICLE III – AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS 14

Section 3.1. Authorization. 14
Section 3.2. Date, Denomination, Maturities, Numbers and Interest. 14
Section 3.3. Conditions Precedent to Delivery of Bonds 15
Section 3.4. Medium, Method and Place of Payment. 15
Section 3.5. Execution and Registration of Bonds. 16
Section 3.7. Ownership. 18
Section 3.8. Registration, Transfer and Exchange. 18
Section 3.9. Cancellation. 19
Section 3.10. Temporary Bonds 19
Section 3.11. Replacement Bonds. 20
Section 3.12. Book-Entry-Only System 21
Section 3.13. Successor Securities Depository: Transfer Outside Book-Entry-Only System. 21
Section 3.14. Payments to Cede & Co. 22

ARTICLE IV – REDEMPTION OF BONDS BEFORE MATURITY 22

Section 4.1. Limitation on Redemption. 22
Section 4.2. Mandatory Sinking Fund Redemption. 22
Section 4.3. Optional Redemption. 24
Section 4.5. Partial Redemption 24
Section 4.6. Notice of Redemption to Owners. 25
Section 4.7. Payment upon Redemption. 26
Section 4.8. Effect of Redemption. 26

ARTICLE V – FORM OF THE BONDS 26

Section 5.1. Form Generally. 26
Section 5.2. Form of the Bonds. 27
Section 5.3. Cusip Registration. 35
Section 5.4. Legal Opinion. 35

ARTICLE VI – FUNDS AND ACCOUNTS 35

Section 6.1. Establishment of Funds and Accounts. 35
Section 6.2. Initial Deposits to Funds and Accounts. 36
Section 6.3. Pledged Revenue Fund. 37
Section 6.4. Bond Fund. 38
Section 6.5. Project Fund. 39
Section 6.6. Redemption Fund. 40
Section 6.7. Reserve Fund. 41
Section 6.8. Rebate Fund: Rebatable Arbitrage. 43
Section 6.9. Administrative Fund. 43
Section 6.10. Investment of Funds. 43

ARTICLE VII – COVENANTS 45

Section 7.1. Confirmation of Improvement Area #1 Assessments. 45
Section 7.2. Collection and Enforcement of Improvement Area #1 Assessments. 45
Section 7.3. Against Encumbrances. 46
Section 7.4. Records, Accounts, Accounting Reports. 46
Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds. 46

ARTICLE VIII – LIABILITY OF CITY 49

Section 8.1. Liability of City 49

ARTICLE IX – THE TRUSTEE 51

Section 9.1. Acceptance of Trust; Trustee as Registrar and Paying Agent. 51
Section 9.2. Trustee Entitled to Indemnity. 51
Section 9.3. Responsibilities of the Trustee. 51
Section 9.4. Property Held in Trust. 53
Section 9.5. Trustee Protected in Relying on Certain Documents. 53
Section 9.6. Compensation. 54
Section 9.7. Permitted Acts. 54
Section 9.8. Resignation of Trustee. 55
Section 9.9. Removal of Trustee. 55
Section 9.10. Successor Trustee. 55
Section 9.11. Transfer of Rights and Property to Successor Trustee. 56
Section 9.12. Merger, Conversion or Consolidation of Trustee. 56
Section 9.13. Trustee to File Continuation Statements. 57
Section 9.14. Accounts, Periodic Reports and Certificates. 57
Section 9.15. Construction of Indenture. 57
Section 9.16. Offering Documentation. 57

ARTICLE X – MODIFICATION OR AMENDMENT OF THIS INDENTURE 58

Section 10.1. Amendments Permitted. 58
Section 10.2. Owners' Meetings. 59
Section 10.3. Procedure for Amendment with Written Consent of Owners. 59
Section 10.4. Procedure for Amendment not Requiring Owner Consent. 60
Section 10.5. Effect of Supplemental Indenture. 60
Section 10.6. Endorsement or Replacement of Bonds Issued after Amendments. 60
Section 10.7. Amendatory Endorsement of Bonds. 60

Section 10.8. Waiver of Default. 61
Section 10.9. Execution of Supplemental Indenture. 61

ARTICLE XI – DEFAULT AND REMEDIES 61

Section 11.1. Events of Default. 61
Section 11.2. Immediate Remedies for Default. 62
Section 11.3. Restriction on Owner's Action. 63
Section 11.4. Application of Revenues and Other Moneys after Default. 64
Section 11.5. Effect of Waiver. 64
Section 11.6. Evidence of Ownership of Bonds. 65
Section 11.7. No Acceleration. 65
Section 11.8. Mailing of Notice. 65
Section 11.9. Exclusion of Bonds. 65

ARTICLE XII – GENERAL COVENANTS AND REPRESENTATIONS 66

Section 12.1. Representations as to Trust Estate. 66
Section 12.2. General. 66

ARTICLE XIII – SPECIAL COVENANTS 66

Section 13.1. Further Assurances; Due Performance. 66
Section 13.2. Other Obligations or Other Liens; Refunding Bonds. 67
Section 13.3. Books of Record. 67

ARTICLE XIV – PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE 67

Section 14.1. Trust Irrevocable. 67
Section 14.2. Satisfaction of Indenture. 67
Section 14.3. Bonds Deemed Paid. 68

ARTICLE XV - MISCELLANEOUS 69

Section 15.1. Benefits of Indenture Limited to Parties. 69
Section 15.2. Successor is Deemed Included in all References to Predecessor. 69
Section 15.3. Execution of Documents and Proof of Ownership by Owners. 69
Section 15.4. No Waiver of Personal Liability. 69
Section 15.5. Notices to and Demands on City and Trustee. 70
Section 15.6. Partial Invalidity 70
Section 15.7. Applicable Laws. 71
Section 15.8. Payment on Business Day. 71
Section 15.9. CFA Agreement Amendments and Supplements. 71
Section 15.10. Counterparts. 71
Section 15.11. Texas Government Code Verifications. 71

INDENTURE OF TRUST

THIS INDENTURE, dated as of March 1, 2026, is by and between the CITY OF ANNA, TEXAS (the "*City*"), and REGIONS BANK, an Alabama state banking corporation with offices in Houston, Texas, as trustee (together with its successors, the "*Trustee*"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, on January 15, 2025, a petition (the "*Petition*") was submitted and filed with the City Secretary of the City (the "*City Secretary*") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "*Act*" or "*PID Act*"), requesting the creation of a public improvement district located within the corporate limits of the City to be known as "*Sherley Farms Public Improvement District*" (the "*District*"); and

WHEREAS, the Petition contained the signatures of the owners of taxable real property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Collin Central Appraisal District, and the signatures of record property owners who own 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 February 25, 2025, the City Council of the City (the "*City Council*") adopted Resolution No. 2025-02-1745 accepting the Petition and calling a public hearing on the creation of the District on March 25, 2025; and

WHEREAS, on March 25, 2025, after due notice, 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 25, 2025, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2025-03-1753 adopted by the City Council (the "*Creation Resolution*"), authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, following the adoption of the Creation Resolution, the City recorded said Creation Resolution in the real property records of Collin County, Texas as Document No. 2025000037469; and

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

WHEREAS, on February 6, 2026, the City Council called for a public hearing to be held to consider the proposed Improvement Area #1 Assessment Roll, the Service and Assessment Plan and the levy of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property, and the City (i) published notice of such public hearing in a newspaper of general circulation in the City and (ii) mailed notice of such public hearing to the last known address of the owners of the property liable for the Improvement Area #1 Assessments pursuant to Section 372.016(c) of the Act; and

WHEREAS, the City Council convened the public hearing on February 24, 2026, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Improvement Area #1 Assessment Roll and the Improvement Area #1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #1 Assessments, the allocation of the costs of Improvement Area #1 Improvements, the purposes of the Improvement Area #1 Assessments, the special benefits of the Improvement Area #1 Assessments and the penalties and interest on Improvement Area #1 Annual Installments and on delinquent Improvement Area #1 Annual Installments of the Improvement Area #1 Assessments; and

WHEREAS, at the February 24, 2026 public hearing referenced above, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the costs of the Improvement Area #1 Improvements, the Improvement Area #1 Assessment Roll or the levy of the Improvement Area #1 Assessments; and

WHEREAS, the City Council closed the public hearing and, after considering all written and documentary evidence presented at the public hearing, including all written comments and statements filed with the City, at the meeting held on February 24, 2026, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance, which Assessment Ordinance approved the Improvement Area #1 Assessment Roll and levied the Improvement Area #1 Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue revenue bonds payable from the Improvement Area #1 Assessments for the purposes of (i) paying a portion of the costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 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 of the District and (v) paying the costs of issuance of the Bonds; and

WHEREAS, the City Council now desires to issue its revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Anna, Texas, Special Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)" (the "*Bonds*"), such Bonds being payable solely from the Trust Estate and for the purposes set forth in this preamble; and

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

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

on, a security interest in, and pledge of all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the "*Trust Estate*"):

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

THIRD GRANTING CLAUSE

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. **Definitions.**

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

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

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

"*Additional Interest*" means the amount collected by the application of the Additional Interest Rate.

"*Additional Interest Rate*" means the up to 0.50% additional interest charged on the Improvement Area #1 Assessments pursuant to Section 372.018 of the PID Act.

"*Administrative Fund*" means that Fund established by Section 6.1 of this Indenture and administered pursuant to Section 6.9 of this Indenture.

"*Administrator*" means the City or independent firm designated by the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

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

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

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

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

"*Assessment Ordinance*" means the ordinance adopted by the City Council on February 24, 2026, as may be amended or supplemented, that levied the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

"*Assessment Revenues*" means the revenues received by the City from the collection of Improvement Area #1 Assessments, including Prepayments, Improvement Area #1 Annual Installments and Foreclosure Proceeds.

"*Attorney General*" means the Attorney General of the State.

"*Authorized Denomination*" means $100,000 and any integral multiple of $1,000 in excess thereof. Subject to subsection 4.5(a) hereof, the City prohibits any Bond to be issued in a denomination of less than $100,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than $100,000, and any attempt to accomplish either of the foregoing shall be void and of no effect.

"*Authorized Improvements*" mean those improvements authorized by Section 372.003 of the PID Act, including those described in the Service and Assessment Plan.

"*Bond*" means any of the Bonds.

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

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

"*Bond Ordinance*" means the ordinance adopted by the City Council on February 24, 2026 authorizing the issuance of the Bonds pursuant to this Indenture.

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

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

"*Bonds*" means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled "City of Anna, Texas, Special Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)" and, in the event the City issues Refunding Bonds pursuant to Section 13.2 hereof, the term "Bonds" shall include such Refunding Bonds.

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

"*Capitalized Interest Account*" means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

"*Certification for Payment*" means, with respect to payment or reimbursement of Improvement Area #1 Improvements, a certificate substantially in the form of Exhibit B attached to the CFA Agreement and executed by a Person approved by the City Representative that is delivered to the City Representative and the Trustee specifying the amount of work performed and the Improvement Area #1 Improvements thereof, and requesting payment for such Improvement Area #1 Improvements from money on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund as further described in the CFA Agreement and Section 6.5 of this Indenture.

"*CFA Agreement*" means the "Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding and Acquisition Agreement" by and between the City and the Developer, dated as of February 24, 2026, as may be amended and/or supplemented from time to time, which provides, in part, for the construction and maintenance of the Improvement Area #1 Improvements, the issuance of the Bonds, and the payment or reimbursement of costs of Improvement Area #1 Improvements.

"*City Certificate*" means written instructions by the City, executed by a City Representative.

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

"*Closing Disbursement Request*" means the certificate, substantially in the form of Exhibit A to the CFA Agreement or such other form agreed to by the Developer, Administrator, and City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amounts to be disbursed for the costs related to the creation of the District.

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

"*Comptroller*" means the Comptroller of Public Accounts of the State.

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

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

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

"*Delinquency and Prepayment Reserve Requirement*" means an amount equal to 5.0% of the principal amount of the Outstanding Bonds to be funded from the Additional Interest deposited to the Pledged Revenue Fund and transferred to the Delinquency and Prepayment Reserve Account.

"*Delinquent Collection Costs*" mean costs related to the foreclosure on Improvement Area #1 Assessed Property and the costs of collection of delinquent Improvement Area #1 Assessments, delinquent Improvement Area #1 Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest.

"*Delivery Date*" means March 12, 2026, which is the date of delivery of the Bonds to the initial purchaser or purchasers thereof against payment therefor.

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

"*Developer*" means Tellus Texas III, LLC and any successors or assigns that intend to develop property in Improvement Area #1 of the District for the ultimate purpose of transferring title to end users.

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

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

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

"*Fund*", in the singular, means any of the funds established pursuant to Section 6.1 of this Indenture, and "*Funds*", in the plural, means, collectively, all of the funds established pursuant to Section 6.1 of this Indenture.

"*Improvement Area #1*" means that portion of the District generally described in Section II of the Service and Assessment Plan and generally shown in Exhibit A-2 to the Service and Assessment Plan and as specifically described in Exhibit K-2 to the Service and Assessment Plan.

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

"*Improvement Area #1 Assessed Property*" means the property located in Improvement Area #1 that benefits from the Improvement Area #1 Authorized Improvements and is defined as the "Improvement Area #1 Assessed Property" in the Service and Assessment Plan.

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

"*Improvement Area #1 Assessments*" means an assessment levied against Improvement Area #1 Assessed Property based on the special benefit conferred on such Improvement Area #1 Assessed Property by the Improvement Area #1 Improvements.

"*Improvement Area #1 Improvements*" means the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in Section III.A and depicted on Exhibit G-2 to the Service and Assessment Plan.

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

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

"*Initial Bonds*" means the Initial Bonds authorized by Section 5.2 of this Indenture.

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

"*Investment Securities*" means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended, which investments are, at the time made, included in and authorized by the City's official investment policy as approved by the City Council from time to time. Such Investment Securities may include money market funds that are rated in either of the two highest categories by a rating agency, including funds for which the Trustee and/or its affiliates provide investment advisory or other management services; provided that such money market funds are authorized investments described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended.

"*Other Obligations*" means any bonds, temporary notes, time warrants, or an obligation under an installment sale contract or reimbursement agreement secured in whole or in part by an assessment, other than the Improvement Area #1 Assessments securing the Bonds, levied against property within Improvement Area #1 in accordance with the PID Act.

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

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

"*Parcel*" or "*Parcels*" means a parcel or parcels within the District identified by either a tax map identification number assigned by the Collin Central Appraisal District for real property

tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Collin County.

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

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

"*PID Act*" means the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended.

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

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

"*Pledged Revenues*" means, collectively, the (i) Assessment Revenues (excluding the portion of the Improvement Area #1 Assessments and Improvement Area #1 Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds.

"*Prepayment*" means the payment of all or a portion of an Improvement Area #1 Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest or penalties on a delinquent installment of an Improvement Area #1 Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Improvement Area #1 Annual Installment.

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

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

"*Purchaser*" means the initial purchaser of the Bonds.

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

"*Rebate Fund*" means that Fund established pursuant to Section 6.1 of this Indenture and administered pursuant to Section 6.8 of this Indenture.

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

"*Redemption Fund*" means that Fund established pursuant to Section 6.1 of this Indenture and administered pursuant to Section 6.6 of this Indenture.

"*Redemption Price*" means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bond to the date fixed for redemption payable upon redemption thereof pursuant to this Indenture.

"*Refunding Bonds*" means bonds issued to refund all or any portion of the Outstanding Bonds and secured by a parity lien with the Outstanding Bonds on the Trust Estate, as more specifically described in the Supplemental Indenture authorizing such Refunding Bonds.

"*Register*" means the register specified in Article III of this Indenture.

"*Reserve Account*" means the Account in the Reserve Fund established pursuant to Section 6.1 of this Indenture.

"*Reserve Account Requirement*" means 100% of average Annual Debt Service on the Bonds as of the Delivery Date; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to Section 6.7(c); and provided further that as a result of (1) an optional redemption pursuant to Section 4.3 or (2) an extraordinary optional redemption pursuant to Section 4.4, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the Delivery Date, the Reserve Account Requirement is [$_____].

"*Reserve Fund*" means that Fund established pursuant to Section 6.1 of this Indenture and administered pursuant to Section 6.7 of this Indenture.

"*Reserve Fund Obligations*" means cash or Investment Securities.

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

"*Sinking Fund Installment*" means the amount of money to redeem or pay at maturity the principal of a Stated Maturity of Bonds payable from such installments at the times and in the amounts provided in Section 4.2 of this Indenture.

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

"*State*" means the State of Texas.

"*Stated Maturity*" means the date the Bonds, or any portion of the Bonds, as applicable, are scheduled to mature without regard to any redemption or Prepayment.

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

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

"*Trust Estate*" means the Trust Estate described in the granting clauses of this Indenture.

"*Trustee*" means Regions Bank, Houston, Texas, an Alabama state banking corporation with offices in Houston, Texas and authorized to do business in the State, in its capacity as trustee hereunder, 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.

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

Section 1.2. **Findings.**

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

Section 1.3. **Table of Contents, Titles and Headings.**

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

Section 1.4. **Interpretation.**

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

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

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

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

ARTICLE II

THE BONDS

Section 2.1. **Security for the Bonds.**

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

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

Section 2.2. **Limited Obligations.**

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

Section 2.3. **Authorization for Indenture.**

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

Section 2.4. **Contract with Owners and Trustee.**

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

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. **Authorization.**

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of [$_____] for the purposes of (i) paying a portion of the costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 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 of the District and (v) paying the costs of issuance of the Bonds.

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

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

(b) Interest shall accrue and be paid on each Bond from the later of the Delivery Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date

specified below, or on a date of earlier redemption, or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing September 15, 2026, computed on the basis of a 360-day year of twelve 30-day months.

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

Year	Principal Amount	Interest Rate
20__		
20__		
20__		

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

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

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

(a) a certified copy of the Assessment Ordinance;

(b) a certified copy of the Bond Ordinance;

(c) a copy of the executed CFA Agreement with all executed amendments thereto;

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

(e) an executed City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee;

(f) an executed Signature and No-Litigation Certificate;

(g) an executed opinion of Bond Counsel; and

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

Section 3.4. **Medium, Method and Place of Payment.**

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

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

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

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

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

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

Section 3.5. **Execution and Registration of Bonds.**

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

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

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

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

Section 3.6 **Refunding Bonds.**

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the City shall not issue additional bonds, notes or other obligations payable from any portion of the Trust Estate, other than Refunding Bonds. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas. Except as limited by the terms of this Indenture, including Section 13.2, the City reserves the right to incur debt payable from sources other than the Trust Estate, including revenue derived from contracts with other entities, including private corporations, municipalities and political subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

(b) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 15 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 15 and September 15. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture.

(c) Upon their authorization by the City, the Refunding Bonds of a series issued under this Section 3.6 and in accordance with Article IV hereof shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee the items required by Section 3.3 above.

Section 3.7. **Ownership.**

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

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

Section 3.8. **Registration, Transfer and Exchange.**

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

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

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

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

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

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

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

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

Section 3.9. **Cancellation.**

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

Section 3.10. **Temporary Bonds.**

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

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

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

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

Section 3.11. **Replacement Bonds.**

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

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

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

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

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

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

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

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

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

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

Section 3.12. **Book-Entry-Only System.**

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

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

Section 3.13. **Successor Securities Depository: Transfer Outside Book-Entry-Only System.**

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the blanket issuer letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more

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

Section 3.14. **Payments to Cede & Co.**

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

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. **Limitation on Redemption.**

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

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

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

Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	$
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	$
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	$
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

* Stated Maturity.

(b) At least thirty (30) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by this Indenture, the Trustee shall select by lot, or by any other customary method that results in a random selection, a principal amount of Bonds

of such maturity equal to the Sinking Fund 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 mandatory sinking fund redemption, as provided in Section 4.6.

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

(d) The Sinking Fund Installments of Term Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced in integral multiples of $1,000 by any portion of such Bonds, which, at least 30 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, hereof, and not previously credited to a mandatory sinking fund redemption.

Section 4.3. **Optional Redemption.**

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

Section 4.4. **Extraordinary Optional Redemption.**

The City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(c)) or any other transfers to the Redemption Fund under the terms of this Indenture.

Section 4.5. **Partial Redemption.**

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

(b) If less than all of the Bonds are called for optional redemption pursuant to Section 4.3 hereof, the Trustee shall rely on directions provided in a City Certificate in selecting the Bonds to be redeemed.

(c) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Trustee shall call randomly by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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

Section 4.6. **Notice of Redemption to Owners.**

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

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

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

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

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

Section 4.7. **Payment Upon Redemption.**

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

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

Section 4.8. **Effect of Redemption.**

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

ARTICLE V

FORM OF THE BONDS

Section 5.1. **Form Generally.**

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

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

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

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

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

(a) Form of Bond.

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

REGISTERED	United States of America	REGISTERED
NO. _____	State of Texas	$_____

CITY OF ANNA, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

INTEREST RATE	MATURITY DATE	DELIVERY DATE	CUSIP NUMBER
_____%	September 15, 20__	March 12, 2026	_____

The City of Anna, Texas (the "*City*"), for value received, hereby promises to pay, solely from the Trust Estate, to

_____

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Delivery Date, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing September 15, 2026.

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 Houston, Texas (the "*Designated Payment/Transfer Office*"), of

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated as of the Delivery Date and issued in the aggregate principal amount of [$_____] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of March 1, 2026 (the "*Indenture*"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 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 of the District and (v) paying the costs of issuance of the Bonds.

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

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

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

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

The Bonds maturing on September 15 in the years 20__, 20__ and 20__ (collectively, "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective sinking fund installments as set forth in the following schedule:

Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	$
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	$
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	

September 15, 20__*

Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
September 15, 20__	$
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

* Stated Maturity.

At least thirty (30) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 30 days prior to the 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 Sinking Fund Installments of Term Bonds required to be redeemed on any mandatory sinking fund redemption shall be reduced in integral multiples of $1,000 by any portion of such Bonds, which, at least 30 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in the Indenture and not previously credited to a mandatory sinking fund redemption.

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

The Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture.

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

If less than all of the Bonds are called for optional redemption, the Trustee shall rely on directions provided in a City Certificate in selecting the Bonds to be redeemed.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption, the Trustee shall call randomly by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

Upon written direction from the City to the Trustee of the exercise of any redemption provision provided under the Indenture, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or portion 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 conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice so given 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 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 described in the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

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

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

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

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

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

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

City Secretary | Mayor

[CITY SEAL]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

_____
Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

REGIONS BANK,
as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name and address, including zip code, of Transferee.)

_____

_____

_____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed by:

_____ _____

_____

Authorized Signatory

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

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

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

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

Year	Principal Amount	Interest Rate"

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

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

Section 5.3. **CUSIP Registration.**

The City may secure identification numbers through CUSIP Global Services, managed by S&P Global Markets Intelligence on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and none of the City, the attorneys approving said Bonds as to legality or the Trustee are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. Except as authorized under Section 4.5 hereof, the City prohibits any Bond to be issued in a denomination of less than $100,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than $100,000, and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Bondholders and that neither the City nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 5.4. **Legal Opinion.**

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

ARTICLE VI

FUNDS AND ACCOUNTS

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

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

(i) Pledged Revenue Fund;

(ii) Bond Fund;

(iii) Project Fund;

(iv) Reserve Fund;

(v) Redemption Fund;

(vi) Rebate Fund; and

(vii) Administrative Fund.

(b) Creation of Accounts.

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

(A) Principal and Interest Account; and

(B) Capitalized Interest Account.

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

(A) Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

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

(A) Improvement Area #1 Bond Improvement Account; and

(B) Costs of Issuance Account.

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

(A) Bond Pledged Revenue Account.

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

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

Section 6.2. **Initial Deposits to Funds and Accounts.**

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

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

(ii) to the Reserve Account of the Reserve Fund: $_____, which is equal to the initial Reserve Account Requirement;

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

(iv) to the Improvement Area #1 Bond Improvement Account of the Project Fund: $_____; and

(v) to the Administrative Fund: $_____.

Section 6.3. **Pledged Revenue Fund.**

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

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

the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

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

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

(e) Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall transfer such Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Accounts within the Reserve Fund made with respect to the particular Improvement Area #1 Assessed Property to which the Foreclosure Proceeds relate (first, to replenish the Reserve Account Requirement and second, to replenish the Delinquency and Prepayment Reserve Requirement), and second, to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4.

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

Section 6.4. **Bond Fund.**

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

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

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

(d) Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds on [September 15, 2026]. Any amounts on deposit to the Capitalized Interest Account after the foregoing payment shall be transferred to the Improvement Area #1

Bond Improvement Account of the Project Fund, or if the Improvement Area #1 Bond Improvement Account of the Project Fund has been closed as provided in Section 6.5(d), such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5. **Project Fund.**

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

(b) (1) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or the final closing memorandum for the Bonds prepared by the City's financial advisor, Hilltop Securities Inc. In order to receive the disbursement from the Costs of Issuance Account of the Project Fund or the Improvement Area #1 Bond Improvement Account of the Project Fund on the Delivery Date, 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 to be delivered to the City no less than fifteen (15) business days prior to the Delivery Date. In order to receive the disbursement for costs of the Improvement Area #1 Improvements from the Improvement Area #1 Bond Improvement Account of the Project Fund on the Delivery Date, the Developer shall execute a Certification for Payment to be delivered to the City no later than fifteen (15) business days prior to the Delivery Date. Upon approval by the City, the City shall submit such Closing Disbursement Request, together with a City Certificate directing such disbursement, to the Trustee for disbursement to be made from the Costs of Issuance Account of the Project Fund or the Improvement Area #1 Bond Improvement Account of the Project Fund, as applicable.

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

(c) Except as provided in Section 6.5(d), (f) and (h), money on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund shall be used solely to pay Actual Costs of Improvement Area #1 Improvements.

(d) If the City Representative determines in his or her sole discretion that certain amounts then on deposit in the Improvement Area #1 Bond Improvement Account are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Improvements such that,

in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Bond Improvement Account will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of the Project Fund. If such City Certificate is so filed, the identified amounts on deposit in the Improvement Area #1 Bond Improvement Account shall be transferred to the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfer, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

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

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

(g) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #1 Bond Improvement Account of the Project Fund and used to pay Actual Costs of Improvement Area #1 Improvements or to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

(h) In the event the Developer has not completed the Improvement Area #1 Improvements by March 12, 2031, then the City shall provide written direction to the Trustee to transfer all funds on deposit in the Improvement Area #1 Bond Improvement Account to the Redemption Fund to redeem Bonds pursuant to Section 4.4 hereof. Upon such transfers, the Improvement Area #1 Bond Improvement Account of the Project Fund shall be closed.

(k) In providing any disbursement under this Section, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such Certification for Payment if such certificate is signed by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any Certification for Payment by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 6.6. **Redemption Fund.**

The Trustee, pursuant to a City Certificate, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in

Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

Section 6.7. **Reserve Fund.**

(a) The City agrees with the Owners of the Bonds to accumulate and, when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture. The Trustee will transfer from the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 15 of each year, commencing March 15, 2027, an amount the City confirms to the Trustee is equal to the Additional Interest until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account. In transferring the amounts pursuant to this Section, the Trustee may conclusively rely on a City Certificate (which shall be based on the Improvement Area #1 Annual Installments as shown on the Improvement Area #1 Assessment Roll in the Service and Assessment Plan) unless and until it receives a City Certificate directing that a different amount be used. Whenever a transfer is made from the Reserve Account to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds. The Additional Interest shall continue to be collected and deposited pursuant to this Section 6.7 until the Bonds are no longer Outstanding.

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

(c) In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4, the Trustee, pursuant to a City Certificate, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall, or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of $1,000, from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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

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

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

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

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

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

of such date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds on such date.

Section 6.8. **Rebate Fund: Rebatable Arbitrage.**

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

(b) In order to assure that Rebatable Arbitrage is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the City's federal tax certificate for the Bonds, as further set forth in written directions from the City to the Trustee. The Trustee may conclusively rely on such written instructions as set forth in this Section and shall not be responsible for any loss or liability resulting from the investment of funds under this Section, but only so long as the Trustee follows such written instructions in all respects.

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

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

Section 6.9. **Administrative Fund.**

(a) Periodically upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Improvement Area #1 Assessments and Improvement Area #1 Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.

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

Section 6.10. **Investment of Funds.**

(a) Money in any Fund or Account, other than the Reserve Fund, shall be invested by the Trustee in Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average

weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Certificate shall be a certification, upon which the Trustee may conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default under this Indenture. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to invest and re-invest cash balances in Morgan Stanley, Fidelity or Federated family of funds, but only so long as such funds are authorized investments and permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, and only so long as such investments constitute Investment Securities and the money required to be expended from any Fund will be available at the proper time or times.

(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 as directed by the City in writing.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments or whether investments comply with Section 6.10(a) above. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

(e) The Trustee will furnish to the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security

transactions effected by the Trustee as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

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

Section 6.11. **Security of Funds.**

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

ARTICLE VII

COVENANTS

Section 7.1. **Confirmation of Improvement Area #1 Assessments.**

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

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

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all reasonable actions permissib1e under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

(b) To the extent permitted by law, notice of the Improvement Area #1 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 Improvement Area #1 Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

(c) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Improvement Area #1 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 Improvement Area #1 Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Improvement Area #1 Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Improvement Area #1 Assessments or the corresponding particular Improvement Area #1 Assessed Property.

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

Section 7.3. **Against Encumbrances.**

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

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

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

The City hereby covenants and agrees that so long as any Bonds are Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #1 Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than twenty days after the City receives such request.

Section 7.5. **Covenants Regarding Tax Exemption of Interest on Bonds.**

(a) The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private

business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of $5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of refunding bonds, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds or refunding bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

(9) to pay to the United States of America at least once during each five-year period (beginning on the Delivery Date) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

(10) to file or cause to be filed with the Secretary of the Treasury, not later than the fifteenth (15th) day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder;

(11) to assure that the proceeds of the Bonds will be used solely for new money projects; and

(12) to establish reasonable expectations to prevent using the proceeds of the Bonds in contravention of the requirements of section 149(g) of the Code (relating to hedge bonds).

(b) In order to facilitate compliance with the above covenant (a)(9), the Rebate Fund is established by the City pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "*Treasury Regulations*"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the City Manager and Finance Director to execute any documents, certificates or reports required

by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for Improvement Area #1 Improvements on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Improvement Area #1 Improvements are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the Delivery Date, or (2) the date the Bonds are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The City covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax proposes from gross income of the interest.

ARTICLE VIII

LIABILITY OF CITY

Section 8.1. **Liability of City.**

(a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and, except for the Trust Estate, no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.

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

Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

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

(d) No provision of this Indenture, the Bonds, 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 (collectively, the "*Bond Documents*"), shall require the City to expend or risk its own general funds or other funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

(e) Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond 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 or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

(f) The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

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

ARTICLE IX

THE TRUSTEE

Section 9.1. **Acceptance of Trust; Trustee as Registrar and Paying Agent.**

(a) The Trustee accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions and subject to the provisions of this Indenture to all of which the parties hereto and the respective Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee.

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

Section 9.2. **Trustee Entitled to Indemnity.**

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to 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, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments or transfers (provided such payment or transfer is prior to an Event of Default) when required hereunder, or to deliver any notice when required hereunder. To the extent permitted by law and during the occurrence of an Event of Default, the Trustee shall be entitled to indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, and in such case the Trustee may make transfers from the Administrative Fund, and to the extent money in the Administrative Fund is insufficient, from the Pledged Revenue Fund, to pay all fees, costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. **Responsibilities of the Trustee.**

(a) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or

sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; (v) any loss suffered in connection with any investment of funds in accordance with this Indenture; or (vi) to undertake any other action unless specifically authorized pursuant to a written direction by the City or pursuant to this Indenture.

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. 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 Improvement Area #1 Improvements. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(d) The Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts.

(e) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture.

(f) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, or receivers, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney, or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel, who may be counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the

trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel.

(g) The Trustee shall not be responsible for any recital herein (except with respect to the authentication certificate of the Trustee endorsed on the Bonds) or for the recording, filing, or refiling of this Indenture in connection therewith, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Indenture.

Section 9.4. **Property Held in Trust.**

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

Section 9.5. **Trustee Protected in Relying on Certain Documents.**

(a) The Trustee may conclusively 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 that the Trustee shall in good faith reasonably believe to be qualified in relation to the subject matter or is selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into, and shall not be deemed to have knowledge of, any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel selected by the Trustee with due care that is nationally recognized in the field of municipal bond law, who may or may not be Bond Counsel, and any advice from such counsel with respect to compliance with the provisions of this Indenture shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder, reasonably and in good faith, in accordance with such advice.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but the Trustee may in lieu

thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative. The Trustee shall be entitled to conclusively rely upon the foregoing as sufficient evidence of the facts set forth herein. The execution of any City Certificate shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent thereto have occurred.

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

Section 9.6. **Compensation.**

Unless otherwise provided by contract with the Trustee, the Trustee, at the written direction of the City, shall transfer from the Administrative Fund, the previously determined and agreed upon, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar and extraordinary services rendered, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, all pursuant to a City Certificate and subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by such City Certificate, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if the Trustee has reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee shall make such payment from lawfully available funds in the Administrative Fund, and to the extent moneys in the Administrative Fund are insufficient then from any moneys in its possession under the provision of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The right of the Trustee to fees, expenses, and indemnification, to the extent permitted by law, shall survive the release, discharge, and satisfaction of the Indenture.

Section 9.7. **Permitted Acts.**

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority of the Bonds. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be liable for any permissive actions taken except as a consequence of its own negligence or misconduct.

Section 9.8. **Resignation of Trustee.**

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 60 days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor. Notwithstanding the foregoing, if, after 60 days following receipt of the notice, the City has not appointed a successor Trustee, the Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee, at no expense to the City, and such resignation shall take effect upon the court's appointment of a successor Trustee.

Section 9.9. **Removal of Trustee.**

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

Section 9.10. **Successor Trustee.**

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

(b) If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least 50% of the aggregate Outstanding principal amount of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

(c) Until such successor Trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of 30 days after such vacancy occurs) appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners.

(c) If in a proper case no appointment of a successor Trustee shall be made within 60 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

(e) Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least $50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

(f) Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment as Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

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

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

Section 9.12. **Merger, Conversion or Consolidation of Trustee.**

Any corporation or association into which the Trustee may be 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.**

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided herein, and such pledge is, under current law, valid, effective and perfected. If necessary, the Trustee shall file or cause to be filed, at the City's expense, such continuation statements as may be delivered to the Trustee and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "*UCC*"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC; provided unless the Trustee is otherwise notified by the City, the Trustee may conclusively rely upon the initial filing statements delivered to it in filing any continuation statements hereunder. The Trustee is not responsible for the initial filing of any financing statements. The City shall timely delivery a copy of such filed financing statement, if any, to the Trustee.

Section 9.14. **Accounts, Periodic Reports and Certificates.**

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

Section 9.15. **Construction of Indenture.**

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

Section 9.16. **Offering Documentation.**

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds and, except as otherwise provided in the Continuing Disclosure Agreement of the Issuer approved in the Bond Ordinance, shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. **Amendments Permitted.**

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

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

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

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

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

(iv) to set forth additional provisions, if deemed necessary or advisable, in connection with the issuance of Refunding Bonds permitted under the terms of this Indenture; and

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

Section 10.2. **Owners' Meetings.**

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt reasonable rules and regulations for the conduct of said meeting; provided, however, that the same may not conflict with the terms of this Indenture. Without limiting the generality of the immediately preceding sentence, such rules and regulations may not reduce the percentage of Owners of Bonds required for the amendment of this Indenture as provided herein.

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

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

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City 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 the Bonds from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 10.4. **Procedure for Amendment Not Requiring Owner Consent.**

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. The City shall direct the Trustee to provide a copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Owner consent, mailed by first class mail to each Owner of Bonds, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.4, shall be proof of the matters therein stated until the contrary is proved.

(b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the City, and the Supplemental Indenture shall be deemed conclusively binding upon the City, the Trustee and the Owners of all Bonds as of the date of such execution and delivery.

Section 10.5. **Effect of Supplemental Indenture.**

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.6. **Endorsement or Replacement of Bonds Issued After Amendments.**

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.7. **Amendatory Endorsement of Bonds.**

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.8. **Waiver of Default.**

With the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.9. **Execution of Supplemental Indenture.**

(a) In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(b) No such amendment shall modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of qualified counsel addressed and delivered to the Trustee stating that (i) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (ii) the execution and delivery of the Supplemental Indenture will not adversely affect the exclusion from federal gross income of the interest on the Bonds, and (iii) such Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. **Events of Default.**

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

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

(ii) The failure of the City to enforce the collection of the Improvement Area #1 Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2;

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and which shall give such notice at the written request of the Owners of not less than 51% in aggregate Outstanding principal amount of the Bonds; provided, however, if the default stated in the notice is capable of

cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice; and

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

The Trustee shall not be charged with knowledge of (a) any events or other information, or (b) any default under this Indenture or any other agreement unless a responsible officer of the Trustee shall have actual knowledge thereof.

Section 11.2. **Immediate Remedies for Default.**

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than 51% in aggregate Outstanding principal amount of the Bonds hereunder shall proceed, to protect and enforce the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) PURSUANT TO SECTION 11.7, THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

(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 reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 11.3. **Restriction on Owner's Action.**

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing as provided in Section 11.1, or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of not less than 51% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by its counsel, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 11.4. **Application of Revenues and Other Moneys After Default.**

(a) All moneys, securities, funds, Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

The Trustee shall make payments to the Owners pursuant to this Section 11.4 within thirty (30) days of receipt of such good and available funds, and the record date shall be the date the Trustee receives such good and available funds.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. **Effect of Waiver.**

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. **Evidence of Ownership of Bonds.**

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. **No Acceleration.**

In the event of the occurrence of an Event of Default under Section 11.1, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. **Mailing of Notice.**

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. **Exclusion of Bonds.**

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. **Representations as to Trust Estate.**

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate is and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to Section 7.2(d), the City will take all steps reasonably necessary and appropriate, and will provide written direction to the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Improvement Area #1 Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

Section 12.2. **General.**

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. **Further Assurances; Due Performance.**

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the 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. **Other Obligations or Other Liens; Refunding Bonds.**

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Other 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 Trust Estate, or any portion thereof.

(b) Other than Refunding Bonds, or subordinate lien obligations permitted hereunder, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, or any portion thereof, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; provided, however, that the City has reserved the right to issue bonds or other obligations secure by and payable from the Trust Estate so long as such pledge is subordinate to the pledge of the Trust Estate securing payment of the Bonds.

(c) Notwithstanding any contrary provision of this Indenture but subject to Section 7.3, the City shall not issue additional bonds, notes or other obligations under this Indenture, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under this Indenture, other than Refunding Bonds and subordinate lien obligations permitted hereunder. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State.

Section 13.3. **Books of Record.**

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the City, which relate to the Trust Estate and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture.

ARTICLE XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 14.1. **Trust Irrevocable.**

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. **Satisfaction of Indenture.**

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this

Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. **Bonds Deemed Paid.**

(a) Any Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of this Indenture (a "*Defeased Debt*"), and particularly this Article XIV, when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities that mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. 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 and shall not be part of the Trust Estate. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

(b) Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in Sections 14.3(a)(1) or 14.3(a)(2) shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Debt for redemption; (2) the City gives notice of the reservation of that right to the Owners of the Defeased Debt immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of clause (a) of this Section 14.3 with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

(c) Until all Defeased Debt shall have become due and payable, the Trustee and the Paying Agent/Registrar each shall perform the services of Trustee and Paying Agent/Registrar

for such Defeased Debt the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Indenture.

ARTICLE XV

MISCELLANEOUS

Section 15.1. **Benefits of Indenture Limited to Parties.**

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 15.2. **Successor is Deemed Included in All References to Predecessor.**

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. **Execution of Documents and Proof of Ownership by Owners.**

(a) Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

(b) Except as otherwise expressly provided herein, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

(c) Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

(d) Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. **No Waiver of Personal Liability.**

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. **Notices to and Demands on City and Trustee.**

(a) Except as otherwise expressly provided herein, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be delivered by hand, or mailed by first class mail, postage prepaid, and addressed as follows:

If to the City	City of Anna, Texas 120 W. 7th St. Anna, Texas 75409 Attn: City Manager Telephone: (972) 924-3325
If to the Trustee, initially also acting in the capacity of Paying Agent/Registrar	Regions Bank 1717 McKinney Avenue Dallas, Texas 75202 Attn: Corporate Trust Services Telephone: (214) 220-6158

(b) Any such notice, demand, or request may also be transmitted to the appropriate party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(d) The Trustee shall mail to each Owner of a Bond notice of the redemption or defeasance of all Bonds Outstanding.

Section 15.6. **Partial Invalidity.**

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that anyone or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. **Applicable Laws.**

This Indenture shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State. Venue and exclusive jurisdiction for any action to enforce or construe this Indenture shall be a state court of competent jurisdiction in Collin County, Texas or any federal court with diversity jurisdiction.

Section 15.8. **Payment on Business Day.**

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. **CFA Agreement Amendments and Supplements.**

The City and the Developer may amend and supplement the CFA Agreement from time to time without the consent or approval of the Owners or the Trustee.

Section 15.10. **Counterparts.**

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 15.11. **Texas Government Code Verifications.**

(a) The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), in entering into this Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(1) 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.

(2) 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.

(3) 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.

(4) 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.

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IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed as of the date hereof.

CITY OF ANNA, TEXAS

By: _____
Pete Cain, Mayor
City of Anna, Texas

Attest:

_____
Carrie L. Land, City Secretary
City of Anna, Texas

(CITY SEAL)

City Signature Page to Indenture of Trust

REGIONS BANK,
as Trustee

By: _____
Authorized Officer

Trustee Signature Page to Indenture of Trust

APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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Sherley Farms
Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN

FEBRUARY 6, 2026

AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

TABLE OF CONTENTS

Table of Contents 1
Introduction 3
Section I: Definitions 4
Section II: The District 11
Section III: Authorized Improvements 11
Section IV: Service Plan 13
Section V: Assessment Plan 13
Section VI: Terms of the Assessments 17
Section VII: Assessment Roll 23
Section VIII: Additional Provisions 24
Exhibits 26
Appendices 27
Exhibit A-1 – Map of the District 28
Exhibit A-2 – Map of Improvement Area #1 29
Exhibit A-3 - Improvement Area #1 Lot Type Classification Map 30
Exhibit B – Project Costs 31
Exhibit C – Service Plan 32
Exhibit D – Sources and Uses of Funds 33
Exhibit E – Maximum Assessment and Tax Rate Equivalant 34
Exhibit F-1 – Improvement Area #1 Assessment Roll 35
Exhibit F-2 – Improvement Area #1 Annual Installments 36
Exhibit G-1 – Maps of Major Improvements 37
Exhibit G-2 – Maps of Improvement Area #1 Improvements 39
Exhibit H – TIRZ No. 9 Annual Credit Amount by Lot Type 43
Exhibit I – Form of Notice of Assessment Termination 44
Exhibit J – Debt Service Schedule for Improvement Area #1 Bonds 47
Exhibit K-1 – District Legal Description 48
Exhibit K-2 – Improvement Area #1 Legal Description 53
Appendix A – Engineer's Report 57
Appendix B – Buyer Disclosures 74

Sherley Farms Public Improvement District - Improvement Area #1 Initial Parcel Buyer Disclosure 75
Sherley Farms Public Improvement District - Improvement Area #1 Lot Type 1 Buyer Disclosure 81
Sherley Farms Public Improvement District - Improvement Area #1 Lot Type 2 Buyer Disclosure 87
Sherley Farms Public Improvement District Improvement Area #1 Lot Type 3 Buyer Disclosure 93
Sherley Farms Public Improvement District - Improvement Area #1 Lot Type 4 Buyer Disclosure 99

INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section," an "Exhibit," or an "Appendix" shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On March 25, 2025, the City Council passed and approved Resolution No. 2025-03-1753 authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon approval in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 1,123.592 acres located within the corporate limits of the City, as described by the legal description on **Exhibit K-1** and depicted on **Exhibit A-1**.

The PID Act requires a service plan must (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached as **Appendix B.**

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F-1.**

SECTION I: DEFINITIONS

"2026 Assessment Ordinance" means an Assessment Ordinance approved and adopted by the City Council on February 24, 2026, which levied the Improvement Area #1 Assessment against Improvement Area #1 Assessed Property, and approved this Service and Assessment Plan.

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

"Additional Interest" means the amount collected by the application of the Additional Interest Rate.

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

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

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this

Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

"Annual Installment" means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds, if applicable.

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

"Assessed Property" means any Parcel within the District against which an Assessment is levied.

"Assessment" means an assessment levied against Assessed Property to pay the costs of certain Authorized Improvements as specified herein, which Assessment is imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions herein and in the PID Act.

"Assessment Ordinance" means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

"Assessment Plan" means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

"Assessment Roll" means any assessment roll for the Assessed Property, including the Improvement Area #1 Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including in any Annual Service Plan Updates. The Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

"Authorized Improvements" means the improvements authorized by Section 372.003 of the PID Act, as further depicted on **Exhibit G-1** and **Exhibit G-2**.

"Bond Issuance Costs" means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter's discount, fees

charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

"City" means the City of Anna, Texas.

"City Council" means the governing body of the City.

"County" means Collin County, Texas.

"Delinquent Collection Costs" mean costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including penalties and reasonable attorney's fees actually paid, but excluding amounts representing interest and penalty interest.

"Developer" means Tellus Texas III, LLC and Sherley Partners, LTD. and any successors or assigns that intend to develop property in the District for the ultimate purpose of transferring title to end users.

"District" means the Sherley Farms Public Improvement District containing approximately 1,123.592 acres located within corporate limits of the City, and more specifically described in **Exhibit K-1** and depicted on **Exhibit A-1**.

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

"Engineer's Report" means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A.**

"Estimated Buildout Value" means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E.**

"Improvement Area #1" means approximately 135.00 acres located within the District, more specifically described in **Exhibit K-2** and depicted on **Exhibit A-2**.

"Improvement Area #1 Annual Installment" means the Annual Installment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that

includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Improvement Area #1; and (4) Additional Interest related to the Improvement Area #1 Bonds, as shown on **Exhibit F-2**, which amount may be reduced by the TIRZ No. 9 Annual Credit Amount.

"Improvement Area #1 Assessed Property" means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

"Improvement Area #1 Assessment" means an Assessment to be levied against Improvement Area #1 Assessed Property to pay for a portion of the Improvement Area #1 Authorized Improvements, and imposed pursuant to the 2026 Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

"Improvement Area #1 Assessment Roll" means the Assessment Roll for the Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1.**

"Improvement Area #1 Authorized Improvements" means collectively, (1) the Improvement Area #1 Improvements; (2) the first year's Annual Collection Costs related to the Improvement Area #1 Bonds; and (3) Bond Issuance Costs incurred in connection with the issuance of Improvement Area #1 Bonds.

"Improvement Area #1 Bonds" means those certain "City of Anna, Texas, Special Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)" that shall be secured primarily by Improvement Area #1 Assessments.

"Improvement Area #1 Improvements" means the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in **Section III** and depicted on **Exhibit G-2.**

"Improvement Area #1 Initial Parcel" means all of the Improvement Area #1 Assessed Property against which the entire Improvement Area #1 Assessment is levied, as shown on the Improvement Area #1 Assessment Roll as shown on **Exhibit F-1**.

"Improvement Area #1 Major Improvements" means the portion of the Major Improvements to be completed concurrently with the completion of Lots in Improvement Area #1.

"Indenture" means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

"Lot" means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or Official Public Records of the County, a tract of land described by "lot" in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or Official Public Records of the County, a tract of land anticipated to be described as a "lot" in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A "Lot" shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

"Lot Type" means a classification of final building Lots with similar characteristics (e.g. lot size, home product, Estimated Buildout Value, etc.), as determined at the time of levying the applicable Assessment and confirmed by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as provided by the Developer, and confirmed by the City Council, as shown on **Exhibit E.**

"Lot Type 1" means a Lot Type within Improvement Area #1 marketed to homebuilders as a 45' lot. The buyer disclosure for Lot Type 1 is attached as **Appendix B.**

"Lot Type 2" means a Lot Type within Improvement Area #1 marketed to homebuilders as a 50' lot. The buyer disclosure for Lot Type 2 is attached as **Appendix B.**

"Lot Type 3" means a Lot Type within Improvement Area #1 marketed to homebuilders as a 60' lot. The buyer disclosure for Lot Type 3 is attached as **Appendix B.**

"Lot Type 4" means a Lot Type within Improvement Area #1 marketed to homebuilders as a 70' lot. The buyer disclosure for Lot Type 4 is attached as **Appendix B.**

"Major Improvements" means those Authorized Improvements that confer a special benefit to all of the Assessed Property and Remainder Area within the District, as depicted on **Exhibit G-1.**

"Maximum Assessment" means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) for each Lot Type, the amount shown on **Exhibit E**.

"Non-Assessed Property" means Parcels within the boundaries of the District that accrue special benefit from the Authorized Improvements as determined by the City Council but are not assessed.

"Notice of Assessment Termination" means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I.**

"Parcel" or **"Parcels"** means a specific property within the District identified by either a tax parcel identification number assigned by the Collin Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

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

"PID Bonds" means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

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

"Prepayment Costs" means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

"Private Improvements" means those certain improvements benefitting the District, constructed and paid for by the Developer and not reimbursable from Assessments or PID Bonds, as further described on **Exhibit B**.

"Remainder Area" means approximately 988.592 acres located within the District and entirely outside of Improvement Area #1, to be developed as one or more future improvement areas.

"Service and Assessment Plan" means this Sherley Farms Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

"Service Plan" means the plan described in **Section IV** which covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

"TIRZ No. 9" means Reinvestment Zone Number Nine, City of Anna, Texas.

"TIRZ No. 9 Agreement" means that future TIRZ reimbursement agreement to be entered into by the Developer and the City.

"TIRZ No. 9 Annual Credit Amount" means, for each lot type, the amount calculated pursuant to **Section V.F**, which amount shall not annually exceed the TIRZ No. 9 Maximum Annual Credit Amount, and which shall be transferred from the TIRZ No. 9 Fund to the applicable pledged revenue fund pursuant to the TIRZ No. 9 Agreement and used to pay a portion of principal and interest related to the PID Bonds, but which shall not be pledged to secure the PID Bonds.

"TIRZ No. 9 Plan" means the Reinvestment Zone Number Nine, City of Anna, Texas Final Project and Financing Plan, to be approved by City Council prior to the issuance of PID Bonds.

"TIRZ No. 9 Fund" means the tax increment fund created pursuant to the TIRZ No. 9 Ordinance where TIRZ No. 9 Revenues are deposited annually.

"TIRZ No. 9 Maximum Annual Credit Amount" means for each Lot Type, the amount of TIRZ No. 9 Revenues that results in an equivalent tax rate equal to $1.35 per $100 of assessed value for such Lot Type taking into consideration the equivalent tax rate of the applicable Annual Installment, based on Estimated Buildout Value of such Lot Type at the time the City Council approves the applicable Assessment Ordinance levying the applicable Assessment, as further described in **Section V.F** and shown on **Exhibit H**. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E.**

"TIRZ No. 9 Ordinance" means Ordinance No. _____ adopted by the City Council on February 24, 2025, approving the TIRZ No. 9 Plan and authorizing the use of TIRZ No. 9 Revenues for project costs under the Chapter 311, Texas Tax Code as amended, and related to certain public improvements as provided for in the TIRZ No. 9 Plan.

"TIRZ No. 9 Revenues" mean, for each year, the amounts which are deposited in the TIRZ No. 9 Fund pursuant to the TIRZ No. 9 Ordinance, the TIRZ No. 9 Plan, and the TIRZ No. 9 Agreement.

"Trustee" means the trustee or successor trustee under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 1,123.592 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately (i) 2,578 residential units (including 120 townhomes) to be developed by Tellus Texas III, LLC and 7 single-family units, 55 cottage homes, 400 multifamily units, and 260,000 square feet of commercial space to be developed by Sherley Partners, Ltd..

Improvement Area #1 includes approximately 135 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-2** and depicted on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to include approximately 418 Lots developed with single-family homes (76 single-family homes that are on Lots classified as Lot Type 1, 166 single-family homes that are on Lots classified as Lot Type 2, 143 single-family homes that are on Lots classified as Lot Type 3, and 33 single-family homes that are on Lots classified as Lot Type 4.)

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Developer and their engineers and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City. The budget for the Authorized Improvements is shown on **Exhibit B.**

A. Improvement Area #1 Improvements

- *Streets*

  Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, asphalt pavement for roadways, turn lanes, pavers, stamping and staining of concrete, sidewalks, testing, handicap ramps, and streetlights. All related earthwork, excavation, erosion control, intersections, signage, traffic control, maintenance bonds, lighting and re-vegetation/landscaping of all disturbed areas are included. The street improvements will provide benefit to each Lot within Improvement Area #1.

- *Water*

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

- *Sewer*

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

- *Storm Drainage*

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

- *Right of Way*

  Includes right-of-way required to provide street improvements for all Lots within Improvement Area #1.

- *Soft Costs*

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

B. Bond Issuance Costs

- *Debt Service Reserve Fund*

  Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

  Equals the amount required to be deposited for the purpose of paying capitalized interest on a series of PID Bonds under an applicable Indenture in connection with the issuance of such PID Bonds.

- *Underwriter's Discount*

  Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds, including the fee of counsel to the Underwriter.

- *Cost of Issuance*

  Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

C. Other Costs

- *Deposit to Administrative Fund*

  Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for Improvement Area #1. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosure for the District. The buyer disclosures are attached hereto as **Appendix B.**

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements and Private Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard

to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owners, Developer, and all future owners and developers of the Assessed Property.

A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Developer and its engineers and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs of the Authorized Improvements shall be allocated as follows:

- At the time of adoption of the 2026 Assessment Ordinance, the costs of the Improvement Area #1 Major Improvements were determined to be funded from other sources such as impact fees and private funding. The portion of Major Improvements to be constructed in the future and benefiting the Remainder Area (or individual distinct portions thereof to be developed) are expected to be funded from impacts fees and private funding but may be assessed at a later date as provided in an amendment to this Service and Assessment Plan.
- By the adoption of the 2026 Assessment Ordinance, the costs of the reimbursable Improvement Area #1 Authorized Improvements are allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property. Currently, the Improvement Area #1 Initial Parcel is the only Parcel within Improvement Area #1, and as such, the Improvement Area #1 Initial Parcel is allocated 100% of the Improvement Area #1 Authorized Improvements.

B. Assessments

By the adoption of the 2026 Assessment Ordinance, the Improvement Area #1 Assessment shall be levied on the Improvement Area #1 Initial Parcel are in the amount shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F-1**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2**. Upon division or subdivision of the Improvement Area #1 Initial Parcel, the Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3 or Lot Type 4, respectively, exceed the corresponding Maximum Assessment for each Lot classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Developer and tis Engineers and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- *Improvement Area #1*
    - The costs of the Improvement Area #1 Authorized Improvements equal $34,055,146 as shown on **Exhibit B**;
    - The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Improvement Area #1 Authorized Improvements;
    - By the adoption of the 2026 Assessment Ordinance, the Improvement Area #1 Initial Parcel is allocated 100% of the Improvement Area #1 Assessment levied for the Improvement Area #1 Authorized Improvements, which equals $33,950,000 as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**;
    - The special benefit ($34,055,146) received by the Improvement Area #1 Initial Parcel from the Improvement Area #1 Authorized Improvements is equal to or greater than the amount of the Improvement Area #1 Assessment ($33,950,000) levied on the Improvement Area #1 Initial Parcel for the Improvement Area #1 Authorized Improvements; and
    - At the time the City Council approved this Service and Assessment Plan, the Developer owned 100% of the Improvement Area #1 Initial Parcel. The Developer acknowledged that the Improvement Area #1 Authorized Improvements confer a special benefit on the Improvement Area #1 Initial Parcel and consents to the

imposition of the Improvement Area #1 Assessment to pay for the Actual Costs associated therewith. The Developer ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the 2026 Assessment Ordinance; (2) the Service and Assessment Plan and the 2026 Assessment Ordinance; and (3) the levying of the Improvement Area #1 Assessment on the Improvement Area #1 Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

F. TIRZ No. 9 Annual Credit Amount

The City Council, in accordance with the TIRZ No. 9 Agreement, has agreed to use a portion of TIRZ No. 9 Revenues generated on a parcel-by-parcel basis from each Assessed Property to offset a portion of the principal and interest of such property's Assessment, as applicable.

1. The principal and interest portion of the Improvement Area #1 Annual Installment for an Assessed Property shall receive a TIRZ No. 9 Annual Credit Amount equal to the TIRZ No. 9 Revenue generated by the Assessed Property for the previous Tax Year (e.g. TIRZ No. 9 Revenue collected from the Assessed Property for Tax Year 2026 shall be applied as the TIRZ No. 9 Annual Credit Amount applicable to the Assessed Property's Improvement Area #1 Annual Installment to be collected in Tax Year 2027), but in no event shall the TIRZ No. 9 Annual Credit Amount exceed the TIRZ No. 9 Maximum Annual Credit Amount shown in **Section V.F.2** as calculated on **Exhibit H** for each Assessed Property.

2. The TIRZ No. 9 Maximum Annual Credit Amount available to reduce the principal and interest portion of the Improvement Area #1 Annual Installment for an Assessed Property is calculated for each Lot Type, as shown on **Exhibit H**. The TIRZ No. 9 Maximum Annual Credit Amount is calculated so that the average Improvement Area #1 Annual Installment minus the

TIRZ No. 9 Maximum Annual Credit Amount for each Lot Type does not produce an equivalent tax rate for such Lot Type which exceeds the competitive, composite equivalent ad valorem tax rate ($1.35 per $100 of assessed value) taking into consideration the equivalent tax rate of the Improvement Area #1 Annual Installments based on Estimated Buildout Value at the time the 2026 Assessment Ordinance is approved. The resulting maximum TIRZ No. 9 Annual Credit Amount for each Lot Type is shown on **Exhibit H**.

3. After the TIRZ No. 9 Annual Credit Amount is applied to provide credit towards the principal and interest portion of the Improvement Area #1 Annual Installment for the Assessed Property, any excess TIRZ No. 9 Revenues available from the TIRZ No. 9 Fund shall be used in accordance with the TIRZ No. 9 Plan and the TIRZ No. 9 Agreement.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this **Section VI** shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property
B = the Assessment for the Assessed Property prior to division
C = the Estimated Buildout Value of the newly divided Assessed Property
D = the sum of the Estimated Buildout Value for all of the newly divided Assessed Properties

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

the City Council in the immediately following Annual Service Plan Update. The calculation as confirmed by the City Council shall be conclusive and binding. The Estimated Buildout Values for Lot Type 1, Lot Type 2, Lot Type 3 and Lot Type 4 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types.

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

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

$A = [B \times (C \div D)]/E$

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot
B = the Assessment for the Parcel prior to subdivision
C = the sum of the Estimated Buildout Value of all newly subdivided Lots with the same Lot Type
D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property
E= the number of newly subdivided Lots with the same Lot Type

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

Values for Lot Type 1, Lot Type 2, Lot Type 3, and Lot Type 4 are shown on **Exhibit E** and will not change in future Annual Service Plan Updates.

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

3. Upon Consolidation

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The calculation as confirmed by the City Council shall be conclusive and binding. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.C.**

B. Mandatory Prepayment of Assessments

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable "Notice of Assessment Termination," a form of which is attached hereto as **Exhibit I.**

C. True-Up of Assessments if Maximum Assessment Exceeded at Plat

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (1) the Assessment applicable to each Lot Type shall each be reduced to the Maximum Assessment, and (2) the person or entity filing the plat shall pay to the City, or cause to be paid to the City, the amount the Assessment was reduced,

plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City's approval of a plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such amounts. At no time shall the aggregate Assessments for any Lot exceed the Maximum Assessment.

D. Reduction of Assessments

If as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement the Actual Costs of any Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds have not been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that PID Bonds have been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds that are not expected to be used for the purposes of the project fund as directed by the City pursuant to the terms of such Indenture, and the TIRZ No. 9 Annual Credit Amount will be reduced in the same proportion as the Assessments. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment

and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated Improvement Area #1 Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the Parcel not including any Non-Benefitted Property or Non-Assessed Property, as shown by the Collin Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments, but in no case shall the City take any action, or fail to take any action, that would cause it to be in default under any Indenture. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed

Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Remaining Property**"), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City

receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a $100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the $100 Assessment (provided that this $100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the $100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by $10, then the owner shall be required to pay $10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to $90.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall

be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure/Filing Requirements

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B.** Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance of this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service an Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

Exhibit A-1	Map of the District
Exhibit A-2	Map of Improvement Area #1
Exhibit A-3	Improvement Area #1 Lot Type Classification Map
Exhibit B	Project Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F-1	Improvement Area #1 Assessment Roll
Exhibit F-2	Improvement Area # 1 Annual Installments
Exhibit G-1	Maps of Major Improvements
Exhibit G-2	Maps of Improvement Area #1 Improvements
Exhibit H	TIRZ No. 9 Annual Credit Amount by Lot Type
Exhibit I	Form of Notice of Assessment Termination
Exhibit J	Debt Service Schedule for Improvement Area #1 Bonds
Exhibit K-1	District Legal Description
Exhibit K-2	Improvement Area #1 Legal Description

APPENDICES

The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

Appendix A	Engineer's Report
Appendix B	Buyer Disclosures

EXHIBIT A-1 – MAP OF THE DISTRICT

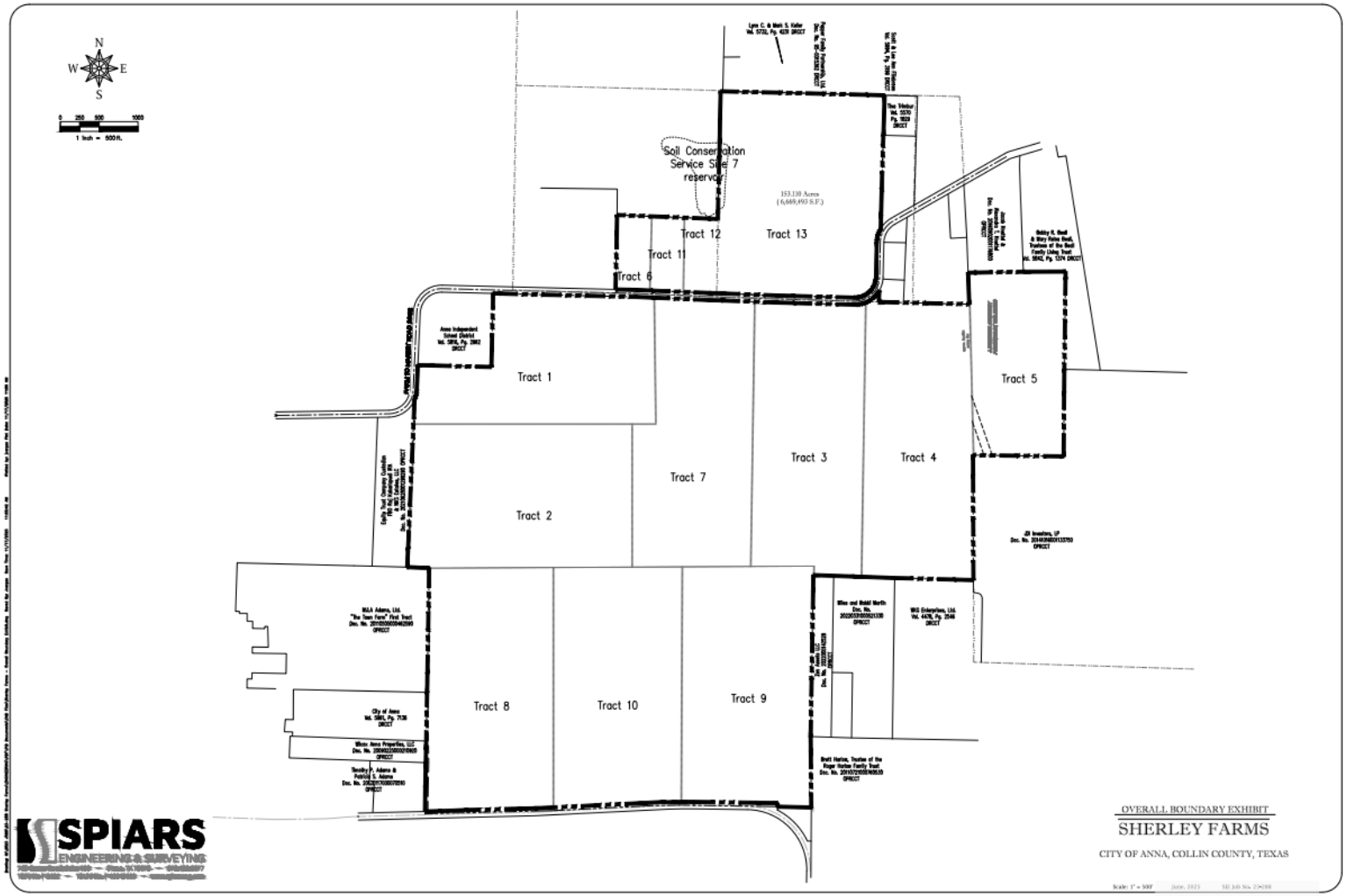


EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1

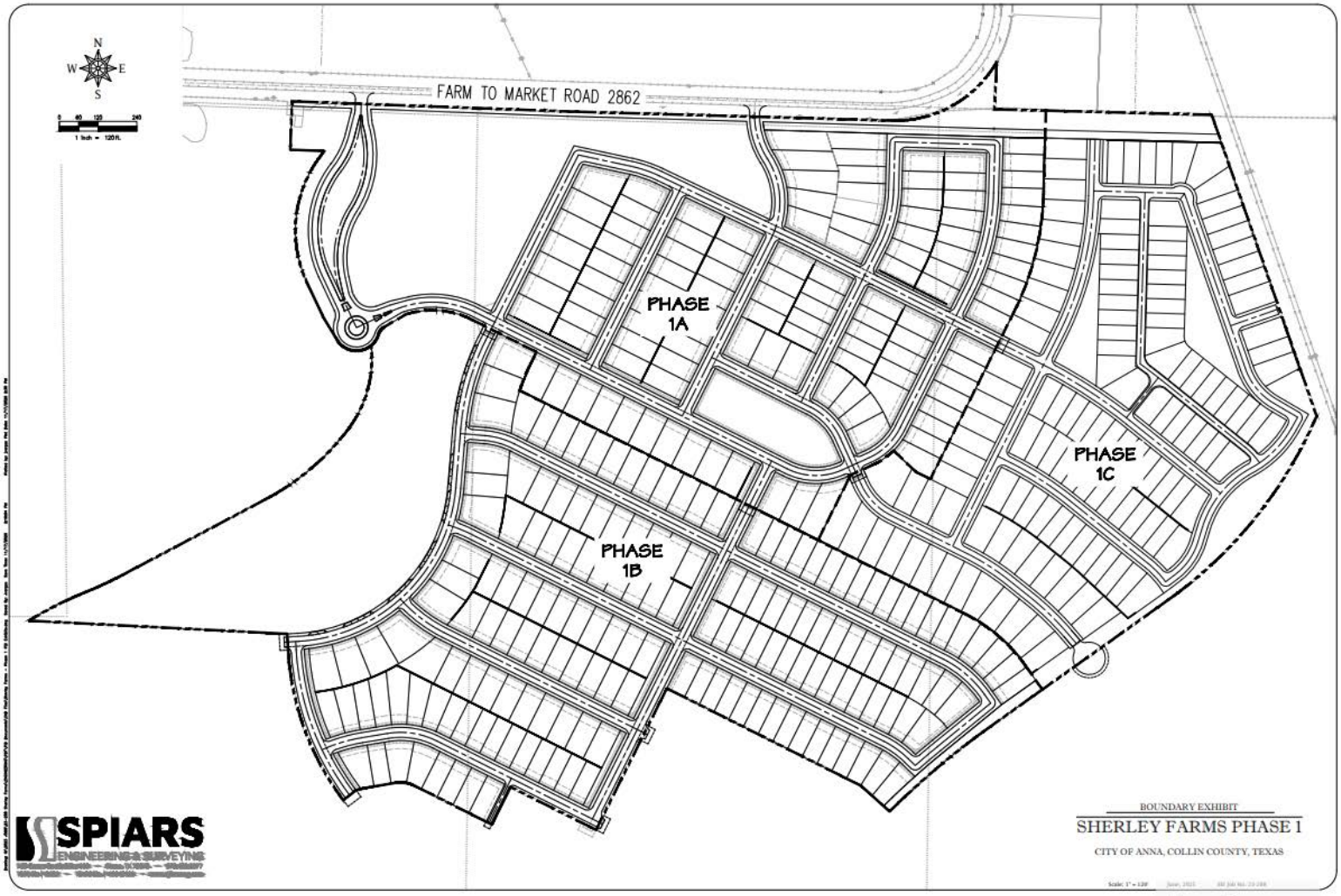


EXHIBIT A-3 - IMPROVEMENT AREA #1 LOT TYPE CLASSIFICATION MAP

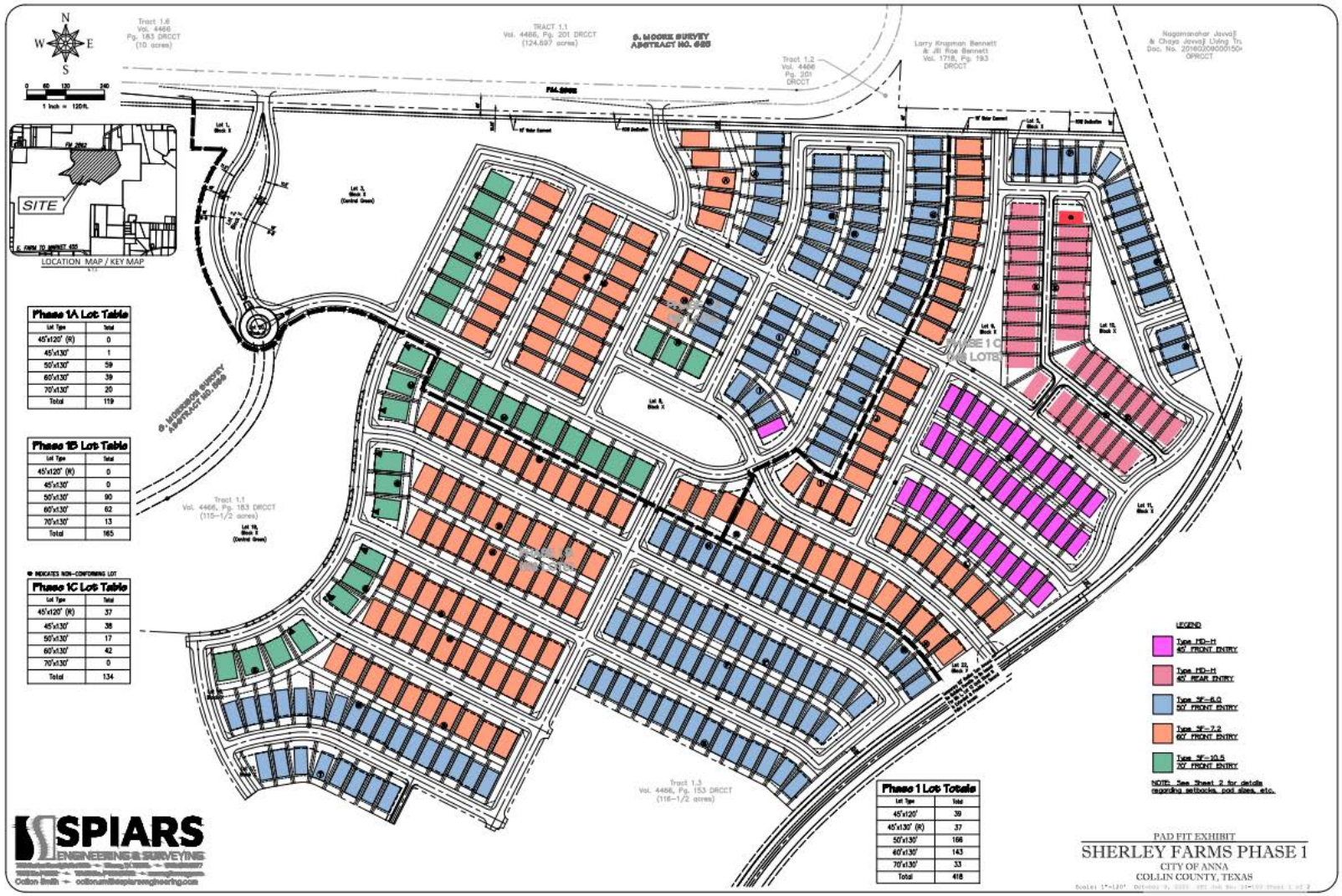


EXHIBIT B – PROJECT COSTS

	Total Costs[a]	Privately Funded[b]	Impact Fee Eligible[h]	District Eligible Improvements	Improvement Area #1 %	Improvement Area #1 Cost
Improvement Area #1 Improvements						
Streets[e]	$ 9,627,483	$ -	$ -	$ 9,627,483	100%	$ 9,627,483
Water	2,285,898	-	-	2,285,898	100%	2,285,898
Sewer	2,797,636	-	-	2,797,636	100%	2,797,636
Storm Drainage	3,583,566	-	-	3,583,566	100%	3,583,566
Right of Way[i]	3,696,000	-	-	3,696,000	100%	3,696,000
Soft Costs[i]	5,588,068	-	-	5,588,068	100%	5,588,068
	$ 27,578,651	$ -	$ -	$ 27,578,651		$ 27,578,651
Major Improvements						
Improvement Area #1 Major Improvements[h]						
Water	$ 2,218,535	$ -	$ 2,218,535	$ -	0.0%	$ -
Sewer	6,100,420	-	6,100,420	-	0.0%	-
Soft Costs	3,078,013	-	3,078,013	-	0.0%	-
	$ 11,396,968	$ -	$ 11,396,968	$ -		$ -
Private Improvements [b]						
Parkland Infrastructure/Hardscape/Trails[c][d]	$ 3,701,922	$ 3,701,922	$ -	$ -	0.0%	$ -
Private Improvements	3,237,511	3,237,511	-	-	0.0%	-
	$ 6,939,433	$ 6,939,433	$ -	$ -		$ -
Bond Issuance Costs [f]						
Debt Service Reserve Fund	$ 2,482,455	$ -	$ -	$ 2,482,455		$ 2,482,455
Capitalized Interest	1,131,667	-	-	1,131,667		1,131,667
Underwriter Discount[g]	1,018,500	-	-	1,018,500		1,018,500
Cost of Issuance	1,763,873	-	-	1,763,873		1,763,873
	$ 6,396,495	$ -	$ -	$ 6,396,495		$ 6,396,495
Other Costs [f]						
Deposit to Administrative Fund	$ 80,000	$ -	$ -	$ 80,000		$ 80,000
	$ 80,000	$ -	$ -	$ 80,000		$ 80,000
Total	**$ 52,391,548**	**$ 6,939,433**	**$ 11,396,968**	**$ 34,055,146**		**$ 34,055,146**

Footnotes:

[a] Per Engineer's Report attached hereto as Appendix A.

[b] Not reimbursable to the Developer through Assessments or the issuance of PID Bonds.

[c] Unless otherwise approved by the City Council, in the event PID Bonds are not issued, right-of-way acquisition, as defined in Section III.A, shall not be a reimbursable Authorized Improvement, but instead will be replaced by the Actual Costs of Parkland Infrastructure/Hardscape/Trails.

[d] Unless otherwise approved by the City Council, in the event PID Bonds are issued, the Parkland Infrastructure/Hardscape/Trails, will be replaced by right-of-way acquisition, which right-of-way acquisition cost shall not exceed (i) the Actual Costs of Parkland Infrastructure/Hardscape/Trails, and (ii) the fair market value supported by an independent appraisal as required by Section 252.051 of the Texas Local Government Code.

[e] Includes Mass Grading and Final Stabilization Methods.

[f] Preliminary estimates only and subject to change upon the issuance of PID Bonds.

[g] Includes the fee of counsel to the Underwriter.

[h] Improvement Area #1 Major Improvements are improvements that benefit the entire District and shall be completed concurrently with the Improvement Area #1 Improvements, but are not anticipated to be reimbursed from Assessments or PID Bonds. Future Major Improvements shall be included in this Service and Assessment Plan as they are constructed with future Improvement Areas.

[i] Soft Costs include bonds fees, contingency, engineering, testing, survey, and inspection fees.

[j] Based on Right of Way Appraisal dated January 8, 2026.

EXHIBIT C – SERVICE PLAN

Improvement Area #1							
Annual Installment Due		**1/61/2026[b]**	**1/31/2027**	**1/31/2028**	**1/31/2029**	**1/31/2030**	**1/31/2031**
Principal		$ -	$ 403,000.00	$ 428,000.00	$ 455,000.00	$ 484,000.00	$ 514,000.00
Interest		1,131,667.00	2,037,000.00	2,012,820.00	1,987,140.00	1,959,840.00	1,930,800.00
TIRZ No. 9 Annual Credit Amount[a]		-	-	-	-	-	-
Capitalized Interest		(1,131,667.00)	-	-	-	-	-
	(1)	$ -	$ 2,440,000.00	$ 2,440,820.00	$ 2,442,140.00	$ 2,443,840.00	$ 2,444,800.00
Additional Interest	(2)	$ -	$ 169,750.00	$ 167,735.00	$ 165,595.00	$ 163,320.00	$ 160,900.00
Annual Collection Costs	(3)	$ -	$ 40,800.00	$ 41,616.00	$ 42,448.00	$ 43,297.00	$ 44,163.00
Total Annual Installment Due	**(4) = (1) + (2) + (3)**	$ -	**$ 2,650,550.00**	**$ 2,650,171.00**	**$ 2,650,183.00**	**$ 2,650,457.00**	**$ 2,649,863.00**

Footnotes:

[a] Each year, the TIRZ No. 9 Revenue generated by each Lot shall be applied to the principal and interest portion of the Annual Installment, up to the Maximum TIRZ No. 9 Annual Credit Amount. The TIRZ No. 9 Annual Credit Amount shall be updated each year in the Annual Service Plan Update as TIRZ No. 9 Revenue is generated.

[b] No Assessment collected in 2026 and capitalized interest is contemplated from bond issuance to the 9/15/2026 debt service payment.

EXHIBIT D – SOURCES AND USES OF FUNDS

	Privately Funded	Impact Fee Eligible	Improvement Area #1	Total
Sources of Funds				
Improvement Area #1 Bonds	$ -	$ -	$ 33,950,000	$ 33,950,000
Developer Contribution - Improvement Area #1[a]	-	-	105,146	105,146
Eligible Infrastructure Grant[f]	-	11,396,968	-	11,396,968
Developer Contribution - Parkland Infrastructure/Hardscape/Trails[a][b][c]	3,701,922	-	-	3,701,922
Developer Contribution - Private Improvements[a]	3,237,511	-	-	3,237,511
Total Sources of Funds	**$ 6,939,433**	**$ 11,396,968**	**$ 34,055,146**	**$ 52,391,548**
Uses of Funds				
Improvement Area #1 Major Improvements[f]	$ -	$ 11,396,968	$ -	11,396,968
Improvement Area #1 Improvements	-	-	27,578,651	27,578,651
Parkland Infrastructure/Hardscape/Trails[a][b][c]	3,701,922	-	-	3,701,922
Private Improvements[a]	3,237,511	-	-	3,237,511
	$ 6,939,433	$ 11,396,968	$ 27,578,651	$ 45,915,053
Bond Issuance Costs[d]				
Debt Service Reserve Fund	$ -	$ -	$ 2,482,455	$ 2,482,455
Capitalized Interest	-	-	1,131,667	1,131,667
Underwriter Discount[e]	-	-	1,018,500	1,018,500
Cost of Issuance	-	-	1,763,873	1,763,873
	$ -	$ -	$ 6,396,495.00	$ 6,396,495
Other Costs[d]				
Deposit to Administrative Fund	$ -	$ -	$ 80,000	$ 80,000
	$ -	$ -	$ 80,000.00	$ 80,000
Total Uses of Funds	**$ 6,939,433**	**$ 11,396,968**	**$ 34,055,146**	**$ 52,391,548**

Footnotes:

[a] Not reimbursable to the Developer through Assessments or the issuance of PID Bonds.

[b] Unless otherwise approved by the City Council, in the event PID Bonds are not issued, right-of-way acquisition, as defined in Section III.A, shall not be a reimbursable Authorized Improvement, but instead will be replaced by the Actual Costs of Parkland Infrastructure/Hardscape/Trail improvements.

[c] Unless otherwise approved by the City Council, in the event PID Bonds are issued, the Parkland Infrastructure/Hardscape/Trail improvements, will be replaced by right-of-way acquisition, which right-of-way acquisition cost shall not exceed (i) the Actual Costs of Parkland Infrastructure/Hardscape/Trail improvements, and (ii) the fair market value supported by an independent appraisal as required by Section 252.051 of the Texas Local Government Code.

[d] Preliminary estimates only and subject to change upon the issuance of PID Bonds.

[e] Includes the fee of counsel to the Underwriter.

[f] Improvement Area #1 Major Improvements are improvements that benefit the entire District and shall be completed concurrently with the Improvement Area #1 Improvements, but are not anticipated to be reimbursed from Assessments or PID Bonds. Future Major Improvements shall be included in this Service and Assessment Plan as they are constructed with future Improvement Areas.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALANT

Lot Type	Units[a]	Estimated Buildout Value[a]		Assessment[b]		Average Annual Installment		Gross PID TRE[c]
		Per Unit	Total	Per Unit	Total	Per Unit	Total	
Improvement Area #1								
Lot Type 1	76	$ 477,000	$ 36,252,000	$ 67,570	$ 5,135,294	$ 5,275	$ 400,872	$ 1.105792
Lot Type 2	166	530,000	87,980,000	75,077	12,462,848	5,861	972,876	1.105792
Lot Type 3	143	636,000	90,948,000	90,093	12,883,282	7,033	1,005,696	1.105792
Lot Type 4	33	742,000	24,486,000	105,108	3,468,576	8,205	270,764	1.105792
Improvement Area #1 Subtotal	**418**		**$ 239,666,000**		**$ 33,950,000**		**$ 2,650,208**	**1.105792**

Footnotes:

[a] As provided by the Developer.

[b] Subject to change based on the final Appraisal.

[c] Does not include TIRZ No. 9 Annual Credit Amount.

EXHIBIT F-1 – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID[a]	Lot Type	Outstanding Assessment	Annual Installment Due 1/31/2027
2937949	Improvement Area #1 Initial Parcel	$ 33,950,000.00	$ 2,650,550.00
Total		**$ 33,950,000.00**	**$ 2,650,550.00**

Footnotes:

[a] The entire Improvement Area #1 is contained within Property ID 2937949. For billing purposes, the Annual Installment due 1/31/2027 shall be allocated pro rata based on acreage.

EXHIBIT F-2 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest[a]	Capitalized Interest[c]	Reserve Fund[d]	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2026	$ -	$ 1,131,667	$ (1,131,667)	$ -	$ -	$ -	$ -
2027	$ 403,000	$ 2,037,000	$ -	$ -	$ 169,750	$ 40,800	$ 2,650,550
2028	$ 428,000	$ 2,012,820	$ -	$ -	$ 167,735	$ 41,616	$ 2,650,171
2029	$ 455,000	$ 1,987,140	$ -	$ -	$ 165,595	$ 42,448	$ 2,650,183
2030	$ 484,000	$ 1,959,840	$ -	$ -	$ 163,320	$ 43,297	$ 2,650,457
2031	$ 514,000	$ 1,930,800	$ -	$ -	$ 160,900	$ 44,163	$ 2,649,863
2032	$ 547,000	$ 1,899,960	$ -	$ -	$ 158,330	$ 45,046	$ 2,650,336
2033	$ 582,000	$ 1,867,140	$ -	$ -	$ 155,595	$ 45,947	$ 2,650,682
2034	$ 618,000	$ 1,832,220	$ -	$ -	$ 152,685	$ 46,866	$ 2,649,771
2035	$ 658,000	$ 1,795,140	$ -	$ -	$ 149,595	$ 47,804	$ 2,650,539
2036	$ 699,000	$ 1,755,660	$ -	$ -	$ 146,305	$ 48,760	$ 2,649,725
2037	$ 744,000	$ 1,713,720	$ -	$ -	$ 142,810	$ 49,735	$ 2,650,265
2038	$ 791,000	$ 1,669,080	$ -	$ -	$ 139,090	$ 50,730	$ 2,649,900
2039	$ 842,000	$ 1,621,620	$ -	$ -	$ 135,135	$ 51,744	$ 2,650,499
2040	$ 895,000	$ 1,571,100	$ -	$ -	$ 130,925	$ 52,779	$ 2,649,804
2041	$ 953,000	$ 1,517,400	$ -	$ -	$ 126,450	$ 53,835	$ 2,650,685
2042	$ 1,013,000	$ 1,460,220	$ -	$ -	$ 121,685	$ 54,911	$ 2,649,816
2043	$ 1,078,000	$ 1,399,440	$ -	$ -	$ 116,620	$ 56,010	$ 2,650,070
2044	$ 1,147,000	$ 1,334,760	$ -	$ -	$ 111,230	$ 57,130	$ 2,650,120
2045	$ 1,221,000	$ 1,265,940	$ -	$ -	$ 105,495	$ 58,272	$ 2,650,707
2046	$ 1,299,000	$ 1,192,680	$ -	$ -	$ 99,390	$ 59,438	$ 2,650,508
2047	$ 1,382,000	$ 1,114,740	$ -	$ -	$ 92,895	$ 60,627	$ 2,650,262
2048	$ 1,471,000	$ 1,031,820	$ -	$ -	$ 85,985	$ 61,839	$ 2,650,644
2049	$ 1,565,000	$ 943,560	$ -	$ -	$ 78,630	$ 63,076	$ 2,650,266
2050	$ 1,665,000	$ 849,660	$ -	$ -	$ 70,805	$ 64,337	$ 2,649,802
2051	$ 1,772,000	$ 749,760	$ -	$ -	$ 62,480	$ 65,624	$ 2,649,864
2052	$ 1,886,000	$ 643,440	$ -	$ -	$ 53,620	$ 66,937	$ 2,649,997
2053	$ 2,007,000	$ 530,280	$ -	$ -	$ 44,190	$ 68,275	$ 2,649,745
2054	$ 2,137,000	$ 409,860	$ -	$ -	$ 34,155	$ 69,641	$ 2,650,656
2055	$ 2,274,000	$ 281,640	$ -	$ -	$ 23,470	$ 71,034	$ 2,650,144
2056	$ 2,420,000	$ 145,200	$ -	$ (2,482,455)	$ 12,100	$ 72,454	$ 2,649,754
Total	**$ 33,950,000**	**$ 40,523,640**	**$ -**	**$ (2,482,455)**	**$ 3,376,970**	**$ 1,655,175**	**$ 79,505,785**

Footnotes:

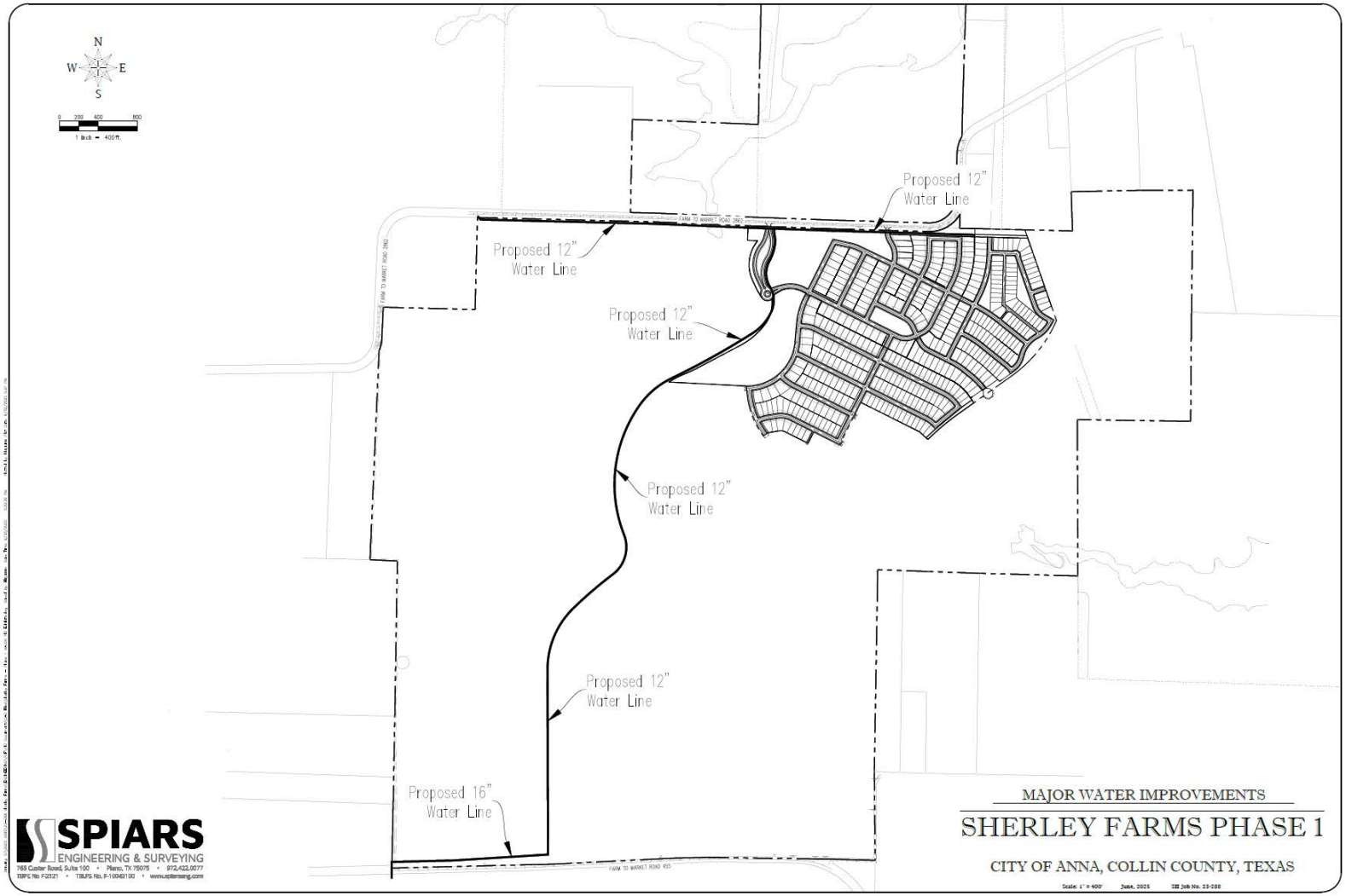
[a] Interest is calculated at a 6.00% rate for illustrative purposes and is subject to change upon PID Bond issuance.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[c] No Annual Installment shall be collected and capitalized interest is expected to fund the 9/15/2026 debt service payment.

[d] Assumes Reserve Fund is fully funded and available to reduce Annual Installments in the final year.

EXHIBIT G-1 – MAPS OF MAJOR IMPROVEMENTS



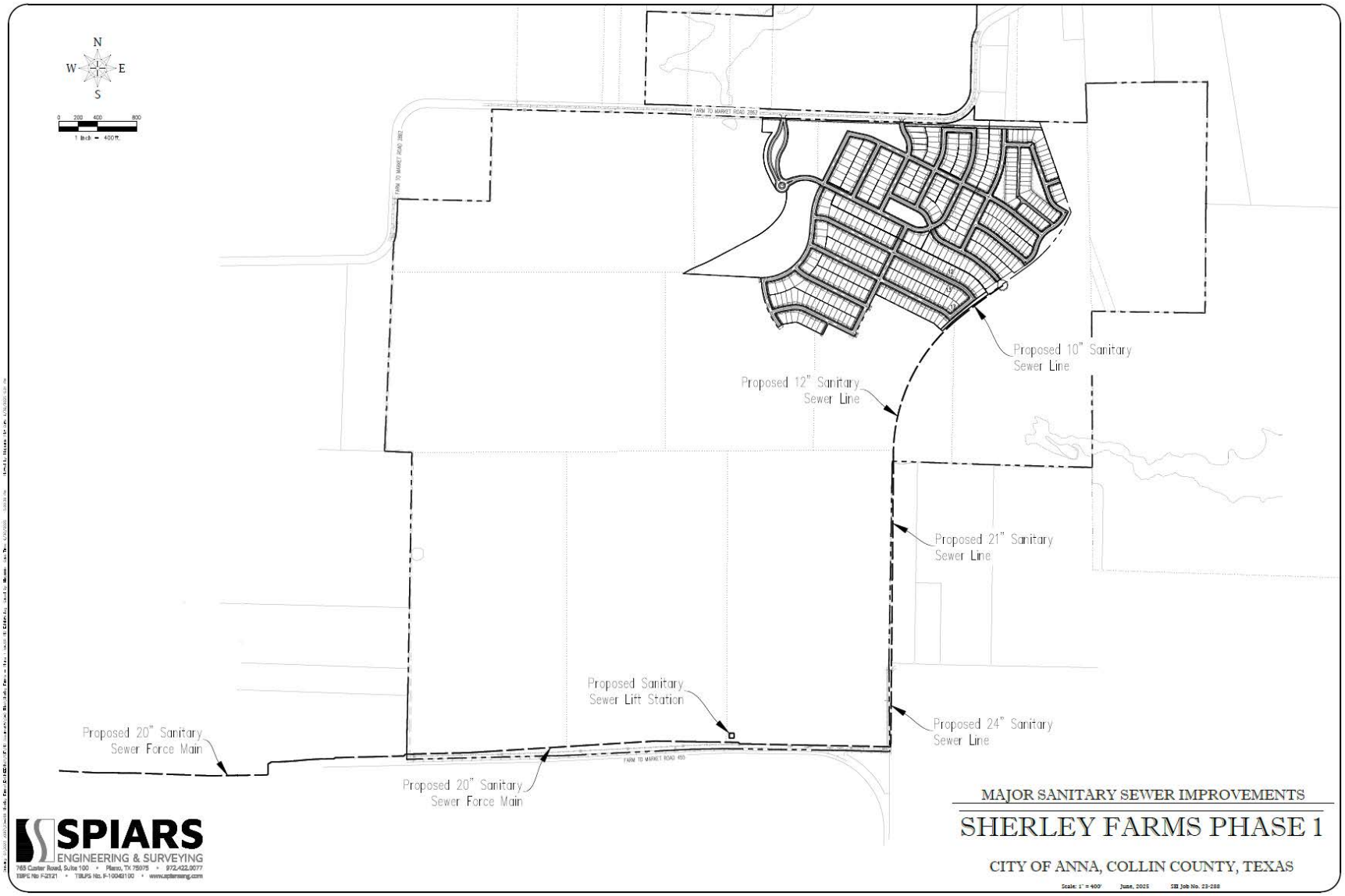
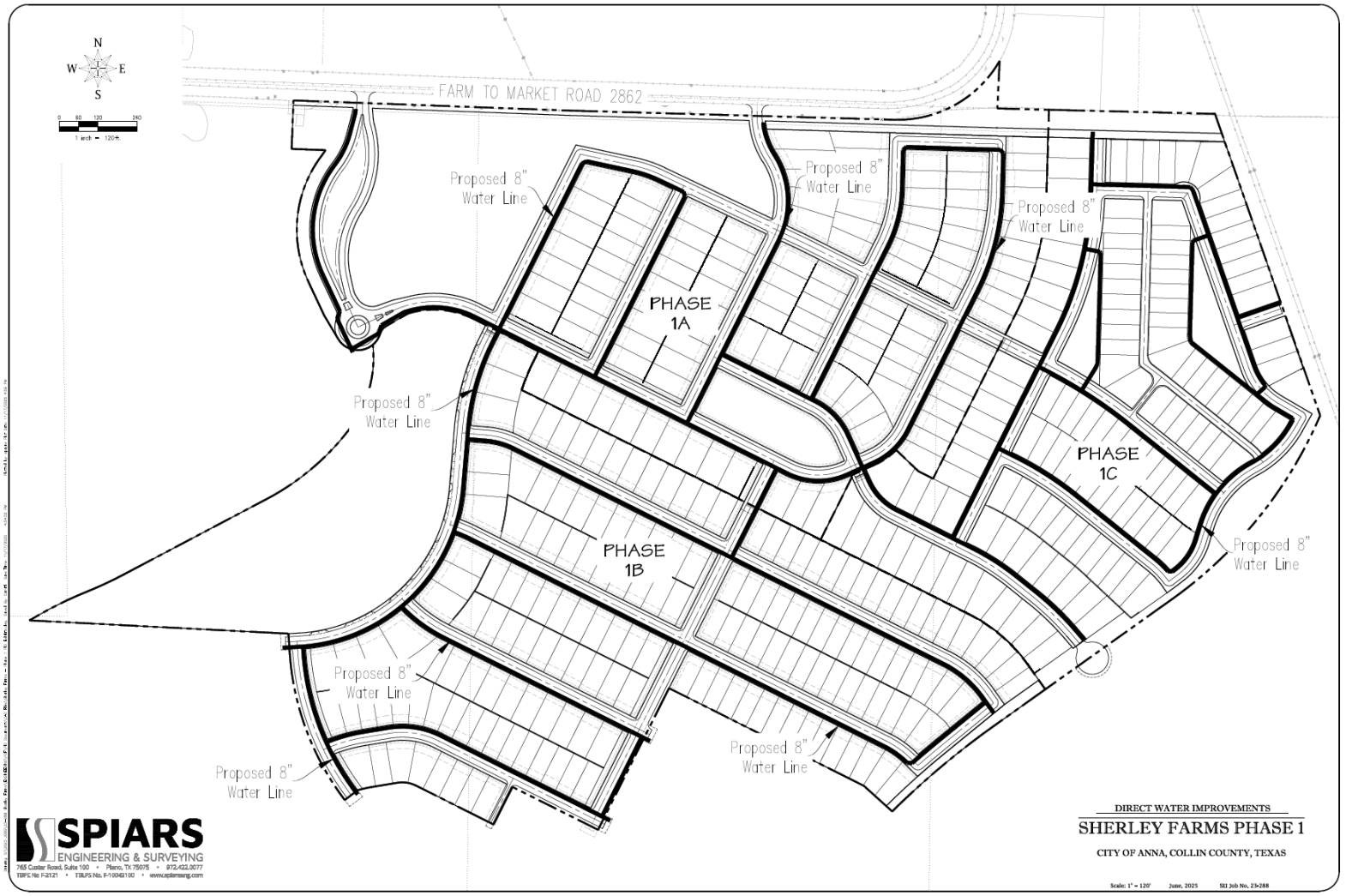
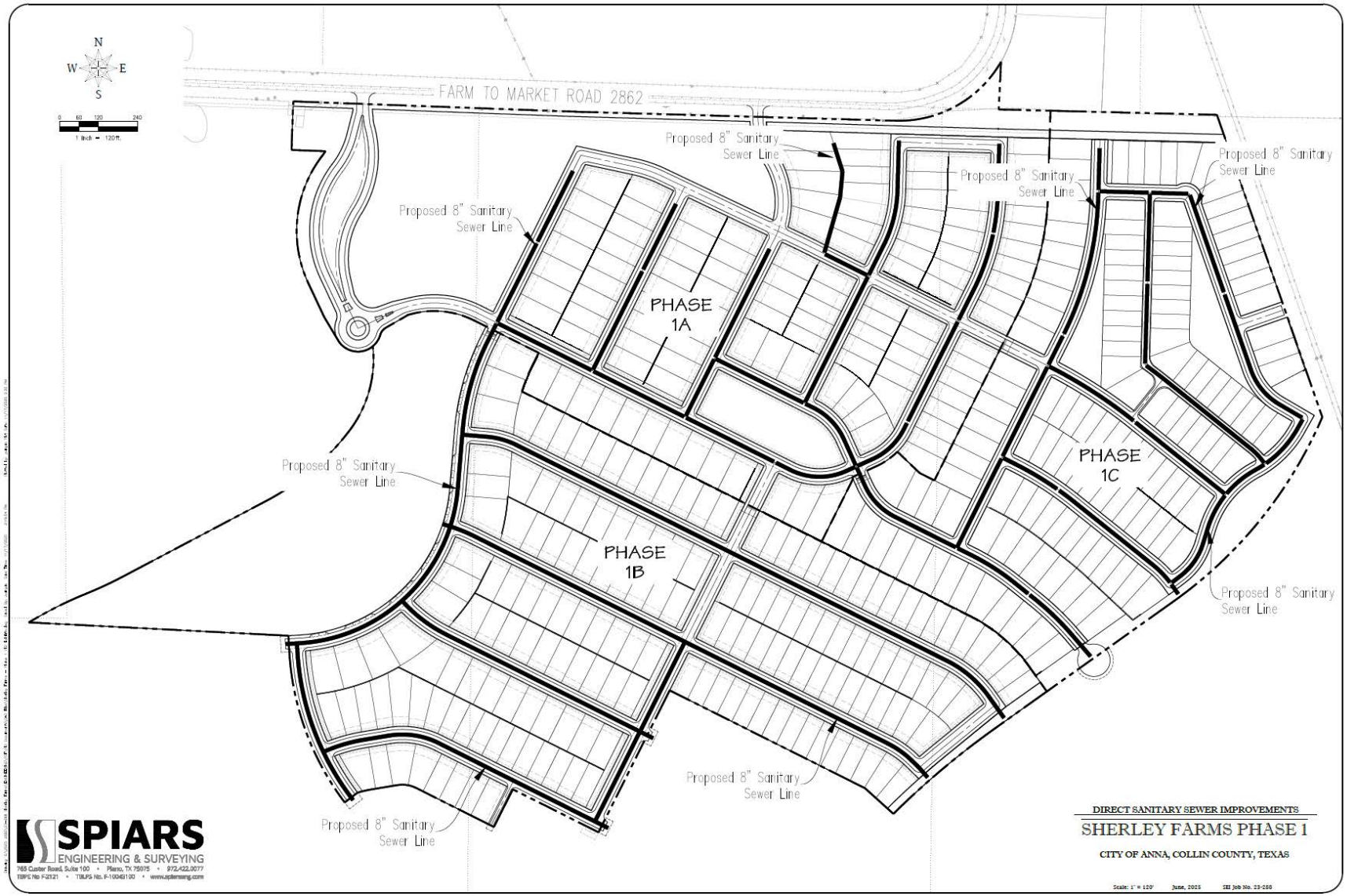
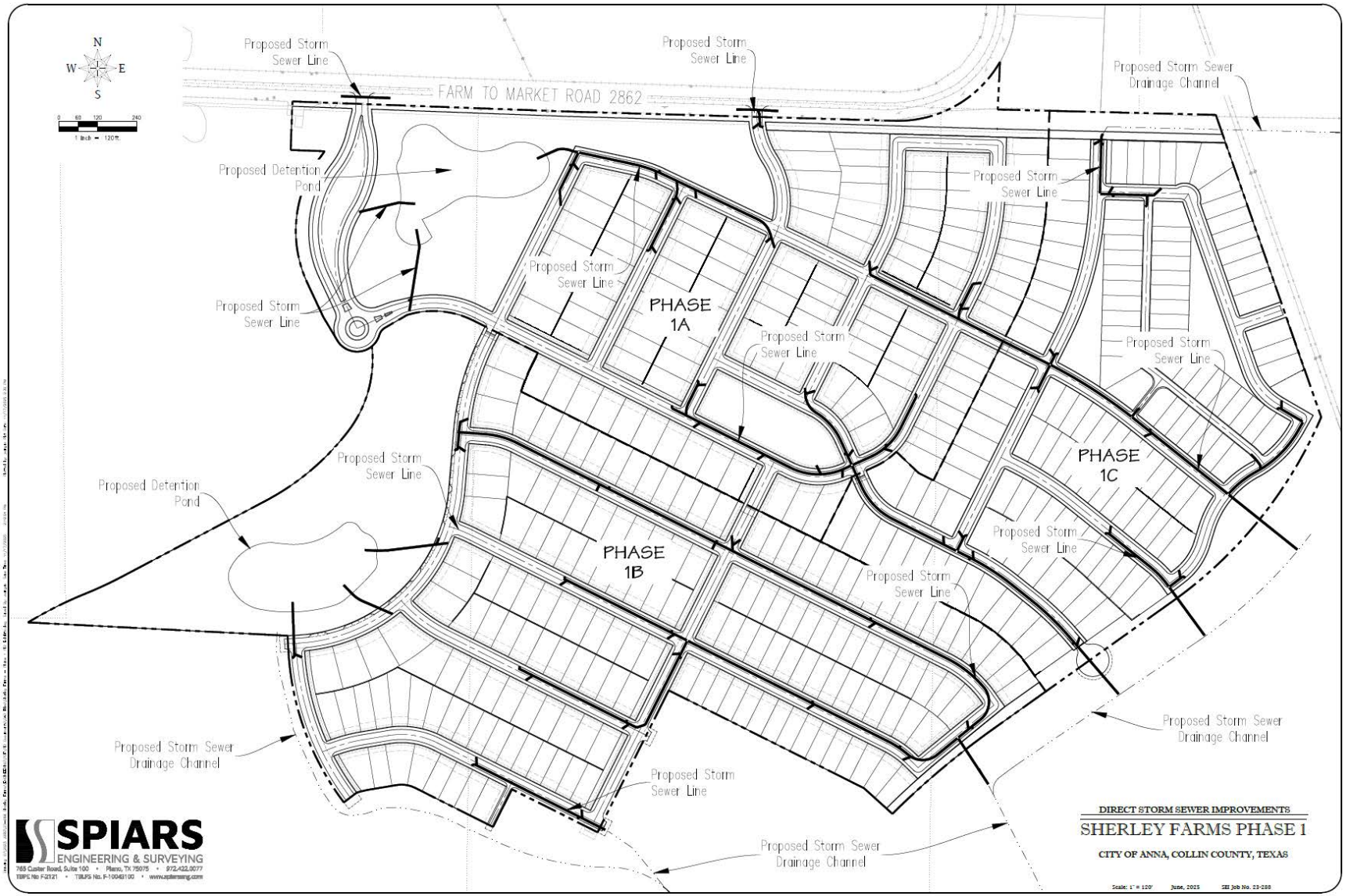

N
W
E
S
0 200 400 800
1 Inch = 400 ft.
FARM TO MARKET ROAD 2862
FARM TO MARKET ROAD 455
Proposed 10" Sanitary Sewer Line
Proposed 12" Sanitary Sewer Line
Proposed 21" Sanitary Sewer Line
Proposed Sanitary Sewer Lift Station
Proposed 24" Sanitary Sewer Line
Proposed 20" Sanitary Sewer Force Main
Proposed 20" Sanitary Sewer Force Main
SPIARS
ENGINEERING & SURVEYING
765 Custer Road, Suite 100 • Plano, TX 75075 • 972.422.0077
TBPE No F-2121 • TBPLS No. F-10048100 • www.spiarseng.com
MAJOR SANITARY SEWER IMPROVEMENTS
SHERLEY FARMS PHASE 1
CITY OF ANNA, COLLIN COUNTY, TEXAS
Scale: 1" = 400' June, 2025 SEI Job No. 23-288

EXHIBIT G-2 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS




N
W
E
S
0 60 120 240
1 inch = 120ft.
FARM TO MARKET ROAD 2862
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
PHASE 1A
PHASE 1B
PHASE 1C
SPIARS
ENGINEERING & SURVEYING
765 Custer Road, Suite 100 • Plano, TX 75075 • 972-422-0077
TBPE No F-2121 • TBPLS No. F-10063100 • www.spiarseng.com
DIRECT SANITARY SEWER IMPROVEMENTS
SHERLEY FARMS PHASE 1
CITY OF ANNA, COLLIN COUNTY, TEXAS
Scale: 1" = 120' June, 2025 SEI Job No. 23-280


N
W
E
S
FARM TO MARKET ROAD 2862
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Storm Sewer Drainage Channel
Proposed Detention Pond
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Storm Sewer Line
PHASE 1A
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Detention Pond
PHASE 1C
PHASE 1B
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Storm Sewer Drainage Channel
Proposed Storm Sewer Drainage Channel
Proposed Storm Sewer Line
Proposed Storm Sewer Drainage Channel
SPIARS
ENGINEERING & SURVEYING
DIRECT STORM SEWER IMPROVEMENTS
SHERLEY FARMS PHASE 1
CITY OF ANNA, COLLIN COUNTY, TEXAS

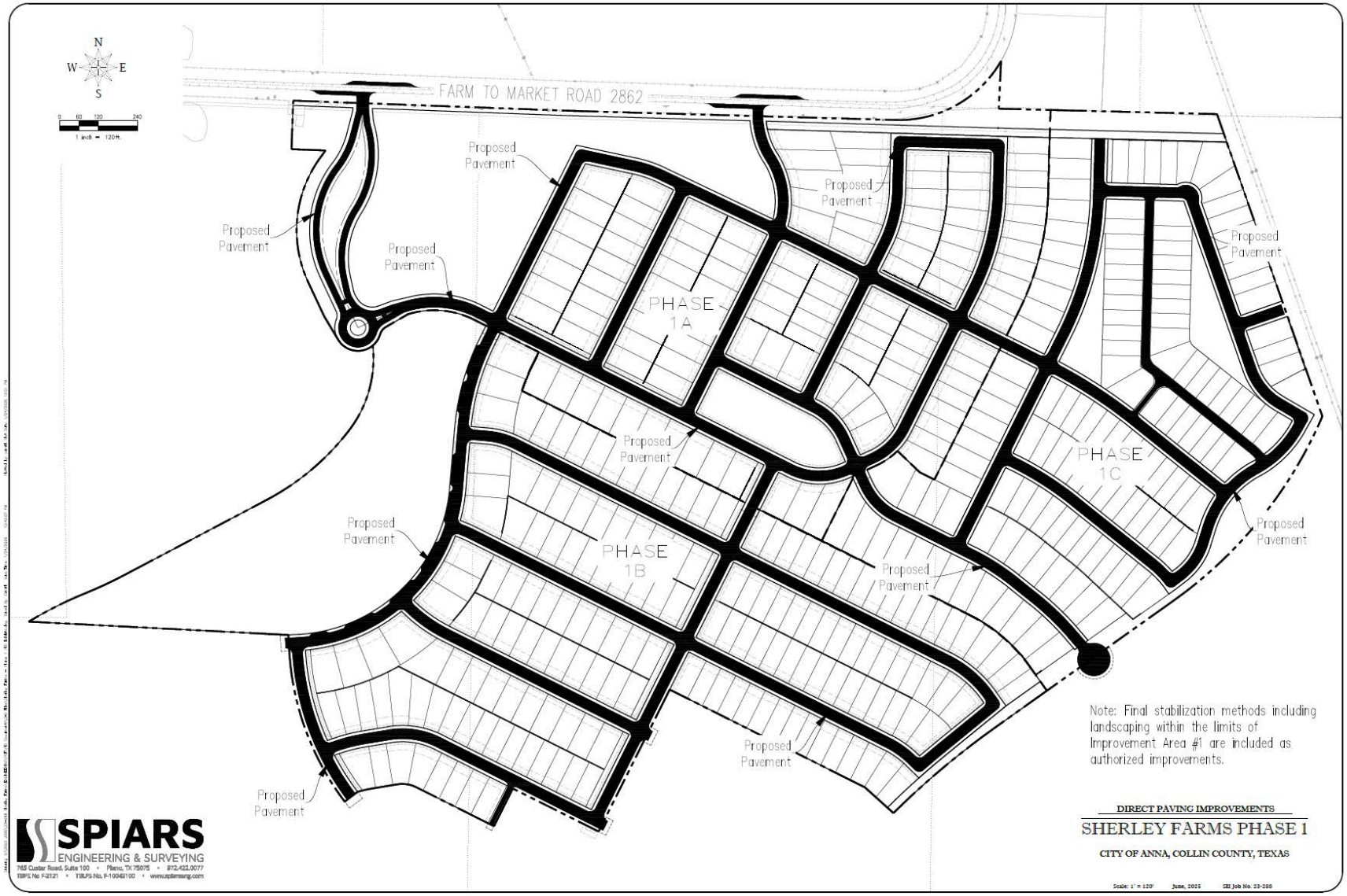

N
W
E
S
0 60 120 240
1 inch = 120ft.
FARM TO MARKET ROAD 2862
Proposed Pavement
PHASE 1A
PHASE 1B
PHASE 1C
Note: Final stabilization methods including landscaping within the limits of Improvement Area #1 are included as authorized improvements.
SPIARS
ENGINEERING & SURVEYING
DIRECT PAVING IMPROVEMENTS
SHERLEY FARMS PHASE 1
CITY OF ANNA, COLLIN COUNTY, TEXAS

EXHIBIT H – TIRZ NO. 9 ANNUAL CREDIT AMOUNT BY LOT TYPE

Lot Type	Units[a]	Maximum Annual TIRZ Gross TRE	Maximum Annual TIRZ Credit Amount[b]	Maximum Annual TIRZ Net TRE	Net Tax Stack
Improvement Area #1					
Lot Type 1 (45')	76	1.105792	$ (1,252.30)	$ 0.843256	$ 2.838792
Lot Type 2 (50')	166	1.105792	$ (1,391.44)	$ 0.843256	$ 2.838792
Lot Type 3 (60')	143	1.105792	$ (1,669.73)	$ 0.843256	$ 2.838792
Lot Type 4 (70')	33	1.105792	$ (1,948.02)	$ 0.843256	$ 2.838792
Improvement Area #1	**418**				

Footnotes:

[a] Per information provided by the Developer.

[b] To be determined at the time of PID Bond issuance; based on information provided by the Developer as to Estimated Buildout Value.

EXHIBIT I – FORM OF NOTICE OF ASSESSMENT TERMINATION

P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Collin County Clerk's Office
Honorable [County Clerk]
Collin County Administration Building
2300 Bloomdale Rd, Suite 2106
McKinney, TX 75071

Re: City of Anna Lien Release documents for filing

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Anna is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Anna
Attn: City Secretary
120 W. 7th Street
Anna, TX 75409

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

AFTER RECORDING RETURN TO:

[City Secretary Name]
120 W. 7th Street
Anna, TX 75409

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS §
§ **KNOWN ALL MEN BY THESE PRESENTS:**
COUNTY OF COLLIN §

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Anna, Texas, a Texas home rule municipality (the “City”).

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council” of Anna, Texas is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits of the City; and

WHEREAS, on March 25, 2025 the City Council of the City approved Resolution No. 2025-03-1753 creating the Sherley Farms Public Improvement District (the “District”); and

WHEREAS, the District consists of approximately 1,123.592 contiguous acres within the corporate limits of the City; and

WHEREAS, on _____, the City Council, approved Ordinance No. _____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the real property located with the District, the Assessment Ordinance being recorded on _____, as Instrument No. _____ in the Official Public Records of Collin County, Texas; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") and further imposed a lien to secure the payment of the Lien Amount (the “Lien”) against the following property located within the District, to wit:

[legal description], an addition to the City of Anna, Collin County, Texas, according to the map or plat thereof recorded as Instrument No. _____ in the Map Records of Collin County, Texas (the "Property");

and

WHEREAS, the Lien Amount has been paid in full.

RELEASE

NOW THEREFORE, for and in consideration of the full payment of the Lien Amount, the City hereby releases and discharges, and by these presents does hereby release and discharge, the Lien to the extent that is affects and encumbers the Property.

EXECUTED to be **EFFECTIVE** this the _____ day of _____, 20__.

CITY OF ANNA, TEXAS,
A Texas home rule municipality,

By: _____
[Manager Name], City Manager

ATTEST:

_____
[Secretary Name], City Secretary

STATE OF TEXAS §
§
COUNTY OF COLLIN §

This instrument was acknowledged before me on the ____ day of _____, 20__, by the City Manager for the City of Anna, Texas, a Texas home rule municipality, on behalf of said municipality.

_____
Notary Public, State of Texas

EXHIBIT J – DEBT SERVICE SCHEDULE FOR IMPROVEMENT AREA #1 BONDS

[To be provided at PID Bond pricing.]

EXHIBIT K-1 – DISTRICT LEGAL DESCRIPTION

SHERLEY FARMS SOUTH TRACT
LEGAL DESCRIPTION
970.482 ACRES

BEING a tract of land situated in the G. Morrison Survey, Abstract No. 559, the S. Moore Survey, Abstract No. 625, and the J. Fisher Survey, Abstract No. 305, in Collin County, Texas, being part of Tracts 1.1, 1.2, 1.3, 1.4, all ofTract 1.6, recorded in Volume 4466, Page 153, Deed Records, Collin County, Texas (DRCCT), and part of Tracts 1.1, 1.2, 1.3, and 1.4, recorded in Volume 4466, Page 183 DRCCT, and all of Tract 1.2, recorded in Volume 4466, Page 201 DRCCT, with the subject tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod found on the north line of Farm to Market Road 455, a variable width public right-of-way, for the southeast corner of a tract conveyed to Timothy P. Adams and Patricia S. Adams, recorded in Document No. 20170117000070510, Official Public Records, Collin County, Texas (OPRCCT);

THENCE N 00°40'51" E, along the east line of said Adams tract, passing at 19.16 feet a 5/8" iron rod with plastic cap found for witness, continuing a total distance of 321.14 feet to a 1/2" iron rod found;

THENCE N 01°18'15" E, 307.48 feet continuing along the east line thereof to a 1/2" iron rod with plastic cap found for the southeast corner of a tract conveyed to Wilcox Anna Properties, LLC, recorded in Document No. 20090225000210920 OPRCCT;

THENCE N 01°02'30" E, 904.66 feet along the east line thereof, and of an east line of a tract conveyed to City of Anna recorded in Volume 5961, Page 7136 DRCCT, to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set for the southeast corner of "The Town Farm" First Tract, conveyed to MJLA Adams, Ltd., recorded in Document No. 20110505000462590 OPRCCT;

THENCE N 00°56'20" E, 1597.53 feet along the east line of said MJLA Adams tract to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set for the northeast corner thereof;

THENCE N 87°10'06" W, 281.88 feet along the north line of said MJLA Adams tract to a 3/8" iron rod found for the southeast corner of a tract conveyed to Equity Trust Company Custodian FBO Raj Kakarlapudi IRA and NKS Estates, LLC, recorded in Document No. 20210628001299290 OPRCCT;

THENCE N 02°29'42" E, 2152.51 feet along the east line thereof to a 3/8" iron rod found on the east line of Farm to Market Road 2862, a 90-foot-wide public right-of-way;

THENCE along the east line thereof, around a non-tangent curve to the left having a central angle of 20°03'34", a radius of 363.31 feet, a chord of N 12°39'47" E -126.55 feet, an arc length of 127.20 feet;

THENCE N 02°38'00" E, 324.15 feet continuing along the east line of said right-of-way to a 1/2" iron rod with plastic cap found for the southwest corner of a tract conveyed to Anna Independent School District, recorded in Volume 5816, Page 2962 DRCCT;

THENCE S 88°36'00" E, 946.63 feet along the south line thereof;

THENCE N 01°24'00" E, 946.63 feet along the east line of said Anna ISD tract to the intersection thereof with the south line of Farm to Market Road 2862;

THENCE along the south line thereof, the following:

S 88°36'00" E, 1840.60 feet;

S 87°35'00" E, 950.82 feet;

S 87°54'00" E, 852.06 feet;

S 88°23'00" E, 1005.18 feet;

And a tangent curve to the left having a central angle of 61°39'58", a radius of 363.31 feet, a chord of N 60°47'01" E - 372.42 feet, an arc length of 391.02 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set for a westerly corner of a tract conveyed to Larry Kropman Bennett and Jill Rae Bennett, recorded in Volume 1718, Page 193 DRCCT, and from which a 5/8" iron rod with plastic cap found bears N 17°37'19" E, 154.65 feet (a chord bearing and distance);

THENCE S 02°42'15" W, 147.06 feet along the west line of said Bennett tract to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 88°34'52" E, along the south line of said Bennett tract, passing at 317.47 feet a 3/8" iron rod found for the southwest corner of a tract conveyed to the Nagamanohar Javvaji and Chaya Javvaji Living Trust, recorded in Document No. 20160209000150410 OPRCCT, continuing a total distance of 1164.17 feet to a 1/2" iron rod found for the southeast corner thereof;

THENCE N 01°54'20" W, 404.61 feet along the east line thereof to a 1/2" iron rod with plastic cap found for the southwest corner of a tract conveyed to Jacob Knettel and Alexandra T. Knettel, recorded in Document No. 20160902001176800 OPRCCT;

THENCE N 88°51'58" E, 711.14 feet along the south line thereof to a 1/2" iron rod with plastic cap found for the upper southwest corner of a tract conveyed to Bobby R. Beall and Mary Reloa Beall, Trustees of the Beall Family Living Trust, recorded in Volume 5842, Page 1374 DRCCT;

THENCE N 89°53'22" E, 543.59 feet along the upper south line thereof to a fence post found;

THENCE S 00°43'46" W, 1256.27 feet along a westerly line of said Beall tract to a 1/2" iron rod found for a northwesterly corner of a tract conveyed to JOI Investors, LP, recorded in Document No. 20141016001133750 OPRCCT;

THENCE S 00°27'02" W, 1121.81 feet, generally along a fence and along a westerly line of said JOI tract to a fence post found;

THENCE **N** 89°10'40" W, 1167.05 feet, generally along a fence and along a southerly line of said JOI tract to a fence post found;

THENCE S 00°10'31" E, 1608.22 feet, generally along a fence and along a westerly line of said JOI tract to a 1/2" iron rod found for the northeast corner of a tract conveyed to WKG Enterprises, Ltd., recorded in Volume 4478, Page 2546 DRCCT;

THENCE N 88°26'32" W, 1013.41 feet along the north line thereof to a 1/2" iron rod found for the northeast corner of a tract conveyed to Miles and Bobbi Martin, recorded in Document No. 20220331000521330 OPRCCT;

THENCE N 88°01'21" W, 524.66 feet along the north line thereof to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 87°54'42" W, continuing along the north line of said Martin tract, passing at 261.79 feet a 3/4" iron pipe found for the northeast corner of a tract conveyed to Zen Assets LLC, recorded in Document No. 2022000142528 OPRCCT, and continuing along the north line thereof a total distance of 523.20 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 00°57'28" W, 2078.20 feet along the west line thereof to a 1/2" iron rod found for the southwest corner of said Zen Assets tract, being a bend point in County Road 424, a public road;

THENCE S 00°31'42" E, 913.32 feet along said road to a 60d nail found for a bend point thereof;

THENCE N 88°34'43" W, 435.86 feet continuing along said road to a point for the intersection of County Road 424 with the north line of Farm to Market Road 455;

THENCE along the north line of said right-of-way, the following:

N 00°51'24" E, 46.08 feet to a wood highway monument;

N 89°08'36" W, 1080.65 feet to a wood highway monument;

A tangent curve to the left having a central angle of 03°40'00", a radius of 5774.58 feet, a chord of S 89°01'24" W - 369.48 feet, an arc length of 369.55 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

N 02°48'36" W, 5.00 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 87°11'24" W, 1677.79 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 88°35'24" W, 857.61 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

5 87°45'48" W, 346.50 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

And S 88°35'24" W, 209.16 feet to the POINT OF BEGINNING with the subject tract containing 42,274,206 square feet or 970.482 acres of land.

SHERLEY FARMS NORTH TRACT
LEGAL DESCRIPTION
153.110 ACRES

BEING a tract of land situated in the J. Farris Survey, Abstract No. 330, and the S. Moore Survey, Abstract No. 625, in Collin County, Texas, being part of Tract 1.7, recorded in Volume 4466, Page 153, Deed Records, Collin County, Texas (DRCCT), and part ofTracts 1.5 and 1.6, recorded in Volume 4466, Page 183 DRCCT, and all of Tract 1.1, recorded in Volume 4466, Page 201 DRCCT, with the subject tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod with plastic cap stamped "SPIARSENG" set on the north line of Farm to Market Road 2862, a called 90-foot-wide right-of-way, for the southeast corner of the "First Tract" conveyed to Daniel W. Koen and Sue Ann Burleson-Koen, recorded in Document No. 93-0107055 DRCCT, from which a 1/2" iron rod found bears **N** 88°36'00" W, 1326.83 feet;

THENCE N 01°09'20" E, 958.23 feet along the common line thereof to a fence post found for a southwest corner of a tract conveyed to 3Mc Joint Venture, recorded in Volume 3670, Page 174 DRCCT;

THENCE along the common line thereof the following:

S 87°43'06" E, 1297.37 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

N 01°31'00" E, 90.36 feet to a point on the bank of a reservoir;

N 01°23'00" E, 892.67 feet to a point on the bank of a reservoir;

N 00°54'00" E, 297.22 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

And N 01°19'00" E, passing at 346.16 feet a 1/2" iron rod found for witness, being on the south line of County Road 427, a public road, continuing into said road a total distance of 363.52 feet to a point for corner;

THENCE S 88°36'15" E, 2111.97 feet along said road to a point for corner being the northwest corner of a tract conveyed to Tina Trimbur, recorded in Volume 5570, Page 1829 DRCCT;

THENCE S 01°46'06" W, 515.24 feet along the west line thereof to a 1/2" iron rod found for the northwest corner of a tract conveyed to Todd O'Brien Hannan and Kimberly Michele Hannan, co-trustees of the TKSL Tattoo Revocable Trust, recorded in Document No. 20210422000816440, Official Public Records, Collin County, Texas;

THENCE along the west line thereof, the following:

S 02°08'00" W, 125.96 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 01°43'00" W, 589.97 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 01°36'00" W, 319.63 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

And S 01 °07'00" W, 163.58 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set on the north line of Farm to Market Road 2862, and from which a 1" iron rod found bears S 71°47'28" W, 1.15 feet;

THENCE along the north line of said Farm to Market Road, the following:

A non-tangent curve to the left having a central angle of 29°26'09", a radius of 363.31 feet, a chord of S 15°56'04" W - 184.61 feet, an arc length of 186.65 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 01°13'00"' W, 446.03 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

A tangent curve to the right having a central angle of 90°24'00", a radius of 273.31 feet, a chord of S 46°25'00" W - 387.87 feet, an arc length of 431.22 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

N 88°23'00" W, 1004.80 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG"

set; N 87°54'00"' W, 851.44 feet to a 1/2" iron rod with plastic cap stamped

"SPIARSENG" set; N 87°35'00"' W, 951.37 feet to a 1/2" iron rod with plastic cap

stamped "SPIARSENG" set;

And N 88°36'00" W, 266.77 feet to the POINT OF BEGINNING with the subject tract containing 6,669,493 square feet or 153.110 acres of land.

EXHIBIT K-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

PHASE 1
METES AND BOUNDS DESCRIPTION

BEING a tract of land situated in the G. Morrison Survey, Abstract No. 559, and the S. Moore Survey, Abstract No. 625, in Collin County, Texas, being part of Tracts 1.1, 1.3, and 1.4, recorded in Volume 4466, Page 153, Deed Records, Collin County, Texas (DRCCT), and part of Tract 1.1, recorded in Volume 4466, Page 183 DRCCT, and all of Tract 1.2, recorded in Volume 4466, Page 201, DRCCT, with the subject tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod with plastic cap stamped "SPIARSENG" set along the south line of Farm to Market Road 2862, a 90-foot-wide right-of-way, from which a 1/2" iron rod found bears N 84°54'26" W, 1658.47 feet for the southeast corner of the "Second Tract" conveyed to Daniel W. Koen and Sue Ann Burleson-Koen, recorded in Document No. 93-0107055 DRCCT;

THENCE S 87°35'00" E, 3.15 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 87°54'00" E, 852.06 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 88°23'00" E, 1005.18 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a tangent curve to the left having a central angle of 61°39'58", a radius of 363.31 feet, a chord of N 60°47'01" E - 372.42 feet, an arc length of 391.02 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set on the west line of a tract conveyed to Larry Kropman Bennett and Jill Rae Bennett, recorded in Volume 1718, Page 193 DRCCT;

THENCE S 02°42'15" W, 147.06 feet along the west line thereof to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 88°34'52" E, along the south line of said Bennett tract, passing at 317.47 feet a 3/8" iron rod found for the southeast corner thereof, being the southwest corner of a tract described in deed recorded in Document No. 20160209000150410 OPRCCT, and continuing along the south line thereof a total distance of 673.49 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 19°13'14" E, 988.05 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a non-tangent curve to the right having a central angle of 31°18'08", a radius of 1355.00 feet, a chord of S 38°55'42" W - 731.10 feet, an arc length of 740.27 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 54°34'46" W, 675.31 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a tangent curve to the left having a central angle of 8°25'51", a radius of 2545.00 feet, a chord of S 50°21'50" W - 374.15 feet, an arc length of 374.49 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a compound curve to the left having a central angle of 1°21'02", a radius of 1545.00 feet, a chord of S 45°28'23" W - 36.42 feet, an arc length of 36.42 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 47°52'56" W, 117.77 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 63°22'52" W, 674.62 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 26°37'08" W, 490.25 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 63°19'59" W, 296.01 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 26°37'08" W, 130.00 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 63°22'52" W, 268.53 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a tangent curve to the left having a central angle of 36°00'21", a radius of 95.00 feet, a chord of N 81°23'03" W - 58.72 feet, an arc length of 59.70 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 80°36'47" W, 80.83 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a tangent curve to the left having a central angle of 7°19'45", a radius of 345.00 feet, a chord of S 76°56'54" W - 44.10 feet, an arc length of 44.13 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 52°52'29" W, 50.00 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a non-tangent curve to the right having a central angle of 33°46'17", a radius of 850.00 feet, a chord of N 20°14'22" W - 493.79 feet, an arc length of 501.01 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 03°21'14" W, 51.20 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 87°03'38" W, 802.11 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a non-tangent curve to the right having a central angle of 09°05'47", a radius of 1,245 feet, a chord of N 63°23'05" E - 197.45 feet, an arc length of 197.66 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a reverse curve to the left having a central angle of 05°45'11", a radius of 1245.00 feet, a chord of N 65°03'23" E - 124.96 feet, an arc length of 125.01 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 62°10'47" E, 501.95 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a tangent curve to the left having a central angle of 24°42'42", a radius of 780.00 feet, a chord of N 49°49'26" E - 333.81 feet, an arc length of 336.41 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a compound curve to the left having a central angle of 43°38'06", a radius of 365.00 feet, a chord of N 15°33'38" E - 271.31 feet, an arc length of 277.98 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a non-tangent curve to the right having a central angle of 98°57'03", a radius of 71.50 feet, a chord of N 80°15'05" W - 108.70 feet, an arc length of 123.48 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 30°46'33" W, 84.43 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 25°05'59" W, 115.10 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a tangent curve to the right having a central angle of 62°31'41", a radius of 379.50 feet, a chord of N 06°09'52" E - 393.91 feet, an arc length of 414.16 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE around a reverse curve to the left having a central angle of 04°49'49", a radius of 220.50 feet, a chord of N 35°00'48" E - 18.58 feet, an arc length of 18.59 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 87°54'00" W, 104.75 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 02°06'00" E 150.02 feet to the POINT OF BEGINNING, with the subject tract containing 5,880,591 square feet or 135.00 acres of land.

APPENDIX A – ENGINEER'S REPORT

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ENGINEER'S ESTIMATE OF ANTICIPATED COST

January 16, 2026

Sherley Farms Phase 1
Anna, Texas
Collin County

418 Lots, 135.0 Acres

37 Lots @ 45' x 120' Typical
39 Lots @ 45' x 130' Typical
166 Lots @ 50' x 130' Typical
143 Lots @ 60' x 130' Typical
33 Lots @ 70' x 130' Typical



Prepared for
Tellus Group

Prepared by
SPIARS
ENGINEERING & SURVEYING
Job SEI # 24-276

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Sherley Farms Phase 1

Phase 1 Summary

of Lots: 418

	Total	Cost Per Lot	% of Cost	Allocation
PID HARD COST				
CONSTRUCTION COST - PHASE 1 PID				
SWPPP/Inspection	$ 15,000.00	$ 35.89	0.03%	Street
Construction Materials Testing	$ 229,900.00	$ 550.00	0.50%	Street
Turn Lanes (TXDOT)	$ 400,000.00	$ 956.94	0.87%	Street
Signage (Includes CBUs)	$ 233,490.00	$ 558.59	0.51%	Street
Erosion Control	$ 278,744.50	$ 666.85	0.61%	Street
Public Excavation	$ 292,884.50	$ 700.68	0.64%	Street
Paving	$ 5,414,872.63	$ 12,954.24	11.79%	Street
Water	$ 2,285,898.20	$ 5,468.66	4.98%	Water
Sanitary Sewer	$ 2,797,635.50	$ 6,692.91	6.09%	Sewer
Storm Drainage	$ 3,583,566.20	$ 8,573.12	7.80%	Storm Drainage
Final Stabilization	$ 2,762,590.99	$ 6,609.07	6.02%	Final Stabilization
CONSTRUCTION CONTINGENCY (15%)	$ 2,744,187.38	$ 6,565.04	5.98%	Soft Costs
TOTAL HARD COST - PHASE 1 PID	$ 21,038,769.90	$ 50,331.99	45.82%	
PID SOFT COST				
PID SOFT COSTS				
Construction Management (4% of Phase 1 PID Hard Costs)	$ 731,783.30	$ 1,750.68	1.59%	Soft Costs
Developer PID Cost	$ 75,000.00	$ 179.43	0.16%	Soft Costs
Utility Maintenance Bond	$ 132,900.00	$ 317.94	0.29%	Soft Costs
Preliminary Engineering	$ 64,650.00	$ 154.67	0.14%	Soft Costs
Public Engineering, Construction Staking, Administrative	$ 816,200.00	$ 1,952.63	1.78%	Soft Costs
Survey (topo, tree, boundary, easement, etc.)	$ 52,500.00	$ 125.60	0.11%	Soft Costs
Soil Testing - Final Geotech	$ 55,380.00	$ 132.49	0.12%	Soft Costs
Restaking	$ 20,900.00	$ 50.00	0.05%	Soft Costs
Preliminary Plat/Final Plat	$ 127,700.00	$ 305.50	0.28%	Soft Costs
Plat Filing Fees & Review Fees	$ 19,941.40	$ 47.71	0.04%	Soft Costs
Flood Study	$ 13,700.00	$ 32.78	0.03%	Soft Costs
Final Stabilization Design	$ 144,607.79	$ 345.95	0.31%	Soft Costs
Right of Way	$ 3,696,000.00	$ 8,842.11	8.05%	Soft Costs
Inspection Fees (4.0%)	$ 588,618.50	$ 1,408.18	1.28%	Soft Costs
TOTAL PID SOFT COST	$ 6,539,880.99	$ 15,645.65	14.24%	Soft Costs
PRIVATE COST				
PHASE 1 PRIVATE CIVIL ITEMS				
Construction Management (4% of Private Civil Items Hard Cost)	$ 101,798.70	$ 243.54	0.22%	Private Civil
Private Engineering, Construction Staking, Administrative	$ 209,000.00	$ 500.00	0.46%	Private Civil
Private Excavation	$ 643,950.50	$ 1,540.55	1.40%	Private Civil
Retaining Walls	$ 606,699.00	$ 1,451.43	1.32%	Private Civil
Street Lights	$ 326,886.00	$ 782.02	0.71%	Private Civil
Electric Service	$ 418,000.00	$ 1,000.00	0.91%	Private Civil
Gas Service	$ -	$ -	0.00%	Private Civil
Duct Bank	$ 129,150.00	$ 308.97	0.28%	Private Civil
Telephone / Fiber Optics	$ -	$ -	0.00%	Private Civil
Irrigation Crossings	$ 70,047.00	$ 167.58	0.15%	Private Civil
Franchise Crossings	$ 350,235.00	$ 837.88	0.76%	Private Civil
HARD COST CONSTRUCTION CONTINGENCY (15%)	$ 381,745.13	$ 913.27	0.83%	Private Civil
TOTAL PHASE 1 PRIVATE CIVIL ITEMS COST	$ 3,237,511.33	$ 7,745.24	7.05%	Private Civil
PHASE 1 PRIVATE HARDSCAPE ITEMS				
Construction Management (4% of Private Hard Cost)	$ 85,009.06	$ 203.37	0.19%	Private HS
Hardscape Design	$ 177,142.21	$ 423.79	0.39%	Private HS
Hardscape Trails	$ 570,128.00	$ 1,363.94	1.24%	Private HS
Central Green - Hardscape	$ 1,032,900.00	$ 2,471.05	2.25%	Private HS
Pocket Park - Hardscape	$ 942,336.50	$ 2,254.39	2.05%	Private HS
Attached Green 1 - Hardscape	$ 67,127.50	$ 160.59	0.15%	Private HS
Attached Green 2 - Hardscape	$ 82,862.50	$ 198.24	0.18%	Private HS
GENERAL CONDITIONS (10%)	$ 295,750.58	$ 707.54	0.64%	Private HS
HARD COST CONSTRUCTION CONTINGENCY (15%)	$ 448,665.76	$ 1,073.36	0.98%	Private HS
TOTAL PHASE 1 PRIVATE HARDSCAPE ITEMS COST	$ 3,701,922.11	$ 8,856.27	8.06%	Private HS
380 AGREEMENT COST				
PHASE 1 380 AGREEMENT ITEMS				
Construction Management (4% of 380 Agreement Hard Cost)	$ 332,758.20	$ 796.07	0.72%	380
Engineering, Construction Staking, Administrative	$ 998,274.60	$ 500.00	2.17%	380
Water	$ 2,218,535.00	$ 5,307.50	4.83%	380
Sanitary Sewer	$ 6,100,420.00	$ 14,594.31	13.29%	380
Maintenance Bond	$ 166,379.10	$ 398.04	0.36%	380
Inspection Fees (4.0%)	$ 332,758.20	$ 796.07	0.72%	380
HARD COST CONSTRUCTION CONTINGENCY (15%)	$ 1,247,843.25	$ 2,985.27	2.72%	380
TOTAL PHASE 1 380 AGREEMENT COST	$ 11,396,968.35	$ 27,265.47	24.82%	380
TOTAL DIRECT PID COST	**$ 27,578,650.89**	**$ 65,977.63**	**60.06%**	
TOTAL PROJECT COST	**$ 45,915,052.67**	**$ 109,844.62**	**100.00%**	

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Sherley Farms Phase 1

Phase 1 PID Hard Cost Detail

	Description	Unit	Quantity	Unit Price	Total Cost
Erosion Control					
	Wire-reinforced Silt Fence Metal Posts	LF	16670	$ 2.05	$ 34,173.50
	8' Curlex Behind BOC	LF	43500	$ 1.50	$ 65,250.00
	8' Curlex (Slope Protection)	SF	526400	$ 0.19	$ 100,016.00
	Seed and Harrow	AC	124	$ 350.00	$ 43,400.00
	Z-panel Inlet Protection	EA	102	$ 165.00	$ 16,830.00
	Stone Overflow	EA	11	$ 375.00	$ 4,125.00
	Rock Check Dam - 30" max length	EA	13	$ 1,150.00	$ 14,950.00
	Total Erosion Control Cost				**$ 278,744.50**
Final Stabilization					
	Fine Grading	LS	1	$ 125,000.00	$ 125,000.00
	Bioswale	LS	1	$ 50,000.00	$ 50,000.00
	Ornamental Trees	EA	188	$ 600.00	$ 112,800.00
	Canopy Trees	EA	4	$ 1,200.00	$ 4,800.00
	Canopy Trees	EA	408	$ 800.00	$ 326,400.00
	Specimen Trees	EA	2	$ 2,500.00	$ 5,000.00
	Reforested Trees	EA	70	$ 350.00	$ 24,500.00
	Planting Beds	SF	124,178	$ 7.00	$ 869,246.00
	Planting Bed Irrigation	SF	124,178	$ 1.50	$ 186,267.00
	Lawn	SF	168,731	$ 1.00	$ 168,731.00
	Lawn Irrigation	SF	562,059	$ 0.65	$ 365,338.35
	Hydroseed	SF	544,328	$ 0.50	$ 272,164.00
	Irrigation Sleeves	LF	200	$ 6.00	$ 1,200.00
	General Conditions	LS	1	$ 251,144.64	$ 251,144.64
	Total Final Stabilization Cost				**$ 2,762,590.99**
Public Excavation					
	Clearing & Grubbing	AC	144	$ 650.00	$ 93,600.00
	Unclassified Excavation - ROW	CY	55958	$ 2.75	$ 153,884.50
	Rock Surcharge - ROW	CY	3280	$ 2.50	$ 8,200.00
	Over-Exc & Process Rock Roads (8")	CY	1480	$ 2.50	$ 3,700.00
	Strip, Stockpile & Spread Topsoil	LS	1	$ 30,000.00	$ 30,000.00
	Fine Grade Open Spaces	LS	1	$ 3,500.00	$ 3,500.00
	Total Excavation Cost				**$ 292,884.50**
Paving					
	Asphalt Transition Pavement, 2" Type C or D HMAC With PG 76-22 Binder, 8" Type A or B HMAC	SY	598	$ 106.55	$ 63,716.90
	6" Reinforced Concrete Pavement, Curb & Gutter (4000 psi, #4 Bars @ 18" OCEW) 31' B-B Residential Section	SY	76,885	$ 46.85	$ 3,602,070.99
	6" Reinforced Concrete Pavement, (4000 psi, #4 Bars @ 24" OCEW) 24' E-E Alley Section(s)	SY	2,642	$ 54.49	$ 143,971.56
	6" Reinforced Concrete Pavement, (4000 psi, #4 Bars @ 18" OCEW) 12' E-E Alley Section	SY	426	$ 54.43	$ 23,187.58
	8" Reinforced Concrete Pavement, (4000 psi, #4 Bars @ 18" OCEW) Roundabout Paving including Mountable Curb	SY	1,516	$ 66.19	$ 100,346.33
	Roundabout Truck Apron Including Concrete, Vehicular Pavers, and 6" Curb	SY	227	$ 165.20	$ 37,500.40
	8" Reinforced Concrete Pavement, Curb & Gutter (4000 psi, #4 Bars @ 18" OCEW), Residential Entrance Section(s) 18' B-B	SY	2,459	$ 64.85	$ 159,471.44
	Roundabout Median Median Pavers With Mountable Curb	SY	81	$ 179.71	$ 14,556.18
	6" Lime Stabilized Subgrade (1' outside BOC)	SY	86,613	$ 2.80	$ 242,515.01
	8" Lime Stabilized Subgrade (1' outside BOC)	SY	4,268	$ 3.00	$ 12,803.21
	6% Hydrated Lime (27#/SY)	TONS	1,170	$ 319.80	$ 374,166.02
	6% Hydrated Lime (36#/SY)	TONS	77	$ 319.25	$ 24,582.17
	Directional Barrier Free Ramps	EA	19	$ 2,850.00	$ 54,150.00
	Bi-Directional Barrier Free Ramps	EA	48	$ 2,954.58	$ 141,820.00
	Mid Block Barrier Free Ramp	EA	20	$ 1,950.00	$ 39,000.00

	Description	Unit	Quantity	Unit Price	Total Cost
	Construct Street Header	LF	483	$ 15.00	$ 7,245.00
	Furnish and Install Type III Barricade	LF	291	$ 65.21	$ 18,975.00
	5' Sidewalk (4" thick)	SY	3,070	$ 64.95	$ 199,402.27
	6-12" Dry Rock Rip Rap	SY	190	$ 100.00	$ 19,000.00
	Traffic Control	EA	1	$ 25,000.00	$ 25,000.00
	Maintenance Bond 2 Year 100%	LS	3	$ 21,500.00	$ 64,500.00
	5" Reinforced Concrete Pavement, (4000 psi, #4 Bars @ 18" OCEW), Parallel Parking Stalls	SY	677	$ 61.52	$ 41,646.57
	Connect to Street Header	LF	116	$ 15.00	$ 1,740.00
	Remove and Dispose of Type III Barricade	LF	117	$ 29.97	$ 3,506.00
	Total Paving Cost				**$ 5,414,872.63**
Water					
	8" DR-18	LF	21748	$ 52.56	$ 1,143,120.90
	6" Gate Valve	EA	49	$ 1,570.00	$ 76,930.00
	8" Gate Valve	EA	87	$ 2,160.00	$ 187,920.00
	1" Single Water Service	EA	422	$ 945.00	$ 398,790.00
	2" Air Release Valve	EA	2	$ 6,700.00	$ 13,400.00
	2" Irrigation Service	EA	1	$ 3,000.00	$ 3,000.00
	2" Auto Flush Device	EA	11	$ 8,905.45	$ 97,960.00
	Fire Hydrant Assembly W/ 6" Lead	EA	47	$ 5,041.06	$ 236,930.00
	Cast Iron Fittings	TONS	7.7	$ 8,397.73	$ 64,662.50
	Trench Safety	LF	21748	$ 0.10	$ 2,174.80
	Chlorination & Testing	LF	21748	$ 2.50	$ 54,370.00
	8" Plug	EA	12	$ 291.67	$ 3,500.00
	Remove Ex. 8" Plug & Connect 8"	EA	3	$ 1,046.67	$ 3,140.00
	Total Water Cost				**$ 2,285,898.20**
Sanitary Sewer					
	8" SDR-35	LF	12,031	$ 78.61	$ 945,732.20
	8" SDR-26	LF	6,956	$ 89.70	$ 623,976.80
	4' Dia. Manhole	EA	61	$ 7,307.54	$ 445,760.00
	4' Dia. Drop Manhole	EA	1	$ 11,410.00	$ 11,410.00
	5' Dia. Drop Manhole	EA	1	$ 13,975.00	$ 13,975.00
	Remove Ex. 8" Plug & Connect 8"	EA	4	$ 638.75	$ 2,555.00
	8" Plug	EA	6	$ 276.67	$ 1,660.00
	4" Sewer Service	EA	422	$ 1,400.13	$ 590,855.00
	16" SDR-35 Encasement Pipe	LF	580	$ 110.86	$ 64,300.00
	Trench Safety	LF	18,987	$ 0.10	$ 1,898.70
	T.V. & Testing	LF	18,987	$ 4.86	$ 92,332.80
	Concrete Encasement	LF	30	$ 60.00	$ 1,800.00
	Connect To Ex. Manhole	EA	1	$ 1,380.00	$ 1,380.00
	Total Sanitary Sewer Cost				**$ 2,797,635.50**
Storm Drainage					
	18" RCP	LF	3,675	$ 80.00	$ 294,000.00
	21" RCP	LF	1,901	$ 89.00	$ 169,189.00
	24" RCP	LF	1,789	$ 97.00	$ 173,533.00
	27" RCP	LF	1,003	$ 120.00	$ 120,360.00
	30" RCP	LF	1,062	$ 127.00	$ 134,874.00
	33" RCP	LF	934	$ 138.00	$ 128,892.00
	36" RCP	LF	1,138	$ 149.00	$ 169,562.00
	42" RCP	LF	1,374	$ 181.00	$ 248,694.00
	48" RCP	LF	897	$ 207.00	$ 185,679.00
	54" RCP	LF	811	$ 243.00	$ 197,073.00
	60" RCP	LF	673	$ 273.00	$ 183,729.00
	4' Junction Box	EA	12	$ 7,360.00	$ 88,320.00
	5' Junction Box	EA	9	$ 8,165.00	$ 73,485.00
	6' Junction Box	EA	1	$ 9,085.00	$ 9,085.00
	21" Type "C" Headwall	EA	1	$ 4,900.00	$ 4,900.00
	27" Type "B" Headwall	EA	1	$ 4,830.00	$ 4,830.00
	30" Type "B" Headwall	EA	1	$ 5,060.00	$ 5,060.00

	Description	Unit	Quantity	Unit Price	Total Cost
	36" Type "C" Headwall	EA	1	$ 5,865.00	$ 5,865.00
	42" Type "B" Headwall	EA	2	$ 5,980.00	$ 11,960.00
	42" Type "C" Headwall	EA	1	$ 6,615.00	$ 6,615.00
	54" Type "C" Headwall	EA	2	$ 7,935.00	$ 15,870.00
	60" Type "C" Headwall	EA	1	$ 8,740.00	$ 8,740.00
	2' X 2' Wye Inlet W/ 4' Concrete Apron	EA	1	$ 5,520.00	$ 5,520.00
	5' Curb Inlet	EA	1	$ 7,420.00	$ 7,420.00
	10' Curb Inlet	EA	92	$ 8,165.00	$ 751,180.00
	Non Standard Curb Inlet (2-5',2-8'&1-12')	EA	5	$ 8,050.00	$ 40,250.00
	Grate Combo Inlet	EA	3	$ 9,430.00	$ 28,290.00
	Remove Ex. 42" Headwall & Connect	EA	2	$ 1,785.00	$ 3,570.00
	6"-12" Dry Rock Rip Rap	SY	412	$ 104.00	$ 42,848.00
	Trench Safety	LF	15,257	$ 0.10	$ 1,525.70
	T.V. Inspection	LF	15,257	$ 5.00	$ 76,285.00
	18" Type II Precast Safety End Treatment	EA	4	$ 1,430.00	$ 5,720.00
	Unclassified Excavation - Ponds & Drainage	CY	58470	$ 2.75	$ 160,792.50
	Rock Surcharge - Ponds & Drainage	CY	39260	$ 2.50	$ 98,150.00
	Aeration	EA	4	$ 25,000.00	$ 100,000.00
	18" Pond Clay Liner	CY	8680	$ 2.50	$ 21,700.00
	Total Storm Drainage Cost				**$ 3,583,566.20**
Total Phase 1 PID Hard Cost Detail Cost					**$ 17,416,192.52**

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Sherley Farms Phase 1

Phase 1 Private Civil Detail

Private Excavation					
	Unclassified Excavation - Private	CY	134282	$ 2.75	$ 369,275.50
	Rock Surcharge - Private	CY	7160	$ 2.50	$ 17,900.00
	Over-Exc & Process Rock Pads (6")	CY	2390	$ 2.50	$ 5,975.00
	Rough Lot Benching	EA	418	$ 400.00	$ 167,200.00
	Final Lot Benching	EA	418	$ 200.00	$ 83,600.00
	Total Private Excavation Cost				**$ 643,950.50**
Retaining Walls					
	Retaining Walls	LS	1	$ 606,699.00	$ 606,699.00
	Total Retaining Walls Cost				**$ 606,699.00**
Total Phase 1 Private Civil Detail Costs					**$ 1,250,649.50**

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Sherley Farms Phase 1

Phase 1 Private Landscape/Hardscape Detail

	Description	Unit	Quantity	Unit Price	Total Cost
Hardscape Trails					
	6' Wide Trail	SF	17,688	$ 8.00	$ 141,504.00
	10' Wide Trail	SF	26,230	$ 8.00	$ 209,840.00
	12' Wide Trail	SF	27,348	$ 8.00	$ 218,784.00
	Total Hardscape Trails Cost				**$ 570,128.00**
Central Green - Hardscape					
	Metal Grate at Bioswale	EA	1	$ 10,000.00	$ 10,000.00
	Pond Terrace Steps	LS	1	$ 150,000.00	$ 150,000.00
	Misc. Site Walls / Steps / Rails / Handrails	LS	1	$ 650,000.00	$ 650,000.00
	SF Entry Signage	LS	1	$ 100,000.00	$ 100,000.00
	Lighting / Electrical	LS	1	$ 50,000.00	$ 50,000.00
	Split Rail Fence	LF	1,620	$ 45.00	$ 72,900.00
	Central Green - Hardscape Cost				**$ 1,032,900.00**
Pocket Park - Hardscape					
	Decomposed Granite or Aggregate	SF	8,743	$ 5.50	$ 48,086.50
	Stone Slabs	EA	11	$ 1,000.00	$ 11,000.00
	Play Fall Surfacing	SF	13,875	$ 5.00	$ 69,375.00
	Play Equipment	LS	1	$ 500,000.00	$ 500,000.00
	Barrier Free Ramps	EA	6	$ 1,500.00	$ 9,000.00
	Site Furnishings	EA	34	$ 2,000.00	$ 68,000.00
	Lighting & Electrical	LS	1	$ 75,000.00	$ 75,000.00
	Fence	LF	475	$ 25.00	$ 11,875.00
	Trellis	EA	2	$ 75,000.00	$ 150,000.00
	Pocket Park - Hardscape Cost				$ 942,336.50
Attached Green 1 - Hardscape					
	Decomposed Granite or Aggregate	SF	2,205	$ 5.50	$ 12,127.50
	Stone Slabs	EA	42	$ 1,000.00	$ 42,000.00
	Barrier Free Ramps	EA	2	$ 1,500.00	$ 3,000.00
	Lighting and Electrical	LS	1	$ 10,000.00	$ 10,000.00
	Attached Green 1 - Hardscape Cost				**$ 67,127.50**
Attached Green 2 - Hardscape					
	Decomposed Granite or Aggregate	SF	3,975	$ 5.50	$ 21,862.50
	Stone Slabs	EA	51	$ 1,000.00	$ 51,000.00
	Lighting and Electrical	LS	1	$ 10,000.00	$ 10,000.00
	Attached Green 2 - Hardscape Cost				**$ 82,862.50**
Total Phase 1 Private Landscape/Hardscape Detail Cost					**$ 2,695,354.50**
General Conditions (10%)					**$ 269,535.45**
Total Phase 1 Private Landscape/Hardscape Detail Cost with General Conditions					**$ 2,964,889.95**

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Sherley Farms Phase 1

Phase 1 380 Agreement Improvements Detail

Water					
	12" DR-18	LF	13410	$ 95.00	$ 1,273,950.00
	16" DR-18	LF	1775	$ 125.00	$ 221,875.00
	24" Steel Casing Pipe	LF	40	$ 1,000.00	$ 40,000.00
	6" Gate Valve	EA	30	$ 2,000.00	$ 60,000.00
	12" Gate Valve	EA	31	$ 4,400.00	$ 136,400.00
	16" Butterfly Valve	EA	3	$ 10,000.00	$ 30,000.00
	Fire Hydrant & Assembly	EA	30	$ 7,400.00	$ 222,000.00
	Air Release Valve	EA	3	$ 20,000.00	$ 60,000.00
	Connect To Existing	EA	2	$ 5,000.00	$ 10,000.00
	Trench Safety	LF	15185	$ 1.00	$ 15,185.00
	Concrete Blocking	LS	1	$ 20,000.00	$ 20,000.00
	Ductile Iron Fittings	TON	15.2	$ 3,500.00	$ 53,200.00
	Water Line Testing	LF	15185	$ 5.00	$ 75,925.00
	Total Water Cost				**$ 2,218,535.00**
Sanitary Sewer					
	10" PVC	LF	1485	$ 102.00	$ 151,470.00
	12" PVC	LF	750	$ 110.00	$ 82,500.00
	21" PVC	LF	2130	$ 162.00	$ 345,060.00
	24" PVC	LF	2500	$ 180.00	$ 450,000.00
	20" Fused HDPE	LF	8000	$ 175.00	$ 1,400,000.00
	4' Manhole	EA	4	$ 8,000.00	$ 32,000.00
	5' Manhole	EA	28	$ 10,000.00	$ 280,000.00
	Air Release Valve	EA	1	$ 20,000.00	$ 20,000.00
	Remove & Replace Driveway	EA	11	$ 3,000.00	$ 33,000.00
	24" Steel Encasement By Bore	LF	280	$ 1,060.00	$ 296,800.00
	24" Steel Encasement By Open Cut	LF	40	$ 260.00	$ 10,400.00
	Lift Station	LS	1	$ 2,700,000.00	$ 2,700,000.00
	Trench Safety	LF	14865	$ 1.00	$ 14,865.00
	Sewer Line Testing	LF	14865	$ 5.00	$ 74,325.00
	Traffic Control	LS	1	$ 50,000.00	$ 50,000.00
	Easement Acquisition	SF	160000	$ 1.00	$ 160,000.00
	Total Sanitary Sewer Cost				**$ 6,100,420.00**
Total Phase 1 380 Agreement Improvement Detail Cost					**$ 8,318,955.00**

SPIARS
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Sherley Farms Phase 1

Assumptions

1. Phase 1 erosion control costs are based on a bid received by Southwest Erosion Control, prepared on 10/28/2025.

2. Phase 1 excavation costs are based on a bid received by Sinacola on 10/24/2025.

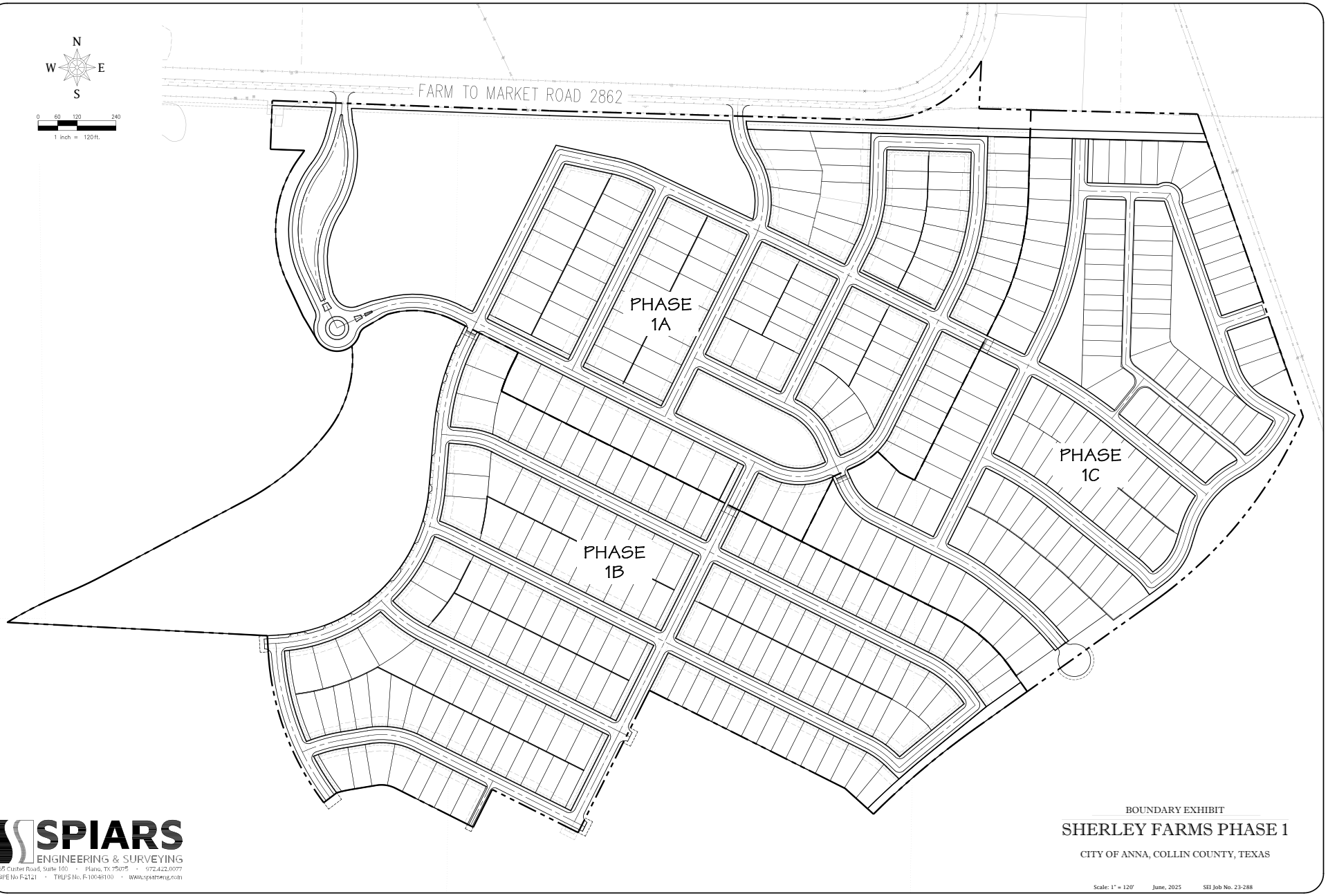
3. Phase 1 residential paving costs are based on a bid received by Chris Harp Construction on 10/14/2025.

4. Phase 1 residential water, sanitary sewer, storm, and utility maintenance bond costs are based on a bid received by KCK Utility Construction on 10/21/2025.

5. Phase 1 retaining wall costs are based on a bid received by Wallco Retaining Walls, Inc. on 09/09/2025.

6. Phase 1 landscape, hardscape, and amenity costs are based on an estimate received by Garrison/Jones Landscape Architects received on 1/9/2025.

7. ROW Value is based on appraisal report File No. A25-1217-06 by Peyo Southwest Realty, Inc.



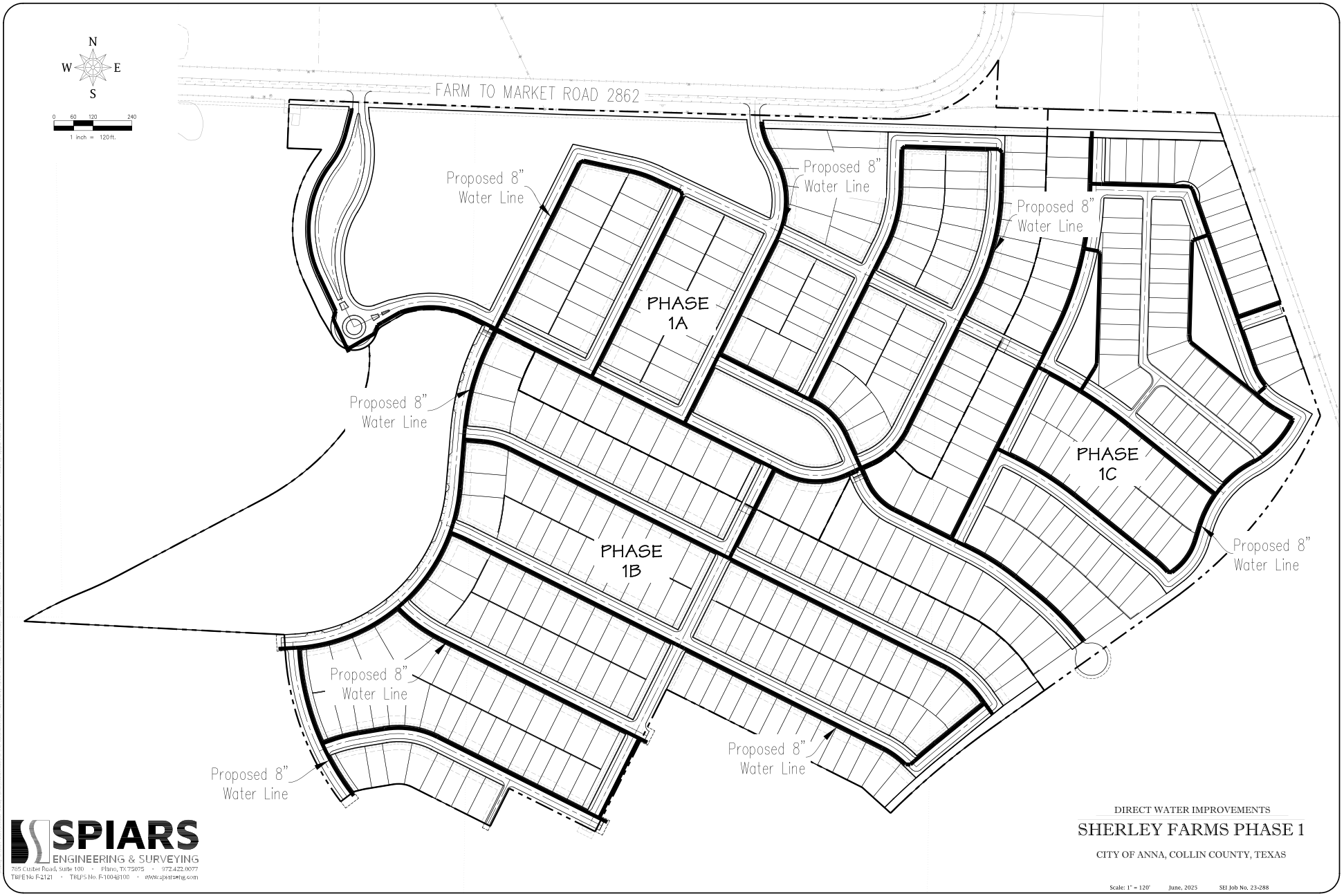
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BOUNDARY EXHIBIT

SHERLEY FARMS PHASE 1

CITY OF ANNA, COLLIN COUNTY, TEXAS

Scale: 1" = 120' June, 2025 SEI Job No. 23-288



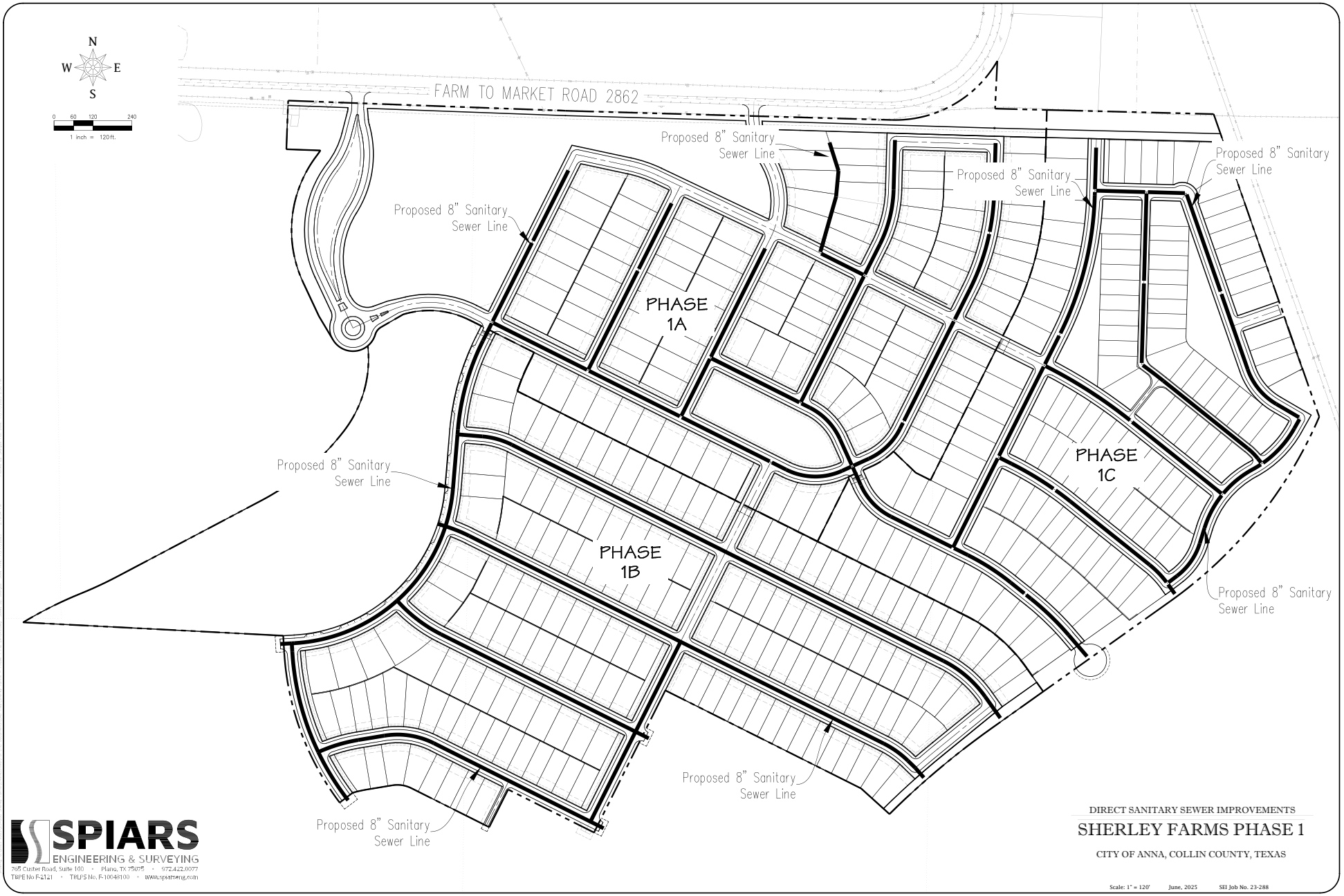
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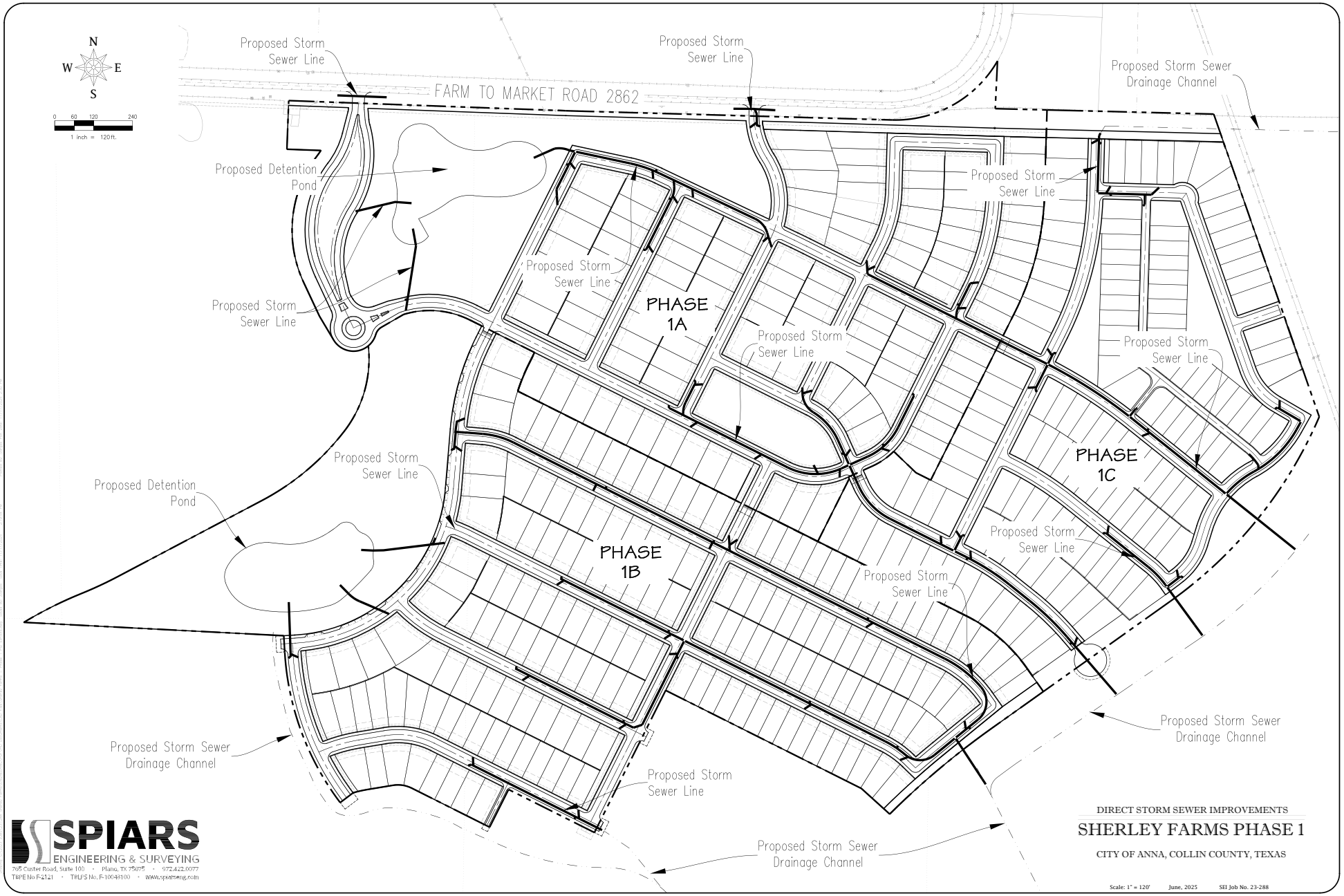
DIRECT WATER IMPROVEMENTS

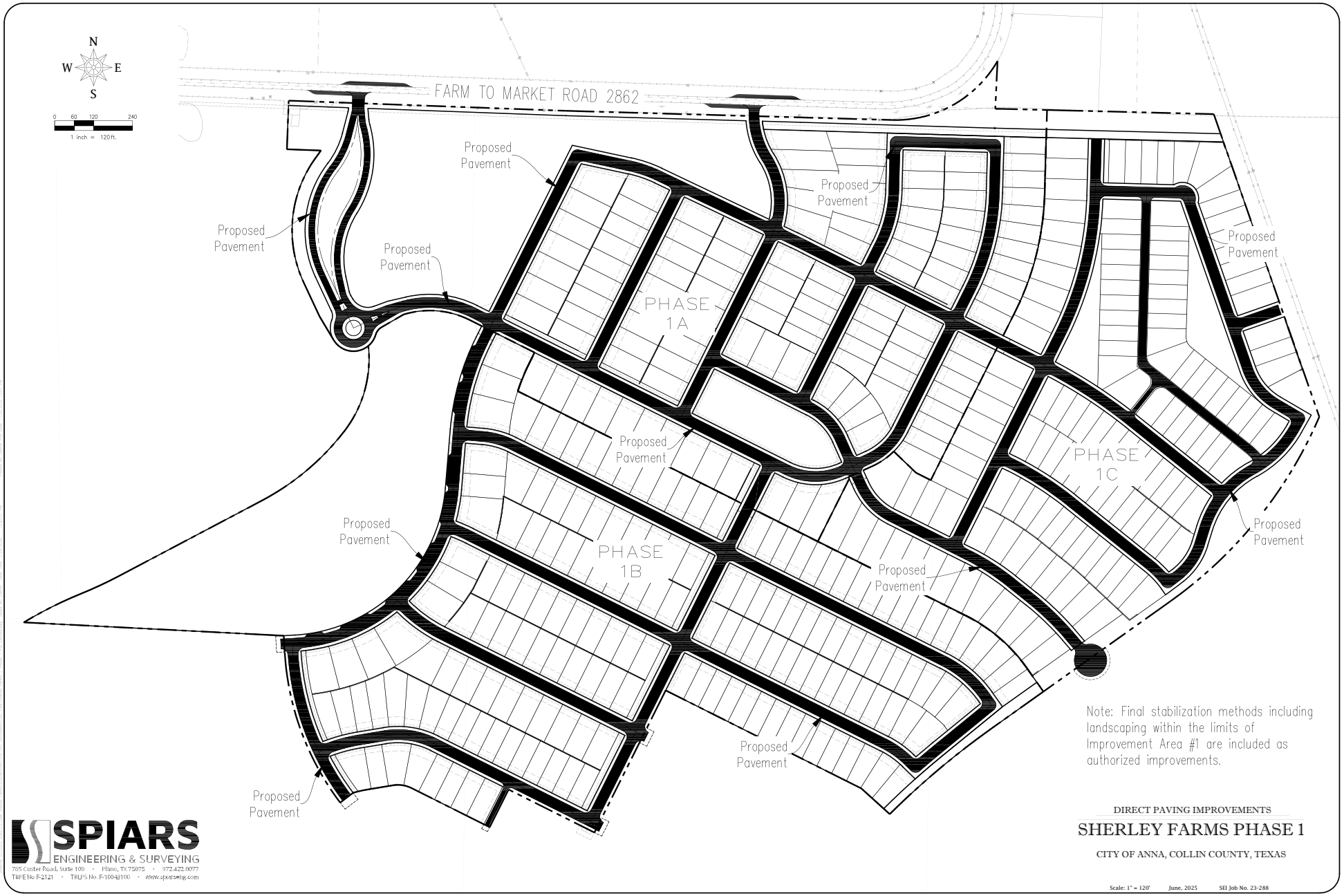
SHERLEY FARMS PHASE 1

CITY OF ANNA, COLLIN COUNTY, TEXAS

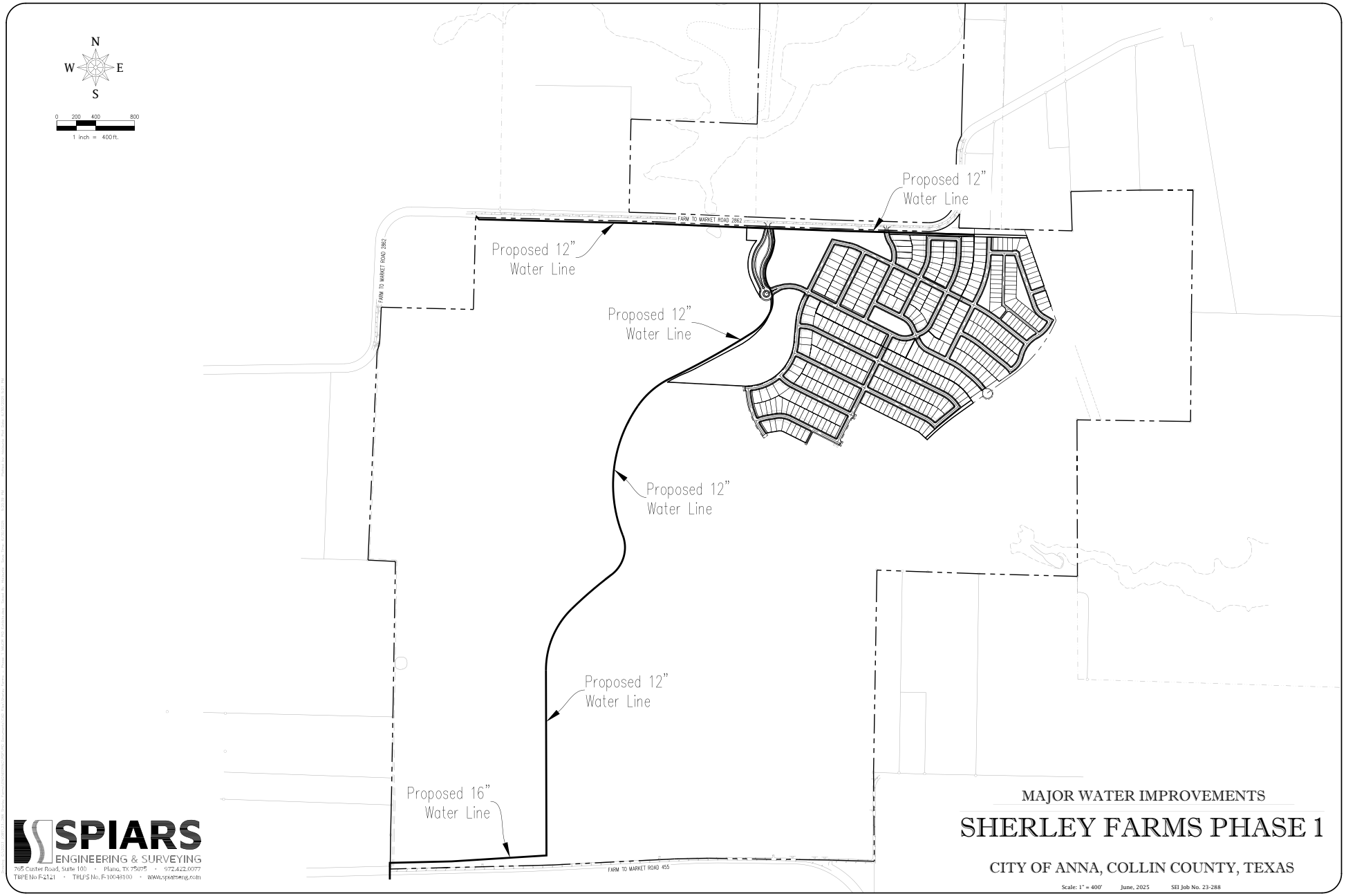
Scale: 1" = 120' June, 2025 SEI Job No. 23-288


N
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0 60 120 240
1 inch = 120ft.
FARM TO MARKET ROAD 2862
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
Proposed 8" Sanitary Sewer Line
PHASE 1A
PHASE 1B
PHASE 1C
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TBPE No F-2121 • TBPLS No. F-10048100 • www.spiarseng.com
DIRECT SANITARY SEWER IMPROVEMENTS
SHERLEY FARMS PHASE 1
CITY OF ANNA, COLLIN COUNTY, TEXAS
Scale: 1" = 120' June, 2025 SEI Job No. 23-288


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1 inch = 120ft.
FARM TO MARKET ROAD 2862
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Storm Sewer Drainage Channel
Proposed Detention Pond
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Storm Sewer Line
PHASE 1A
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Detention Pond
PHASE 1C
PHASE 1B
Proposed Storm Sewer Line
Proposed Storm Sewer Line
Proposed Storm Sewer Drainage Channel
Proposed Storm Sewer Drainage Channel
Proposed Storm Sewer Line
Proposed Storm Sewer Drainage Channel
SPIARS
ENGINEERING & SURVEYING
765 Custer Road, Suite 100 • Plano, TX 75075 • 972.422.0077
TBPE No F-2121 • TBPLS No. F-10048100 • www.spiarseng.com
DIRECT STORM SEWER IMPROVEMENTS
SHERLEY FARMS PHASE 1
CITY OF ANNA, COLLIN COUNTY, TEXAS
Scale: 1" = 120' June, 2025 SEI Job No. 23-288



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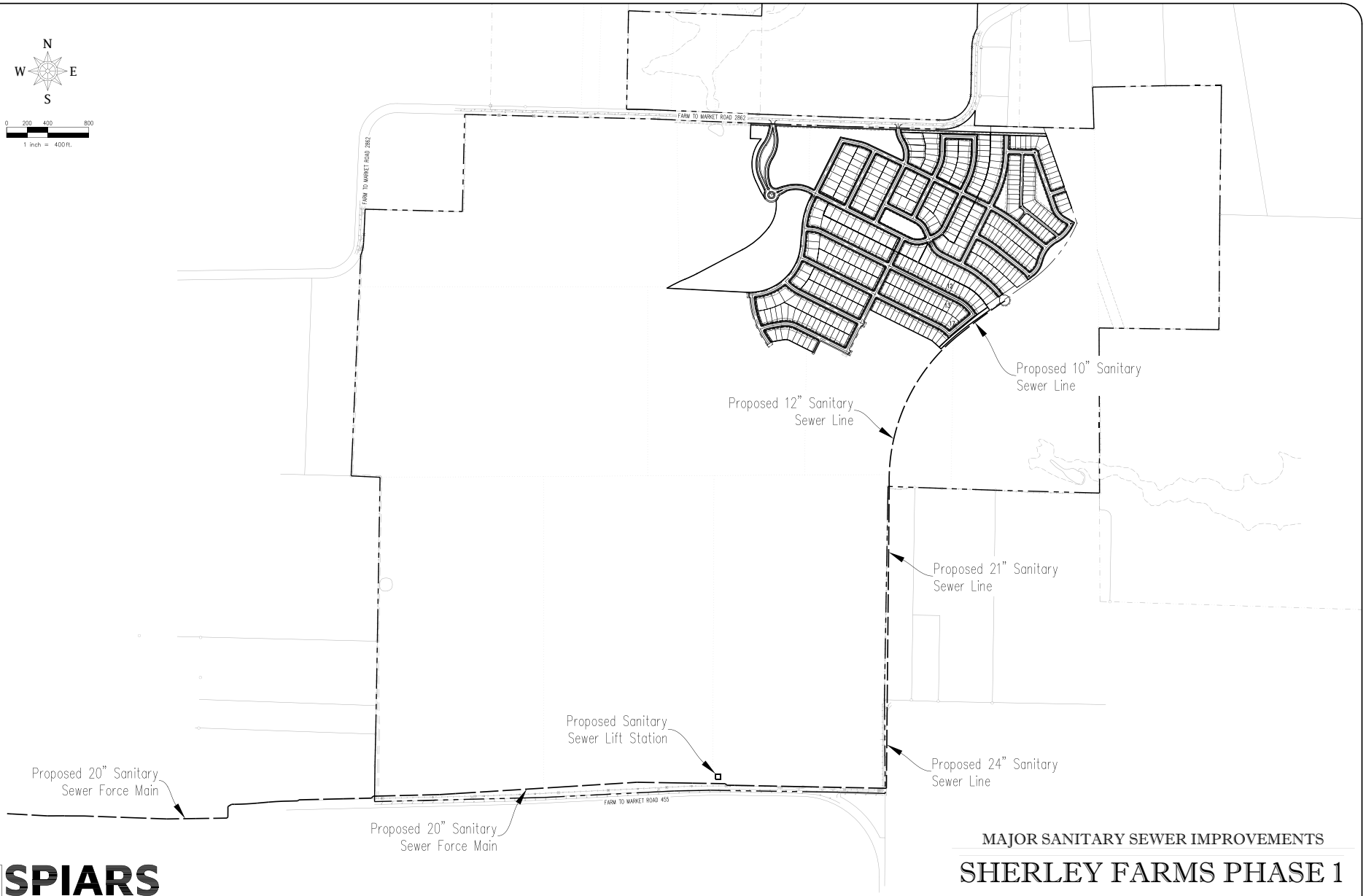
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MAJOR WATER IMPROVEMENTS

SHERLEY FARMS PHASE 1

CITY OF ANNA, COLLIN COUNTY, TEXAS

Scale: 1" = 400' June, 2025 SEI Job No. 23-288



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765 Custer Road, Suite 100 • Plano, TX 75075 • 972.422.0077
TBPE No F-2121 • TBPLS No. F-10048100 • www.spiarseng.com

MAJOR SANITARY SEWER IMPROVEMENTS

SHERLEY FARMS PHASE 1

CITY OF ANNA, COLLIN COUNTY, TEXAS

Scale: 1" = 400' June, 2025 SEI Job No. 23-288

APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

Improvement Area #1

- Initial Parcel
- Lot Type 1
- Lot Type 2
- Lot Type 3
- Lot Type 4

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SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT - IMPROVEMENT AREA #1
INITIAL PARCEL BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF ANNA, TEXAS
CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT: $33,950,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to City of Anna, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sherley Farms Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Anna. The exact amount of each annual installment will be approved each year by the Anna City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Anna.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER][2]

[2] To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE: DATE:

_____ _____
SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][3]

[3] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by_____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas][4]

[4] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 INITIAL PARCEL

Installment Due 1/31	Principal	Interest[a]	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ 403,000	$ 2,037,000	$ 169,750	$ 40,800	$ 2,650,550
2028	$ 428,000	$ 2,012,820	$ 167,735	$ 41,616	$ 2,650,171
2029	$ 455,000	$ 1,987,140	$ 165,595	$ 42,448	$ 2,650,183
2030	$ 484,000	$ 1,959,840	$ 163,320	$ 43,297	$ 2,650,457
2031	$ 514,000	$ 1,930,800	$ 160,900	$ 44,163	$ 2,649,863
2032	$ 547,000	$ 1,899,960	$ 158,330	$ 45,046	$ 2,650,336
2033	$ 582,000	$ 1,867,140	$ 155,595	$ 45,947	$ 2,650,682
2034	$ 618,000	$ 1,832,220	$ 152,685	$ 46,866	$ 2,649,771
2035	$ 658,000	$ 1,795,140	$ 149,595	$ 47,804	$ 2,650,539
2036	$ 699,000	$ 1,755,660	$ 146,305	$ 48,760	$ 2,649,725
2037	$ 744,000	$ 1,713,720	$ 142,810	$ 49,735	$ 2,650,265
2038	$ 791,000	$ 1,669,080	$ 139,090	$ 50,730	$ 2,649,900
2039	$ 842,000	$ 1,621,620	$ 135,135	$ 51,744	$ 2,650,499
2040	$ 895,000	$ 1,571,100	$ 130,925	$ 52,779	$ 2,649,804
2041	$ 953,000	$ 1,517,400	$ 126,450	$ 53,835	$ 2,650,685
2042	$ 1,013,000	$ 1,460,220	$ 121,685	$ 54,911	$ 2,649,816
2043	$ 1,078,000	$ 1,399,440	$ 116,620	$ 56,010	$ 2,650,070
2044	$ 1,147,000	$ 1,334,760	$ 111,230	$ 57,130	$ 2,650,120
2045	$ 1,221,000	$ 1,265,940	$ 105,495	$ 58,272	$ 2,650,707
2046	$ 1,299,000	$ 1,192,680	$ 99,390	$ 59,438	$ 2,650,508
2047	$ 1,382,000	$ 1,114,740	$ 92,895	$ 60,627	$ 2,650,262
2048	$ 1,471,000	$ 1,031,820	$ 85,985	$ 61,839	$ 2,650,644
2049	$ 1,565,000	$ 943,560	$ 78,630	$ 63,076	$ 2,650,266
2050	$ 1,665,000	$ 849,660	$ 70,805	$ 64,337	$ 2,649,802
2051	$ 1,772,000	$ 749,760	$ 62,480	$ 65,624	$ 2,649,864
2052	$ 1,886,000	$ 643,440	$ 53,620	$ 66,937	$ 2,649,997
2053	$ 2,007,000	$ 530,280	$ 44,190	$ 68,275	$ 2,649,745
2054	$ 2,137,000	$ 409,860	$ 34,155	$ 69,641	$ 2,650,656
2055	$ 2,274,000	$ 281,640	$ 23,470	$ 71,034	$ 2,650,144
2056	$ 2,420,000	$ 145,200	$ 12,100	$ 72,454	$ 2,649,754
Total	**$ 33,950,000**	**$ 40,523,640**	**$ 3,376,970**	**$ 1,655,175**	**$ 79,505,785**

Footnotes:

[a] Interest is calculated at a 6.00% rate for illustrative purposes and is subject to change upon

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT - IMPROVEMENT AREA #1
LOT TYPE 1 BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF ANNA, TEXAS
CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 1 PRINCIPAL ASSESSMENT: $67,569.66

As the purchaser of the real property described above, you are obligated to pay assessments to City of Anna, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sherley Farms Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Anna. The exact amount of each annual installment will be approved each year by the Anna City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Anna.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER][2]

[2] To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE: DATE:

_____ _____
SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][3]

[3] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][4]

[4] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 1

Annual Installment Due 1/31	Principal	Interest[a]	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ 802.08	$ 4,054.18	$ 337.85	$ 81.20	$ 5,275.31
2028	$ 851.84	$ 4,006.05	$ 333.84	$ 82.83	$ 5,274.56
2029	$ 905.57	$ 3,954.94	$ 329.58	$ 84.48	$ 5,274.58
2030	$ 963.29	$ 3,900.61	$ 325.05	$ 86.17	$ 5,275.12
2031	$ 1,023.00	$ 3,842.81	$ 320.23	$ 87.90	$ 5,273.94
2032	$ 1,088.68	$ 3,781.43	$ 315.12	$ 89.65	$ 5,274.88
2033	$ 1,158.34	$ 3,716.11	$ 309.68	$ 91.45	$ 5,275.57
2034	$ 1,229.99	$ 3,646.61	$ 303.88	$ 93.28	$ 5,273.76
2035	$ 1,309.60	$ 3,572.81	$ 297.73	$ 95.14	$ 5,275.29
2036	$ 1,391.20	$ 3,494.24	$ 291.19	$ 97.05	$ 5,273.67
2037	$ 1,480.76	$ 3,410.77	$ 284.23	$ 98.99	$ 5,274.74
2038	$ 1,574.30	$ 3,321.92	$ 276.83	$ 100.97	$ 5,274.02
2039	$ 1,675.81	$ 3,227.46	$ 268.96	$ 102.98	$ 5,275.21
2040	$ 1,781.29	$ 3,126.91	$ 260.58	$ 105.04	$ 5,273.82
2041	$ 1,896.73	$ 3,020.04	$ 251.67	$ 107.15	$ 5,275.58
2042	$ 2,016.14	$ 2,906.23	$ 242.19	$ 109.29	$ 5,273.85
2043	$ 2,145.51	$ 2,785.26	$ 232.11	$ 111.48	$ 5,274.35
2044	$ 2,282.84	$ 2,656.53	$ 221.38	$ 113.70	$ 5,274.45
2045	$ 2,430.12	$ 2,519.56	$ 209.96	$ 115.98	$ 5,275.62
2046	$ 2,585.36	$ 2,373.75	$ 197.81	$ 118.30	$ 5,275.23
2047	$ 2,750.55	$ 2,218.63	$ 184.89	$ 120.66	$ 5,274.74
2048	$ 2,927.69	$ 2,053.60	$ 171.13	$ 123.08	$ 5,275.50
2049	$ 3,114.77	$ 1,877.94	$ 156.49	$ 125.54	$ 5,274.74
2050	$ 3,313.80	$ 1,691.05	$ 140.92	$ 128.05	$ 5,273.82
2051	$ 3,526.76	$ 1,492.22	$ 124.35	$ 130.61	$ 5,273.94
2052	$ 3,753.65	$ 1,280.62	$ 106.72	$ 133.22	$ 5,274.21
2053	$ 3,994.47	$ 1,055.40	$ 87.95	$ 135.89	$ 5,273.71
2054	$ 4,253.21	$ 815.73	$ 67.98	$ 138.60	$ 5,275.52
2055	$ 4,525.87	$ 560.54	$ 46.71	$ 141.38	$ 5,274.50
2056	$ 4,816.45	$ 288.99	$ 24.08	$ 144.20	$ 5,273.73
Total	**$ 67,569.66**	**$ 80,652.98**	**$ 6,721.08**	**$ 3,294.24**	**$ 158,237.96**

Footnotes:

[a] Interest is calculated at a 6.00% rate for illustrative purposes and is subject to change upon PID Bond issuance.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT - IMPROVEMENT AREA #1
LOT TYPE 2 BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF ANNA, TEXAS
CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 2 PRINCIPAL ASSESSMENT: $75,077.40

As the purchaser of the real property described above, you are obligated to pay assessments to City of Anna, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sherley Farms Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Anna. The exact amount of each annual installment will be approved each year by the Anna City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Anna.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER][2]

[2] To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE: DATE:

_____ _____
SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][3]

[3] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][4]

[4] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 2

Annual Installment Due 1/31	Principal	Interest[a]	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ 891.20	$ 4,504.64	$ 375.39	$ 90.23	$ 5,861.46
2028	$ 946.48	$ 4,451.17	$ 370.93	$ 92.03	$ 5,860.62
2029	$ 1,006.19	$ 4,394.38	$ 366.20	$ 93.87	$ 5,860.64
2030	$ 1,070.32	$ 4,334.01	$ 361.17	$ 95.75	$ 5,861.25
2031	$ 1,136.67	$ 4,269.79	$ 355.82	$ 97.66	$ 5,859.94
2032	$ 1,209.64	$ 4,201.59	$ 350.13	$ 99.62	$ 5,860.98
2033	$ 1,287.04	$ 4,129.01	$ 344.08	$ 101.61	$ 5,861.75
2034	$ 1,366.65	$ 4,051.79	$ 337.65	$ 103.64	$ 5,859.73
2035	$ 1,455.11	$ 3,969.79	$ 330.82	$ 105.71	$ 5,861.43
2036	$ 1,545.78	$ 3,882.49	$ 323.54	$ 107.83	$ 5,859.63
2037	$ 1,645.29	$ 3,789.74	$ 315.81	$ 109.98	$ 5,860.82
2038	$ 1,749.23	$ 3,691.02	$ 307.59	$ 112.18	$ 5,860.02
2039	$ 1,862.01	$ 3,586.07	$ 298.84	$ 114.43	$ 5,861.34
2040	$ 1,979.21	$ 3,474.35	$ 289.53	$ 116.72	$ 5,859.81
2041	$ 2,107.47	$ 3,355.59	$ 279.63	$ 119.05	$ 5,861.75
2042	$ 2,240.16	$ 3,229.15	$ 269.10	$ 121.43	$ 5,859.83
2043	$ 2,383.90	$ 3,094.74	$ 257.89	$ 123.86	$ 5,860.39
2044	$ 2,536.49	$ 2,951.70	$ 245.98	$ 126.34	$ 5,860.50
2045	$ 2,700.13	$ 2,799.51	$ 233.29	$ 128.86	$ 5,861.80
2046	$ 2,872.62	$ 2,637.51	$ 219.79	$ 131.44	$ 5,861.36
2047	$ 3,056.17	$ 2,465.15	$ 205.43	$ 134.07	$ 5,860.82
2048	$ 3,252.99	$ 2,281.78	$ 190.15	$ 136.75	$ 5,861.66
2049	$ 3,460.86	$ 2,086.60	$ 173.88	$ 139.49	$ 5,860.83
2050	$ 3,682.00	$ 1,878.95	$ 156.58	$ 142.28	$ 5,859.80
2051	$ 3,918.62	$ 1,658.03	$ 138.17	$ 145.12	$ 5,859.94
2052	$ 4,170.72	$ 1,422.91	$ 118.58	$ 148.03	$ 5,860.23
2053	$ 4,438.30	$ 1,172.67	$ 97.72	$ 150.98	$ 5,859.67
2054	$ 4,725.79	$ 906.37	$ 75.53	$ 154.00	$ 5,861.69
2055	$ 5,028.75	$ 622.82	$ 51.90	$ 157.09	$ 5,860.56
2056	$ 5,351.61	$ 321.10	$ 26.76	$ 160.23	$ 5,859.69
Total	**$ 75,077.40**	**$ 89,614.42**	**$ 7,467.87**	**$ 3,660.27**	**$ 175,819.96**

Footnotes:

[a] Interest is calculated at a 6.00% rate for illustrative purposes and is subject to change upon PID Bond issuance.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 LOT TYPE 3 BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF ANNA, TEXAS
CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 3 PRINCIPAL ASSESSMENT: $90,092.88

As the purchaser of the real property described above, you are obligated to pay assessments to City of Anna, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sherley Farms Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Anna. The exact amount of each annual installment will be approved each year by the Anna City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Anna.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER][2]

[2] To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE: DATE:

_____ _____
SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][3]

[3] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][4]

[4] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 3

Annual Installment Due 1/31	Principal	Interest[a]	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ 1,069.44	$ 5,405.57	$ 450.46	$ 108.27	$ 7,033.75
2028	$ 1,135.78	$ 5,341.41	$ 445.12	$ 110.44	$ 7,032.74
2029	$ 1,207.43	$ 5,273.26	$ 439.44	$ 112.64	$ 7,032.77
2030	$ 1,284.39	$ 5,200.81	$ 433.40	$ 114.90	$ 7,033.50
2031	$ 1,364.00	$ 5,123.75	$ 426.98	$ 117.20	$ 7,031.92
2032	$ 1,451.57	$ 5,041.91	$ 420.16	$ 119.54	$ 7,033.18
2033	$ 1,544.45	$ 4,954.82	$ 412.90	$ 121.93	$ 7,034.10
2034	$ 1,639.98	$ 4,862.15	$ 405.18	$ 124.37	$ 7,031.68
2035	$ 1,746.13	$ 4,763.75	$ 396.98	$ 126.86	$ 7,033.72
2036	$ 1,854.93	$ 4,658.98	$ 388.25	$ 129.39	$ 7,031.56
2037	$ 1,974.35	$ 4,547.69	$ 378.97	$ 131.98	$ 7,032.99
2038	$ 2,099.07	$ 4,429.23	$ 369.10	$ 134.62	$ 7,032.02
2039	$ 2,234.41	$ 4,303.28	$ 358.61	$ 137.31	$ 7,033.61
2040	$ 2,375.06	$ 4,169.22	$ 347.43	$ 140.06	$ 7,031.77
2041	$ 2,528.97	$ 4,026.71	$ 335.56	$ 142.86	$ 7,034.10
2042	$ 2,688.19	$ 3,874.98	$ 322.91	$ 145.72	$ 7,031.80
2043	$ 2,860.68	$ 3,713.68	$ 309.47	$ 148.63	$ 7,032.47
2044	$ 3,043.79	$ 3,542.04	$ 295.17	$ 151.61	$ 7,032.61
2045	$ 3,240.16	$ 3,359.42	$ 279.95	$ 154.64	$ 7,034.16
2046	$ 3,447.15	$ 3,165.01	$ 263.75	$ 157.73	$ 7,033.63
2047	$ 3,667.40	$ 2,958.18	$ 246.51	$ 160.89	$ 7,032.98
2048	$ 3,903.58	$ 2,738.13	$ 228.18	$ 164.10	$ 7,034.00
2049	$ 4,153.03	$ 2,503.92	$ 208.66	$ 167.38	$ 7,032.99
2050	$ 4,418.40	$ 2,254.74	$ 187.89	$ 170.73	$ 7,031.76
2051	$ 4,702.34	$ 1,989.63	$ 165.80	$ 174.15	$ 7,031.93
2052	$ 5,004.87	$ 1,707.49	$ 142.29	$ 177.63	$ 7,032.28
2053	$ 5,325.96	$ 1,407.20	$ 117.27	$ 181.18	$ 7,031.61
2054	$ 5,670.94	$ 1,087.64	$ 90.64	$ 184.81	$ 7,034.03
2055	$ 6,034.50	$ 747.39	$ 62.28	$ 188.50	$ 7,032.67
2056	$ 6,421.94	$ 385.32	$ 32.11	$ 192.27	$ 7,031.63
Total	**$ 90,092.88**	**$ 107,537.30**	**$ 8,961.44**	**$ 4,392.33**	**$ 210,983.95**

Footnotes:

[a] Interest is calculated at a 6.00% rate for illustrative purposes and is subject to change upon PID Bond issuance.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT - IMPROVEMENT AREA #1
LOT TYPE 4 BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO CITY OF ANNA, TEXAS
CONCERNING THE FOLLOWING PROPERTY

_____
STREET ADDRESS

IMPROVEMENT AREA #1 LOT TYPE 4 PRINCIPAL ASSESSMENT: $105,108.36

As the purchaser of the real property described above, you are obligated to pay assessments to City of Anna, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Sherley Farms Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Anna. The exact amount of each annual installment will be approved each year by the Anna City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from City of Anna.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER][2]

[2] To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE: DATE:

_____ _____
SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][3]

[3] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by _____and _____ , known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this_____ , 20__.

Notary Public, State of Texas][4]

[4] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Collin County.

ANNUAL INSTALLMENTS - IMPROVEMENT AREA #1 LOT TYPE 4

Annual Installment Due 1/31	Principal	Interest[a]	Additional Interest	Annual Collection Costs	Total Annual Installment Due[b]
2027	$ 1,247.68	$ 6,306.50	$ 525.54	$ 126.32	$ 8,206.04
2028	$ 1,325.08	$ 6,231.64	$ 519.30	$ 128.84	$ 8,204.86
2029	$ 1,408.67	$ 6,152.14	$ 512.68	$ 131.42	$ 8,204.90
2030	$ 1,498.45	$ 6,067.62	$ 505.63	$ 134.05	$ 8,205.75
2031	$ 1,591.33	$ 5,977.71	$ 498.14	$ 136.73	$ 8,203.91
2032	$ 1,693.50	$ 5,882.23	$ 490.19	$ 139.46	$ 8,205.37
2033	$ 1,801.86	$ 5,780.62	$ 481.72	$ 142.25	$ 8,206.45
2034	$ 1,913.31	$ 5,672.51	$ 472.71	$ 145.10	$ 8,203.63
2035	$ 2,037.15	$ 5,557.71	$ 463.14	$ 148.00	$ 8,206.00
2036	$ 2,164.09	$ 5,435.48	$ 452.96	$ 150.96	$ 8,203.48
2037	$ 2,303.41	$ 5,305.63	$ 442.14	$ 153.98	$ 8,205.15
2038	$ 2,448.92	$ 5,167.43	$ 430.62	$ 157.06	$ 8,204.02
2039	$ 2,606.81	$ 5,020.50	$ 418.37	$ 160.20	$ 8,205.88
2040	$ 2,770.90	$ 4,864.09	$ 405.34	$ 163.40	$ 8,203.73
2041	$ 2,950.46	$ 4,697.83	$ 391.49	$ 166.67	$ 8,206.46
2042	$ 3,136.22	$ 4,520.80	$ 376.73	$ 170.00	$ 8,203.76
2043	$ 3,337.46	$ 4,332.63	$ 361.05	$ 173.41	$ 8,204.55
2044	$ 3,551.08	$ 4,132.38	$ 344.37	$ 176.87	$ 8,204.71
2045	$ 3,780.19	$ 3,919.32	$ 326.61	$ 180.41	$ 8,206.52
2046	$ 4,021.67	$ 3,692.51	$ 307.71	$ 184.02	$ 8,205.91
2047	$ 4,278.64	$ 3,451.21	$ 287.60	$ 187.70	$ 8,205.15
2048	$ 4,554.18	$ 3,194.49	$ 266.21	$ 191.45	$ 8,206.33
2049	$ 4,845.20	$ 2,921.24	$ 243.44	$ 195.28	$ 8,205.16
2050	$ 5,154.80	$ 2,630.53	$ 219.21	$ 199.19	$ 8,203.72
2051	$ 5,486.07	$ 2,321.24	$ 193.44	$ 203.17	$ 8,203.91
2052	$ 5,839.01	$ 1,992.07	$ 166.01	$ 207.24	$ 8,204.33
2053	$ 6,213.62	$ 1,641.73	$ 136.81	$ 211.38	$ 8,203.54
2054	$ 6,616.10	$ 1,268.92	$ 105.74	$ 215.61	$ 8,206.37
2055	$ 7,040.25	$ 871.95	$ 72.66	$ 219.92	$ 8,204.78
2056	$ 7,492.26	$ 449.54	$ 37.46	$ 224.32	$ 8,203.57
Total	**$ 105,108.36**	**$ 125,460.19**	**$ 10,455.02**	**$ 5,124.38**	**$ 246,147.94**

Footnotes:

[a] Interest is calculated at a 6.00% rate for illustrative purposes and is subject to change upon PID Bond issuance.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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McCALL PARKHURST & HORTON

Focused on Public Finance since 1919.

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF ANNA, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA 1 PROJECT)

IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

AS BOND COUNSEL for the City of Anna, Texas (the "Issuer"), we have examined into the legality and validity of the issue of the bonds described above (the "Bonds"), which bear interest from the date specified in the text of the Bonds, until maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing and subject to redemption on the dates specified in the text of the Bonds, all in accordance with the Ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") and the Trust Indenture (as defined below).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and have examined and relied upon a transcript of certified proceedings of the Issuer and other pertinent instruments furnished by the Issuer relating to the authorization, issuance and delivery of the Bonds; and we have examined various certificates and documents executed by officers and officials of the Issuer upon which certificates and documents we rely as to certain matters stated below. We have also examined one executed Bond which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, and have been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors' rights or by general principles of equity which permit the exercise of judicial discretion, (i) the Bonds constitute valid and legally binding obligations of the Issuer which are payable as to principal and interest from the sources provided in the Bond Ordinance and the Indenture of Trust between the Issuer and Regions Bank, dated as of February 15, 2026 (the "Trust Indenture"), (ii) the covenants and agreements in the Trust Indenture constitute valid and binding obligations of the Issuer, (iii) the Bonds constitute valid and legally binding special obligations of the Issuer secured as Bonds under the Trust Indenture, and (iv) the Bonds are payable in accordance with the priorities established in the Trust Indenture from the sources provided therein.

THE ISSUER has reserved the right, subject to the restrictions stated in the Trust Indenture, to amend the Trust Indenture in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in principal amount of all outstanding bonds affected by such amendment and secured by the Trust Indenture.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Trust Indenture.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Issuer with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced therewith. In expressing the aforementioned opinions, we have relied on certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on

state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds or with respect to the sufficiency of the Trust Estate pledged to pay the Bonds. Our role in connection with the Issuer's Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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CITY OF ANNA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of March 1, 2026 (this "Disclosure Agreement") is executed and delivered by and among the City of Anna, Texas (the "Issuer"), P3Works, LLC (the "Administrator"), and Regions Bank, acting solely in its capacity as dissemination agent (the "Dissemination Agent") with respect to the Issuer's "Special Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)" (the "Bonds"). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of March 15, 2026, relating to the Bonds (the "Indenture"), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

"Annual 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 12 months after the end of the Issuer's Fiscal Year. The Annual Financials Filing Date is currently September 30.

"Annual Information Filing Date" shall mean, for each Fiscal Year, the date on which the Annual Financial Information must be filed with the MSRB, which date is six (6) months after the end of the Issuer's Fiscal Year. The Annual Information Filing Date is currently March 31.

"Collections Reporting Date" shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

"Delinquency Date" shall mean February 1 of the year following the year in which the Improvement Area #1 Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

"Developer" shall mean Tellus Texas III, LLC, a Texas limited liability company, and its successors and assigns.

"Disclosure Agreement of Developer" shall mean the Continuing Disclosure Agreement of the Developer relating to the Bonds dated as of March 1, 2026, executed and delivered by the Developer, the Administrator, and the Dissemination Agent, relating to the Bonds.

"Disclosure Representative" shall mean the Finance Director or City Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Regions Bank, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system currently available on the internet at http://emma.msrb.org.

"Filing Date" means any one or all of the Annual Financials Filing Date, Annual Information Filing Date, and 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.

"Participating Underwriter" shall mean FMSbonds, Inc., and its successors and assigns.

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SAP Update" shall have the meaning assigned to such term in subsection 4(a)(iii) of this Disclosure Agreement.

"SEC" shall mean the United States Securities and Exchange Commission.

"Tax Year" means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2025, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB the Annual Financial Information and the Annual Financial Statements, as follows:

(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 the 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 days prior to the applicable Filing Date, the Issuer shall provide the Annual Financial Information or Annual Financial Statements, as the case may be, to the Dissemination Agent together with written direction to file such with the MSRB. The Dissemination Agent shall provide such Annual Financial Information or Annual Financial Statements to the MSRB not later than ten days from receipt of such from the Issuer, but in no event later than the applicable Filing Date for such Fiscal Year.

If by the fifth (5^{th}) 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 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 in writing 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, 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 (which written direction may be made via electronic means), 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 provide written confirmation to with the Issuer stating 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 and the Dissemination Agent shall use its best efforts to provide such written confirmation to the Issuer on the same date on which the filing is made.

SECTION 4. Content and Timing of Annual Financial Information and Annual Financial Statements.

(a) *The 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) Information regarding the Bonds and the Trust Estate 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.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the Fiscal Year to which the information being reported relates.

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (collectively, a "SAP Update").

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) *Annual Financial Statements*. The Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Financials Filing Date the audited Annual Financial Statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If the audited Annual Financial Statements of the Issuer are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited Annual Financial Statements of the Issuer no later than the Annual Financials Filing Date and audited Annual Financial Statements when and if available.

(c) The Issuer has designated P3Works, LLC, as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference. The Dissemination Agent has no duty or obligation to determine whether or not the information contained in any completed forms containing financial information and operating data as shown in Exhibit B provided to it has been accurately completed and shall only be required to file the forms as completed and provided to it by either the Administrator or the Issuer, pursuant to written direction.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Financial Information, if such Annual Collections Report is available when the Annual Financial Information is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5^{th}) day before the Annual Collections Report Filing Date the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A hereto; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Annual Collections Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2^{nd}) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the applicable Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Improvement Area #1 Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1st) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the Issuer shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of Owners, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the Bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Issuer.

13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of

business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within Improvement Area #1 of the District in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Refunding Bonds without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent in writing to immediately file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than one (1) 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 direction 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 one (1) Business Day following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14 or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Administrator and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within thirty (30) days of such discharge. The Dissemination Agent may resign at any time with 30 days' written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The current Dissemination Agent appointed hereunder shall be Regions Bank. 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.

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 by the Developer, and a default under the Disclosure Agreement of Developer by the Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1 of the District against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the

Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Financial Information or Annual Financial Statements in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit Annual Financial Information, Annual Financial Statements, or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent 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 selected by the Trustee with due care, 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 in accordance with the terms of this Disclosure Agreement that the Trustee in good faith reasonably believes to be genuine and to have been signed or presented by the proper party or parties.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property in Improvement Area #1 of the District against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the

Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Improvement Area #1 Assessments and the anticipated procedures for pursuing the collection of delinquent Improvement Area #1 Assessments is set forth in Exhibit D which is solely intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Improvement Area #1 Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such

remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Improvement Area #1 Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Improvement Area #1 Annual Installments collected from the property owners in Improvement Area #1 of the District for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator, each individually, make the following representation and verifications pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator, as the case may be, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

(a) *Not a Sanctioned Company*. The Dissemination Agent and the Administrator, each individually, represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent and the Administrator and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government

has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) *No Boycott of Israel*. The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) *No Discrimination Against Firearm Entities*. The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) *No Boycott of Energy Companies*. The Dissemination Agent and the Administrator, each individually, hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator's participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the

same instrument. The Issuer, the Administrator and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

CITY OF ANNA, TEXAS
(as Issuer)

By: _____
Mayor

REGIONS BANK, an Alabama state banking corporation
(as Dissemination Agent)

By: _____

P3WORKS, LLC,
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION] [ANNUAL FINANCIAL STATEMENTS]
[ANNUAL COLLECTIONS REPORT]

Name of Issuer:	City of Anna, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)
Date of Delivery	_____, 20__
CUSIP Nos:	[Insert CUSIP Nos]

NOTICE IS HEREBY GIVEN that the City of Anna, Texas, has not provided [Annual Financial Information] [Annual Financial Statements] [an Annual Collections Report] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated as of March 1, 2026, between the Issuer, P3Works, LLC, as Administrator and Regions Bank, as Dissemination Agent. The Issuer anticipates that the [Annual Financial Information] [Annual Financial Statements] [Annual Collections Report] will be filed by _____.

Dated: _____

REGIONS BANK, an Alabama state banking association, on behalf of the City of Anna, Texas (solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Anna, Texas

EXHIBIT B

CITY OF ANNA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20___

CUSIP Nos: [Insert CUSIP Nos]

DISSEMINATION AGENT

Name: _____
Address: _____
City: _____
Telephone: _____
Contact Person _____

Section 4(a)(i)

BONDS OUTSTANDING

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				–
				–
		Total		

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

ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

ASSETS

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Parity Ratio	_____

September 30, 20[__] Trust Statements: ☐ Audited ☐ Unaudited

Form of Accounting ☐ 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

Year Ending (September 30)	Principal	Interest	Total

Top [Five] Improvement Area #1 Assessment Payers [(1)]

Property Owner	No. of Parcels/Lots	Percentage of Parcels/Lots	Outstanding Improvement Area #1 Assessments	Percentage of Total Improvement Area #1 Assessments

[(1)] Does not include those owing less than one percent (1%) of total Improvement Area #1 Assessments.

Assessed Value of Improvement Area #1 of the District

The [YEAR] certified total assessed value for the Improvement Area #1 Assessed Property in Improvement Area #1 of the District is approximately $[AMOUNT] according to the Collin County Appraisal District.

Foreclosure History Related to the Improvement Area #1 Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Delinquent Improvement Area #1 Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Improvement Area #1 Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	$		$		$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Improvement Area #1 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 Improvement Area #1 Annual Installments 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.

History of Prepayment of Improvement Area #1 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 ANNA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name:
Address:
City:
Telephone:
Contact Person:

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 Improvement Area #1 Annual Installments[(1)]

Succeeding Fiscal Year 20__	Delinquent Improvement Area #1 Annual Installment Amount not in Foreclosure Proceedings $	Parcels in Foreclosure Proceedings	Delinquent Improvement Area #1 Annual Installment Amount in Foreclosure Proceedings $	Foreclosure Sales	Foreclosure Proceeds Received $

(1) Period covered includes October 1, 20__ through March 1, 20__.

Collection and Delinquency of Improvement Area #1 Annual Installments [1]

Succeeding Fiscal Year 20__	Total Improvement Area #1 Annual Installments Levied $	Parcels Levied [2]	Delinquent Amount as of 3/1 $	Delinquent % as of 3/1 %	Total Improvement Area #1 Annual Installments Collected[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 Improvement Area #1 Assessments[1]

Succeeding Fiscal Year	Number of Prepayments	Amount of Prepayments $	Bond Call Date	Amount of Bonds Redeemed $

[1] Period covered includes October 1, 20__, through March 1, 20__.

EXHIBIT D

EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES [(1)]

Date	Delinquency Clock (Days)	Activity
January 31		Improvement Area #1 Assessments are due.
February 1	1	Improvement Area #1 Assessments delinquent if not received.
February 15	15	Immediately upon receipt but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter. Issuer and/or Administrator should be aware of actual and specific delinquencies Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.
March 15	43/44	Trustee pays bond interest payments to Owners.
April 1	**59/60**	At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full September payments, no further action is anticipated for collection of Improvement Area #1 Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent in writing of the occurrence of

[(1)] Illustrates anticipated dates and procedures for pursuing the collection of delinquent 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 County Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

		draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.
July 1	**152/153**	**If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full September payment, Issuer and/or Administrator to notify Dissemination Agent in writing for inclusion in the next Annual Financial Information.** **Preliminary Foreclosure activity commences in accordance with County Tax Assessor's procedures.** If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer. If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
August 15	197/198	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent and the Trustee. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198). **Foreclosure action to be filed with the court as soon as practicable, in accordance with the County Tax Assessor's procedures**. **Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report**.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the City Manager 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 City Manager 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 Improvement Area #1 Assessments.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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CITY OF ANNA, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of March 1, 2026 (this "Disclosure Agreement"), is executed and delivered by and among Tellus Texas III, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC (the "Administrator"), and Regions Bank, 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 March 15, 2026, 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:

"Affiliate" shall mean an entity that is controlled by, controls, or is under common control with another entity.

"Amenities" shall mean (i) the North Amenity Center, located in Phase 1, on a minimum 2-acre site, to include at least 4,000 square feet of an air-conditioned space in one or more buildings, a minimum of 3,500 square feet swimming pools (one or more), bathrooms, a playground and open recreation area, and (ii) any playgrounds, sand volleyball, tennis, pickleball, or basketball courts, trails and open space, pocket parks, dog parks, or park benches, trash cans, and pet stations along trails and in the dog parks, as applicable, that the Developer intends to construct in Improvement Area #1 of the District in accordance with the Development Agreement.

"Certification Letter" shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

"Developer" shall mean Tellus Texas III, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

"Developer Listed Event" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"Development Agreement" shall mean the Sherley Farms Development Agreement by and among the City, the Developer, and Sherley Partners, Ltd., a Texas limited partnership, effective as of December 17, 2024.

"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 Regions Bank, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at http://emma.msrb.org.

"Homebuilder" shall mean any merchant homebuilder who enters into a Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

"Issuer" shall mean the City of Anna, Texas.

"Listed Events" shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

"Lot Purchase Agreement" shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

"Improvement Area #1 Major Improvements" shall mean Improvement Area #1's allocable portion of the costs of the Authorized Improvements that benefit the entire District.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"Participating Underwriter" shall mean FMSbonds, Inc., and its successors and assigns.

"Person" shall have the meaning assigned to such term in the Indenture.

"Private Improvements" shall mean improvements necessary to deliver finished lots in Improvement Area #1 and not constituting Improvement Area #1 Improvements and landscaping, hardscaping, and similar improvements in Improvement Area #1 of the District.

"Quarterly Ending Date" shall mean each March 31, June 30, September 30 and December 31, beginning June 30, 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 containing the information listed in 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.

"Significant Homebuilder" shall mean a Homebuilder that then owns 21 or more single family residential lots within Improvement Area #1.

"Significant Homebuilder Listed Events" shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to subsection 3(d) (with respect to each Reporting Party, the "Quarterly Information"). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such Reporting Party's obligations terminate pursuant to Section 7 of this Disclosure Agreement. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to such Person's Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than 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 Party pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and authorize the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in subsection 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. The Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within 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 Improvement Area #1 Assessments levied within Improvement Area #1 on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, the Amenities, and the Private Improvements;

(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 Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, the Amenities, or the Private Improvements undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of $1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of the Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, the Amenities, or the Private Improvements, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any material change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Improvement Area #1 Assessments levied within Improvement Area #1 on Improvement Area #1 Assessed Property owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this 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 hereof.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator, and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if such Reporting Party is providing Quarterly Information on behalf of any other Reporting Party. Additionally, if a Significant Homebuilder does not execute the assignment and assumption of disclosure obligations pursuant to Section 6 hereof, and, therefore, the Developer is reporting on behalf of the Significant

Homebuilder, the Developer shall not be required to conduct an independent investigation of the occurrence of a Significant Homebuilder Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the applicable Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within 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 Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, the Amenities, or the Private Improvements 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 Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, the Amenities, or the Private Improvements in substantially the form attached as Exhibit E (the "Developer Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct the Dissemination

Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person's delivery of written acknowledgement of assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement. Additionally, for the avoidance of doubt, the Developer shall require that any Person comply with obligations of this Section 5 with respect to any subsequent transfers by such Person to any individual or entity meeting the definition of a "Developer" in the future.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) As long as a Homebuilder is a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under subsections 3(d) and 4(b) hereof, with respect to such acquired real property, until such party's disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in clause (a)(i) above, the Developer shall deliver to the Dissemination Agent, the Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to subsections 4(a)(ix) and 4(b)(vi) above, the Developer shall direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with subsections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder, and such Significant Homebuilder's delivery of an executed Significant Homebuilder Acknowledgment assuming the Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an executed Significant Homebuilder Acknowledgment with respect to such real property is delivered to the Dissemination Agent, the Administrator, the Issuer, and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer or any Significant Homebuilder under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) when the Developer or such Significant Homebuilder, including their respective Affiliates and/or successors and assigns, owns fewer than 21 lots in Improvement Area #1 of the District, as of each Quarterly Ending Date; provided, however, if the Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with subsection 6(a) above, the reporting obligations of the Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) when (x) the Developer, including its Affiliates and/or successors and assigns, owns fewer than 21 lots in Improvement Area #1 of the District, and (y) such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their respective Affiliates and/or successors and assigns, owns fewer than 21 lots in Improvement Area #1 of the District, as of each Quarterly Ending Date.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, of the termination of the applicable Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) and (b), if any, of this Section 7 and any Termination Notice required by subsection (c) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof, or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to Section 6 hereof in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' notice to the Issuer, the Developer, and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each of the Developer, any Person that has executed a Developer Acknowledgement pursuant to Section 5 hereof, or any Significant Homebuilder that has executed a Significant Homebuilder Acknowledgment pursuant to

Section 6 hereof of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Regions Bank.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator, and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Developer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer or any Significant Homebuilder, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into in accordance with this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer or any Significant Homebuilder from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If the Developer or Significant Homebuilder chooses to include any information in any Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, the Developer or the Significant Homebuilder, as applicable, shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided 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 Reporting Party and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party or the Administrator to comply with this Disclosure Agreement shall be an action in mandamus or specific performance. A default under this Disclosure Agreement by a Reporting Party shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by a Reporting Party or the Administrator. Additionally, a default by a Reporting Party of its obligations under this Disclosure Agreement shall not be deemed a default by any other Reporting Party of such Reporting Party's obligations under this Disclosure Agreement. Additionally, a default by the Developer of its obligations under this Disclosure Agreement shall not be deemed a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement; and, likewise, a default by any Significant Homebuilder of such Significant Homebuilder's obligations under this Disclosure Agreement shall not be deemed a default of the Developer of the Developer's obligations under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by a Reporting Party and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Developer agrees to indemnify and hold harmless the Dissemination Agent, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding (i) liabilities due to the Dissemination Agent's negligence or willful misconduct, and (ii) liabilities resulting from claims made by the Developer against the Dissemination Agent. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to indemnify and hold harmless the

Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding (i) liabilities due to the Administrator's breach, negligence, or willful misconduct, and (ii) liabilities resulting from claims made by the Developer against the Administrator. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation, or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The Developer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent or the Administrator to which it is expressly entitled to be paid pursuant to this subsection 13(c) are Annual Collection Costs.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation, or agreement of the Reporting Parties, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, director, shareholder, member, managing partner, agent, or employee of the Developer, any Significant Homebuilder, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder, or any application thereof, is for any reasons held to be illegal or

invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act, or action, or part thereof, is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to be effective, operative, made, entered into, or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Improvement Area #1 Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Improvement Area #1 Annual Installments collected from the property owners in Improvement Area #1 of the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Improvement Area #1 Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1 of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer:	Tellus Texas III, LLC Attn: Andre Ferrari 5301 Headquarters Dr., Suite 120 Plano, Texas 75024 E-mail: aferrari@tellusgroupllc.com
If to Dissemination Agent or Trustee:	Regions Bank Corporate Trust Services 1717 McKinney Avenue Dallas, Texas 75202 Shawn.bednasek@regions.com
If to Administrator:	P3Works, LLC 9284 Huntington Square, Ste 100 North Richland Hills, Texas 76182 admin@p3-works.com
If to the Issuer:	City of Anna, Texas 120 W. 7th Street Anna, Texas 75409 E-mail: mmarchand@annatexas.gov
If to Participating Underwriter:	FMSbonds, Inc. 5 Cowboys Way, Suite 300-25 Frisco, Texas 75034 E-mail: tdavenport@fmsbonds.com

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding, and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of Section 7 of this Disclosure Agreement.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

Regions Bank,
Dissemination Agent

By: _____
Authorized Officer

DEVELOPER:

Tellus Texas III, LLC, a Texas limited liability company

By: Tellus-Anna, LLC, a Texas limited liability company, Manager

By: _____
David Blom, Manager

P3Works, LLC,
Administrator

By:_____
Name:_____
Title:_____

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

EXHIBIT A

CITY OF ANNA, TEXAS,
SPECIAL IMPROVEMENT AREA #1 ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

DEVELOPER QUARTERLY REPORT
[*INSERT QUARTERLY ENDING DATE*]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: Regions Bank
Address:
City:
Telephone:
Contact Person: Attn:

I. Expenditures Paid from Accounts under Indenture

TOTAL BUDGETED COSTS REQUIRED TO COMPLETE IMPROVEMENT AREA #1 IMPROVEMENTS: $_____

Of the budgeted costs for Improvement Area #1 Improvements shown in the Service and Assessment Plan:

1. Actual costs drawn from the Improvement Area #1 Bond Improvement Account: $_____

II. Status of Improvement Area #1 Improvements

Projected/actual completion date of the Improvement Area #1 Improvements

1. [Actual/Expected] date of completion of the Improvement Area #1 Improvements: [_____]
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

III. Unit Mix in Improvement Area #1

Product Type	Number of Units
45’	76
50’	166
60’	143
70’	33

IV. Lot Status in Improvement Area #1

Of the 418 lots in Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 418
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 Improvement Area #1 (if incomplete):
   _____

V. Ownership of Lots/Units in Improvement Area #1

PLANNED LOTS IN IMPROVEMENT AREA #1: 418

Of the 418 lots in Improvement Area #1:

1. Number of lots owned by the Developer: _____
2. Number of lots under contract but not closed to Homebuilder(s): _____
3. Number of lots owned by all Homebuilder(s): _____[1]
   a. Number of lots owned by [*insert name of Homebuilder*]: _____[2]
   b. Number of lots owned by [*insert name of Homebuilder*]: _____
4. Number of units owned by homeowners: _____

VI. Home Sales Information in Improvement Area #1

PLANNED HOMES IN IMPROVEMENT AREA #1: 418

Of the 418 homes planned for Improvement Area #1:

1. How many total building permits were issued **during the current quarter**? _____
   a. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____[2]
   b. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____[2]
2. How many total homes have closed with homebuyers **during the current quarter**?
   _____

[1] 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.

[2] Include a line item for each individual Homebuilder.

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*]: _____][3]

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. Amenities and Private Improvements

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: [_____]

TOTAL [EXPECTED/ACTUAL] COSTS OF PRIVATE IMPROVEMENTS: $[_____]

Of the $[_____] [expected/actual] costs of the Private Improvements:

1. Amount spent as of Quarterly Ending Date: $[_____]
2. [Actual/Expected] completion date of Private Improvements: [_____]

VIII. Material Changes

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Improvement Area #1 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 Improvement Area #1 Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Improvement Area

[3] Include a line item for each individual Homebuilder.

#1 Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Improvement Area #1 Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer 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, including:

   The following information with respect to the Improvement Area #1 Major Improvements

   1. Total Budgeted Costs for the Improvement Area #1 Major Improvements: $_____
   2. Total Amount Spent as of Quarter End: $_____
   3. Projected/actual completion date of the Improvement Area #1 Major Improvements: _____
   4. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: _____

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]

[DATE]

Name of Issuer:	City of Anna, Texas
Name of Bond Issue:	Special Improvement Area #1 Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project) (the "Bonds")
CUSIP Numbers:	[insert CUSIP Numbers]
Date of Delivery:	_____, 20__

NOTICE IS HEREBY GIVEN that _____, a _____ (the ["Developer[4]"] ["Significant Homebuilder"]) has not provided the [Quarterly Information][Quarterly Report] for the period ending on [*Insert Quarterly Ending Date*] with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer related to such Bonds, by and among Tellus Texas III, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC, as Administrator, and Regions Bank, as Dissemination Agent. The [Developer][Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

Regions Bank,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Anna, Texas

[4] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer:	City of Anna, Texas
Name of Bond Issue:	Special Improvement Area #1 Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project) (the "Bonds")
CUSIP Numbers.	[insert CUSIP Numbers]
Date of Delivery:	_____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Regions Bank
_____
_____

City of Anna, Texas
120 W. 7th Street
Anna, Texas 75409

Tellus Texas III, LLC
_____
_____

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a _____ (the ["Developer[1]"] ["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 Tellus Texas III, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC, as Administrator, and Regions Bank, as Dissemination Agent.

Dated: _____

P3Works, LLC
on behalf of the [Developer] [Significant Homebuilder],
as Administrator)

By: _____

Title: _____

[1] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer:	City of Anna, Texas
Name of Bond Issue:	Special Improvement Area #1 Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)
CUSIP Numbers:	[insert CUSIP Numbers]
Quarterly Ending Date:	_____, 20__

Re: Quarterly Report for Sherley Farms Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among Tellus Texas III, LLC, a Texas limited liability company[1] (the "Developer"), P3Works, LLC, as Administrator, and Regions Bank, 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.

Tellus Texas III, LLC, a Texas limited liability company

By: Tellus-Anna, LLC, a Texas limited liability company, Manager

By: _____
David Blom, Manager

[OR

SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)
By:_____
Title: _____]

[1] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT OF DEVELOPER REPORTING OBLIGATIONS

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Sherley Farms Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, the Amenities, or the Private Improvements (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within Improvement Area #1 of the Sherley Farms Public Improvement District (the "District").

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the "Disclosure Agreement of Developer") by and among Tellus Texas III, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC (the "Administrator"), and Regions Bank (the "Dissemination Agent"), with respect to the "City of Anna, Texas, Special Improvement Area #1 Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)," any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Improvements, the Improvement Area #1 Major Improvements, the Amenities, or the Private Improvements 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,

Tellus Texas III, LLC, a Texas limited liability company

By: Tellus-Anna, LLC, a Texas limited liability company, Manager

By: _____
David Blom, 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: Sherley Farms Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #1 of Sherley Farms 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 Tellus Texas III, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC (the "Administrator"), and Regions Bank (the "Dissemination Agent"), with respect to the "City of Anna, Texas, Special Improvement Area #1 Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)," any entity that owns 21 or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under subsections 3(d) 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,

Tellus Texas III, LLC, a Texas limited liability company

By: Tellus-Anna, LLC, a Texas limited liability company, Manager

By: _____
David Blom, Manager

Acknowledged by:
[INSERT ASSIGNEE NAME]

By:_____
Title:_____

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APPENDIX F

DEVELOPMENT AGREEMENT

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SHERLEY FARMS DEVELOPMENT AGREEMENT

This Sherley Farms Development Agreement (this "Agreement") is entered into by and between the CITY OF ANNA, TEXAS, a Texas home-rule municipality (the "City"), TELLUS TEXAS III, LLC, a Texas limited liability company and its successors and assigns ("Tellus"), and SHERLEY PARTNERS, LTD., a Texas limited partnership and its successors and assigns ("Owner" and together with Tellus, the "Developers") (each individually, a "Party," and collectively, the "Parties"), to be effective on the Effective Date.

SECTION 1
RECITALS

WHEREAS, certain capitalized terms used in these recitals are defined in Section 2; and

WHEREAS, the City is a home-rule municipality of the State of Texas; and

WHEREAS, Owner owns, and Tellus is under contract to purchase a portion of, the approximately 1,123 acres of real property, described by metes and bounds in **Exhibit A** (the "Property"); and

WHEREAS, the Property is located within the extraterritorial jurisdiction (the "ETJ") of the City; and

WHEREAS, it is intended that the Property, which is depicted in **Exhibit B**, be developed to contain single-family homes of various sizes, townhomes, multi-family, commercial and other mixed-use development constructed over multiple phases and is to be known and referred to as "Sherley Farms" (the "Project"), as generally depicted on the Illustrative Layout (as defined herein), which is attached hereto as **Exhibit C**, which may be revised as set forth in this Agreement, and in accordance with applicable City Regulations and the development standards set forth in certain proposed planned development standards ("Development Standards"), which Development Standards are attached hereto as **Exhibit D**; and

WHEREAS, the Illustrative Layout is intended to comply with the vision of the 2050 Comprehensive Plan; and

WHEREAS, the Owner and Tellus (to the extent Tellus has taken ownership of any portion of the Property) intend to file a voluntary petition for annexation of the Property; and

WHEREAS, the Parties intend for the City to provide water and sewer service to the Property; and

WHEREAS, the Developers desire and intend to design, construct and install and/or make financial contributions to certain Authorized Improvements to serve the Project; and

WHEREAS, in consideration of the Developers' agreements contained herein, the City shall use reasonable efforts to exercise its powers under Texas Local Government Code, Chapter 372 (the "PID Act") to create a PID (as defined herein) encompassing the Property to provide financing arrangements that will enable Developers to do the following in accordance with the

procedures and requirements of the PID Act and this Agreement: (a) fund or be reimbursed for a specified portion of the costs of the PID Projects using the proceeds of PID Bonds; or (b) obtain reimbursement for the specified portion of the costs of the PID Projects, the source of which reimbursement will be installment payments from Assessments within the PID, provided that such reimbursements shall be subordinate to the payment of PID Bonds and Administrative Expenses; and

WHEREAS, in consideration of the Developers' agreements contained herein, as allowed by law, the City agrees to exercise its powers under the TIRZ Act to create the TIRZ and to dedicate fifty percent (50%) of the City's ad valorem tax increment, less collection and administrative costs, attributable to the TIRZ, based on the City's tax rate each year and as authorized by law, for a period of up to forty (40) years: (a) for property located in a Single-Family Subzone (as defined herein) to offset or pay a portion of any Assessment levied on assessed parcels within the PID for the costs of Authorized Improvements that qualify as TIRZ Projects under the TIRZ Act and (b) for property located in a Commercial Subzone, to the extent such property is not subject to Assessments or all ad valorem tax increment generated on a particular parcel in the Commercial Subzone is not needed to offset Assessments, to fund a Chapter 380 Grant as described herein; and

WHEREAS, after creation of the PID and the TIRZ, all of the City's administrative costs associated with the PID will be funded by the levy of Assessments on the Property in accordance with the PID Act, and all of the City's administrative costs associated with the TIRZ will be funded from the TIRZ Revenue in accordance with the TIRZ Act; and

WHEREAS, the City desires to provide certain economic incentives related to the commercial development on the portions of the Property designated for commercial development;

WHEREAS, the Parties desire and intend for the design, funding, construction, and installation of the Public Infrastructure to occur in a phased manner over the Term of this Agreement and that Developers will dedicate to and the City will accept the Public Infrastructure for public use and maintenance, subject to the City's approval of the plans and inspection of the Public Infrastructure in accordance with this Agreement and the City Regulations; and

WHEREAS, the City, subject to the consent and approval of the City Council, and in accordance with the terms of this Agreement and all legal requirements, including but not limited to the Indenture, intends to: (i) adopt a Service and Assessment Plan; (ii) adopt an Assessment Ordinance (to pay for a specified portion of the PID Projects and approved by the City Engineer or his designee and the costs associated with the administration of the PID and the issuance of the PID Bonds for each respective Phase of the Project); and (iii) issue, in multiple series, estimated to be $300,000,000 in the principal amount of PID Bonds for the purpose of financing a specified portion of the costs of the PID Projects and paying associated costs as described herein; and

WHEREAS, unless expressly set forth to the contrary in this Agreement, it is the Parties' mutual intent that this Agreement shall supersede City Regulations only to the extent that City Regulations directly conflict with the terms of this Agreement; and

WHEREAS, the Developers understand and acknowledge that the obligations undertaken under this Agreement are primarily for the benefit of the Property; and

WHEREAS, the Developers understand and acknowledge that acceptance of this Agreement is not an exaction or a concession demanded by the City but rather is an undertaking of Developers' voluntary design to ensure consistency, quality, and adequate infrastructure that will benefit development of the Property; and

WHEREAS, following annexation of the Property, the City intends to consider zoning any portion of the Property in the corporate limits as a planned development district and the Parties acknowledge that the Property may be developed and used in accordance with this Agreement; and

WHEREAS, the City recognizes the positive impact the Public Infrastructure will bring to the City and that said improvements will promote state and local economic development, stimulate business and commercial activity in the City for the development and diversification of the economy of the state, promote the development and expansion of commerce in the state, and reduce unemployment or underemployment in the state; and

WHEREAS, as the Property is in the City's ETJ on the Effective Date of this Agreement, the Parties intend that this Agreement is a development agreement as provided for by state law in Section 212.171 *et seq* of the Texas Local Government Code; and

WHEREAS, this Agreement shall constitute a "permit" under Chapter 245 of the Texas Local Government Code and as allowed pursuant to Section 212.172(g) of the Texas Local Government Code and that all prerequisites for entering into such agreement have been completed in full and that the City has provided the Developers with the written disclosures required when offering this Agreement under Section 212.171(b-1), said section being incorporated herein as if set forth in full;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereby agree as follows:

SECTION 2
DEFINITIONS

Certain terms used in this Agreement are defined in this Section 2. Other terms used in this Agreement are defined in the recitals or in other sections of this Agreement. Unless the context requires otherwise, the following terms shall have the meanings hereinafter set forth:

2050 Comprehensive Plan means the Anna 2050 Comprehensive Plan and applicable provisions of the Anna 2050 Parks Master Plan adopted by the City Council on April 27, 2021 under Ordinance No. 903-2021 and as amended as of the Effective Date.

Administrative Expenses means reasonable expenses incurred by the City in the establishment, administration, and operation of the PID and the TIRZ.

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

Assessment(s) means the special assessments levied on the Property pursuant to the PID Act on a Phase-by-Phase basis, under one or more Assessment Ordinances adopted on a Phase-by-Phase basis to reimburse the Developers on a Phase-by-Phase basis for a portion of the PID Projects benefitting the applicable Phase(s) as set forth in the Service and Assessment Plan, as well as payment of Administrative Expenses and repayment of the PID Bonds and the costs associated with the issuance of the PID Bonds.

Assessment Ordinance means an ordinance approved by the City Council under the PID Act levying one or more Assessment(s).

Authorized Improvements means the PID Projects and all on- and off-site public water, sewer, drainage, and roadway facilities, rights-of-way, along with other public improvements, such as parks, trails, landscaping and screening, that benefit the Property, are to be constructed by Developers, are identified on **Exhibit E**, and for which the Parties intend Developers will be fully or partially reimbursed pursuant to the terms of this Agreement.

Bond Ordinance means each ordinance adopted by the City Council that authorizes and approves the issuance and sale of any PID Bonds for the applicable Phase(s) of the Project.

Budgeted Cost means, with respect to any given Authorized Improvement, the estimated cost of the improvement as set forth by Phase in **Exhibit E**.

Capital Improvement(s) shall have the meaning provided in Chapter 395, Texas Local Government Code.

Capital Improvement Costs means any construction, contributions, or dedications of Capital Improvements, including actual costs of design, engineering, construction, acquisition, and inspection, and all costs related in any manner to the Capital Improvement.

Capital Improvements Plan or "CIP" means all capital improvements plan(s) duly adopted by the City under Chapter 395, Texas Local Government Code, as may be updated or amended from time to time.

Chapter 245 means Chapter 245, Texas Local Government Code, as amended.

Chapter 380 Agreement means an agreement, other than the Impact Fee 380 Agreement, in which the City agrees to provide a Chapter 380 Grant pursuant to Chapter 380, Texas Local Government Code, as amended.

Chapter 380 Grant means any grant provided by the City pursuant to a Chapter 380 Agreement as described in this Agreement.

Chapter 395 means Chapter 395, Texas Local Government Code, as amended.

City means the City of Anna, a home rule municipality located in Collin County, Texas.

City Code means the Anna City Code of Ordinances and all of its provisions and regulations or standards adopted by reference in said Code in effect on the Effective Date;

provided, however, that as it relates to Public Infrastructure for any given Phase, the applicable construction standards (including, without limitation, uniform building codes) shall be those that the City has duly adopted at the time of the filing of an application for a preliminary plat for that Phase unless construction has not commenced within two years of approval of such preliminary plat in which case the construction standards shall be those that the City has duly adopted at the time that construction commences, except that to the extent there is a conflict between the City Code and the Development Standards, the Development Standards shall control.

City Council means the City Council of the City.

City Engineer means the person or entity acting as the City Engineer.

City Manager means the current or acting City Manager of the City of Anna or a person designated to act on behalf of the City Manager if the designation is in writing and signed by the current or acting City Manager.

City PID Fee means the per single-family-residential-lot fee to be paid to the City in accordance with the established City PID Policy as of the Effective Date and in accordance with Section 5.21 hereof.

City PID Policy means the City of Anna Public Improvement District Policy approved by the City Council on June 23, 2020 via Resolution No. 2020-06-747.

City Regulations mean City Code provisions, ordinances, design standards (including but not limited to the City design standards and the Development Standards), uniform codes, policies, requirements, limitations, restrictions, and other regulations (including but not limited to all fees and land dedications applicable to the Project) duly adopted by the City and in effect on the Effective Date; provided, however, that as it relates to Public Infrastructure for any given phase, the applicable construction standards (including, without limitation, uniform building codes) shall be those that the City has duly adopted at the time of the filing of an application for a preliminary plat for that phase unless construction has not commenced within two years of approval of such preliminary plat in which case the construction standards shall be those that the City has duly adopted at the time that construction commences, except that to the extent there is a conflict between the City Regulations and the PD, the PD shall control. The term does not include Park Fees, which shall be waived on the Property in accordance with this Agreement.

Concept Plan means the intended conceptual plan for each Phase of the Project as may be approved by the City in accordance with Section 5.7 in which case it shall fully supersede and replace the Illustrative Layout.

Cost Underruns means actual PID Projects Costs that are less than the Budgeted Costs set forth in the SAP.

Developer means, when used in the singular, the entity developing and constructing Authorized Improvements on a particular Phase or portion of the Property, such entity being Tellus or the Owner as the context requires.

Developer Continuing Disclosure Agreement means any continuing disclosure agreement

of either of the Developers executed contemporaneously with the issuance and sale of PID Bonds.

Developer Improvement Account means each construction fund account created under an Indenture, if any, funded by either of the Developers, and used to pay for portions of the acquisition, design, and construction of the PID Projects for a particular Phase of the Project attributable to a Developer, the need for which account shall be determined on a Phase-by-Phase basis.

Development Standards mean the design specifications and construction standards identified in Section 5.13 of this Agreement, including without limitation the standards set forth in **Exhibit D** and applicable City Regulations.

Effective Date means the effective date of this Agreement, which shall be the date upon which all Parties have fully executed and delivered this Agreement and the City's legal counsel has signed this Agreement, approving same as to form; provided that, notwithstanding anything contained herein, no obligation of Tellus to construct Authorized Improvements on any portion of the Property that solely benefit such portion of the Property or obtain any easements or rights-of-way therefor shall take effect until Tellus has taken ownership of such portion of the Property.

End User means any tenant, user, or owner of a Fully Developed and Improved Lot, but excluding the HOA or POA.

Equivalent Dwelling Unit (EDU) means the water and/or sewer capacity equal to one single family residential unit.

ETJ shall have the meaning given to it in the Recitals.

Fully Developed and Improved Lot means any privately-owned lot in the Project, regardless of proposed use, intended to be served by the Authorized Improvements and for which a final plat has been approved by the City and recorded in the Real Property Records of Collin County, Texas.

HOA means one or more homeowners associations formed with respect to and single-family residential portion of the Project, which shall privately function as a homeowners association for the Project.

Home Buyer Disclosure Program means the disclosure provisions relating to property located in public improvement districts set forth in Chapter 5 of the Texas Property Code, which establish a mechanism to disclose to each buyer the terms and conditions under which their lot is burdened by Assessments.

Illustrative Layout means the intended plan for the development of the Project as depicted on **Exhibit C**.

Impact Fees means those fees assessed and charged against the Project in accordance with Chapter 395 and as defined therein.

Improvement Account of the Project Fund means the construction fund account created

under a particular Indenture, funded by the PID Bond Proceeds, and used to pay or reimburse for certain portions of the construction or acquisition of the PID Projects.

Indenture means a trust indenture by and between the City and a trustee bank under which PID Bonds are issued and funds are held and disbursed with respect to the particular Phase for which such PID Bonds are issued.

Independent Appraisal means, in establishing the appraised value, (i) the appraised value of a specific assessed parcel or assessed parcels, as applicable, in a specific Phase for which Assessments have been levied as established by publicly available data from the Collin Central Appraisal District, (ii) the Collin Central Appraisal District Chief Appraiser's estimated assessed valuation for completed homes (home and lot assessed valuation) and estimated lot valuation for lots on which homes are under construction, (iii) an "as-complete" appraisal delivered by an independent appraiser licensed in the State of Texas, which appraisal shall assume completion of the particular Phase for which said Assessments have been or will be levied, as applicable, or (iv) a certificate delivered to the City by a qualified independent third party (which party may be the Administrator or a licensed appraiser) certifying on an individual lot type basis, the value of each lot in the particular Phase, as applicable, for which such Assessments have been levied based on either (x) the average gross sales price (which is the gross amount including escalations and reimbursements due to the seller of the lots) for each lot type based on closings of lots in such Phase for which the Assessments have been levied or (y) the sales price in the actual lot purchase contracts in the particular Phase for which such Assessments have been or will be levied, as applicable.

Institutional Investor shall mean an entity or individual that intends or desires to purchase more than five (5) detached single-family lots within the Project to construct or cause to be constructed homes owned by such entity or individual thereon to be owned for rental or leasing purposes.

Notice means any notice required or contemplated by this Agreement (or otherwise given in connection with this Agreement).

Park Fees means those fees assessed and charged against the Project in accordance with Sections 9.02.135 and A3.006 of the City Code and shall include any "park development fees" as described in City Code.

Phase means any distinct phase of development on the Property which is to be developed concurrently as finished lots.

Phase 1 means the initial phase of development on the Property which is to be developed concurrently as finished lots.

Phase 2 means the first subsequent phase of development on the Property which is to be developed concurrently as finished lots after Phase 1.

PID means one or more public improvement districts encompassing all or a portion of the Property, for which the City agrees to exert reasonable efforts to create for the benefit of certain portions of the Project pursuant to the PID Act and this Agreement.

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

PID Bond(s) means assessment revenue bonds, but not Refunding Bonds, issued by the City pursuant to the PID Act to finance the PID Projects.

PID Bond Proceeds means the funds generated from the sale of the PID Bonds.

PID Documents means, but not limited to, collectively, the PID Resolution, the SAP, and the Assessment Ordinance(s).

PID Financial Summary means the document attached to this Agreement as **Exhibit K**, which summarizes financial data related to the PID.

PID Projects means all water, wastewater/sewer, drainage, roadway, park, trail, landscape, irrigation, hardscape, and other improvements allowable under the PID Act and benefitting and necessary to serve the Project and which shall be owned by the City or dedicated to the City by easement and maintained by the City (unless the City requires another entity to maintain projects such as trails, parks or landscaping as provided in Section 5.6 herein), including those identified in the PID Documents and outlined in **Exhibit E**.

PID Projects Cost means the actual cost of design, engineering, construction, acquisition, and/or inspection of the PID Projects, along with Administrative Expenses associated with the PID.

PID Resolution means the resolution adopted by the Council creating the PID as recorded in the real property records of Collin County, Texas.

POA means one or more property owners associations that may be formed with respect to the commercial and multifamily portions of the Project.

Project and Finance Plan means a final TIRZ Project and Finance Plan approved and adopted by the City in accordance with this Agreement as such plan may be amended from time to time.

Public Infrastructure means all water, wastewater/sewer, detention and drainage, roadway, park and trail, and other infrastructure necessary to serve the full development of the Project and/or to be constructed by Developers and dedicated to the City under this Agreement. The term includes the PID Projects.

Real Property Records means the official land recordings of the Collin County Clerk's Office.

Refunding Bonds means bonds issued pursuant to Section 372.027 of the PID Act.

Reimbursement Agreement means an agreement by and between the City and the applicable Developer by which the Parties establish the terms by which the applicable Developer may obtain reimbursements for PID Projects through the PID Bond Proceeds or Assessments for the respective Phase.

School Site means a tract of land of up to ten (10) acres (or such size as agreed to by Tellus and Anna ISD at the time of dedication) that Tellus shall convey or dedicate to the Anna ISD (as defined herein) for use as a school.

Service and Assessment Plan ("SAP") means the service and assessment plan for the PID, to be adopted and updated at least annually by the City Council pursuant to the PID Act for the purpose of assessing allocated costs against portions of the Project located within the boundaries of the PID having terms, provisions, and findings approved by the City, as required by the PID Act and this Agreement.

TIRZ means a tax increment reinvestment zone encompassing any portion of the Property to be created by the City pursuant to the TIRZ Act.

TIRZ Act means Chapter 311 of the Texas Tax Code, as amended.

TIRZ Documents means collectively the TIRZ Project and Finance Plan, the TIRZ ordinance, and the TIRZ participation agreement(s) with other taxing entities, if applicable.

TIRZ Fund(s) means the fund(s) set up by the City in order to receive TIRZ funds in accordance with this Agreement, the TIRZ Documents and state law.

TIRZ Revenue means the tax increment received by the City from the City property taxes levied against the Property and to be deposited into the TIRZ Fund(s) in accordance with the TIRZ Act.

SECTION 3
PUBLIC IMPROVEMENT DISTRICT

3.1 Creation of the PID; Levy of Assessments. The City shall use reasonable efforts to initiate and approve all necessary documents, resolutions and ordinances, including without limitation the PID Documents, required to effectuate this Agreement, to create the PID encompassing the Property, and to levy the Assessments. For each Phase of development, the City will prepare and approve a preliminary Service and Assessment Plan (or amended Service and Assessment Plan) providing for the levy of the Assessments such Phase of the PID. Promptly following preparation and approval of a preliminary SAP acceptable to the applicable Developer for the portion of the Property being assessed and subject to the City Council making findings that the PID Projects confer a special benefit on the Property, the City Council shall consider an Assessment Ordinance for the applicable Phase within the PID. Developers shall develop the Property consistent with the terms of this Agreement. Nothing contained in this Agreement, however, shall be construed as creating a contractual obligation that controls, waives, or supplants the City Council's legislative discretion or functions.

3.2 Acceptance of Assessments and Recordation of Covenants Running with the Land. Prior to the levy of the Assessment applicable to a particular Phase of the Project, the applicable Developer shall: (a) approve and accept in writing the levy of the Assessment(s) on all land owned by the applicable Developer and (b) cause covenants running with the land to be recorded against the portion of the Property within the applicable Phase that will bind any and all current and

successor developers and owners of all or any part of such Phase of the Project to pay the Assessments, with applicable interest and penalties thereon, as and when due and payable hereunder and that the purchasers of such land take their title subject to and expressly assume the terms and provisions of such assessments and the liens created thereby. Assessments may not be levied on any land owned by a Developer without the express prior written consent of that Developer required by this section. The covenants required to be recorded under this paragraph shall be recorded substantially contemporaneously with the recordation of the final plat of the applicable Phase, except for the final SAP which will be recorded by the City upon its approval in accordance with the PID Act. The Developers hereby acknowledge and accept the Home Buyer Disclosure Program.

SECTION 4
AUTHORIZED IMPROVEMENTS, PID PROJECTS, AND PUBLIC INFRASTRUCTURE

4.1 PID Projects. Prior to the issuance of PID Bonds, the PID Projects and PID Projects Costs are subject to change as may be agreed upon by the Developers and the City and, if changed, shall be updated by Developers and the City consistent with the Service and Assessment Plan and the PID Act. All approved final plats within the Property shall include those PID Projects located therein and the respective PID Projects Costs shall be finalized before the applicable final plat is approved by the City Council. Without limiting the foregoing, and on a Phase-by-Phase basis, as applicable, PID Projects Costs, the timetable for installation of the PID Projects, and all other pertinent information and data will be reviewed at least annually by the Parties in an annual update of the Service and Assessment Plan adopted and approved by the City Council consistent with the requirements of Section 372.013(b) of the PID Act.

4.2 Construction, Ownership, and Transfer of Authorized Improvements and Public Infrastructure.

(a) Construction Standards and Inspection. Except as otherwise expressly set forth in this Agreement, the Authorized Improvements and all other Public Infrastructure required for the development of the Property shall be constructed and inspected in accordance with this Agreement, the City Regulations, and any other governing body or entity with jurisdiction over the Public Infrastructure. The Developers agree to cause all Public Infrastructure to be constructed in a good and workmanlike manner. Upon request, the City shall provide "tax-exempt" letters to Developers for use by all contractors, subcontractors, and suppliers installing Public Infrastructure within the Property.

(b) Contract Letting. The Parties understand that construction of the Authorized Improvements to be funded through Assessments are legally exempt from competitive bidding requirements pursuant to the Texas Local Government Code. The Parties acknowledge that, as of the Effective Date, the construction contracts for the construction of Authorized Improvements have not been awarded and contract prices have not yet been determined. Before entering into any construction contract for the construction of all or any part of the Public Infrastructure, the applicable Developer's engineer shall prepare, or cause the preparation of, and submit to the City all contract specifications and necessary related documents, including the contract proposal showing the negotiated total contract price and scope of work.

(c) Ownership. All of the Authorized Improvements and Public Infrastructure shall be owned by the City upon acceptance of them by the City. Subject to Section 5.20, the Developers agree to take any action reasonably required by the City to transfer or otherwise dedicate or ensure the dedication of easements or property for the Authorized Improvements and Public Infrastructure to the City and the public.

(d) Operation and Maintenance. Upon inspection, approval, and acceptance of the Authorized Improvements, the City shall maintain and operate the accepted Authorized Improvements (except to the extent the City requires another entity to maintain improvements in accordance with Section 5.6).

(e) Applicability. Subsections (a)-(b), above, shall not apply to Public Infrastructure that the City is obligated to fund and construct under this Agreement, if any.

4.3 Public Infrastructure, Generally. Except as otherwise expressly provided for in this Agreement, each Developer shall provide all Public Infrastructure necessary to serve the portion of the Project owned and being developed by such Developer, including without limitation streets, utilities, drainage, sidewalks, parks, trails, street lighting, street signage, and all other required improvements, at no cost to the City except as provided herein, and in accordance with City Regulations, and as approved by the City Engineer or his/her designee. The applicable Developer shall cause the installation of such improvements within all applicable time frames in accordance with the City Regulations unless otherwise approved herein. The applicable Developer shall provide engineering studies, plan/profile sheets, and other construction documents at the time of final platting as required by City Regulations. Such plans shall be approved by the City Engineer or his/her designee prior to approval of a final plat. Construction of any portion of the Public Infrastructure shall not be initiated until a pre-construction conference that includes a City representative has been held regarding the proposed construction and City has issued a written notice to proceed which includes such Public Infrastructure.

4.4 Maintenance Bonds. The applicable Developer shall execute or cause to be executed a valid maintenance bond in accordance with applicable City Regulations that guarantees the costs of any repairs which may become necessary to any part of the construction work performed in connection with the Public Infrastructure constructed by such Developer, arising from defective workmanship or materials used therein, for a full period of not more than two (2) years from the date of final acceptance of the Public Infrastructure constructed under any such contract(s).

4.5 Inspections, Acceptance of Public Infrastructure, and Developers' Remedy. The City shall inspect, as required by City Regulations, the construction of all Public Infrastructure necessary to support the proposed development within the Property, including without limitation water, sanitary sewer, drainage, streets, park facilities, electrical, and streetlights and signs. The City's inspections shall not release Developers from their responsibility to construct, or ensure the construction of adequate Authorized Improvements and Public Infrastructure with respect to their owned portions of the Property in accordance with approved engineering plans, construction plans, and other approved plans related to development of the Property. From and after the inspection and acceptance by the City of the Public Infrastructure and any other dedications required under this Agreement, such improvements and dedications shall be owned by the City. The Developers'

sole remedy for nonperformance of this Agreement by the City shall be to seek specific performance and cost reimbursements pursuant to the terms of this Agreement.

4.6 Insurance. The applicable Developer or its contractor(s) shall acquire and maintain, during the period of time when any of the Public Infrastructure with respect to the applicable Developer's owned property is under construction (and until the full and final completion of such Public Infrastructure and acceptance thereof by the City): (a) workers compensation insurance in the amount required by law; and (b) commercial general liability insurance including personal injury liability, premises operations liability, and contractual liability, covering, but not limited to, the liability assumed under any indemnification provisions of this Agreement, with limits of liability for bodily injury, death and property damage of not less than $1,000,000.00. Such insurance shall also cover any and all claims which might arise out of the Public Infrastructure construction contracts, whether by the applicable Developer, a contractor, subcontractor, material man, or otherwise. Coverage must be on a "per occurrence" basis. All such insurance shall be issued by a carrier which is rated "A-1" or better by A.M. Best's Key Rating Guide and licensed to do business in the State of Texas. Upon the execution of Public Infrastructure construction contracts, the applicable Developer shall provide to the City certificates of insurance evidencing such insurance coverage together with the declaration of such policies. Each such policy shall provide that, at least thirty (30) days prior to the cancellation, non-renewal or modification of the same, the City shall receive written notice of such cancellation, non-renewal or modification.

SECTION 5
ADDITIONAL OBLIGATIONS AND AGREEMENTS

5.1 Wastewater/Sanitary Sewer Facilities.

(a) Tellus Obligations. Tellus is responsible for the design, installation, and construction of the wastewater/sanitary sewer improvements necessary to serve the Property as generally depicted on **Exhibit F-1** (the "Major Sewer Improvements"), provided that Tellus and the City Engineer may mutually agree to modifications to the sizing and location of such improvements at the time of construction thereof. The design of all Major Sewer Improvements shall be approved by the City in advance of the construction of same and shall be constructed in accordance with the Exhibit F-3 (the "Sewer Improvements Schedule"). Subject to the City's obligations under Section 5.20 and Section 5.1(c), Tellus shall be responsible for the acquisition of any easements and other property acquisitions necessary for Major Sewer Improvements, the size and extent of each such easement or other property interest to be approved by the City. The maximum width of the required easement shall not exceed 2.5 times the depth of the sewer line for linear improvements. The locations of said easements or other property interests shall be approved by the City Engineer or his/her designee as part of the platting process. The City will reimburse Tellus for the costs of the Major Sewer Improvements, and costs of obtaining any necessary offsite easements for the Major Sewer Improvements, through the Eligible Infrastructure Grant as set forth in Section 7.3.

(b) Timing of Developers' Obligations. Except as otherwise provided herein, the applicable Developer shall complete in a good and workmanlike manner all on-site wastewater/sanitary sewer improvements necessary to serve each Phase of the Project owned by such Developer prior to the recordation of the final plat covering such Phase; provided that the

applicable Developer may submit the final plat for any Phase prior to the installation of such improvements if it obtains approval for and executes an improvement agreement and provides adequate security therefor in accordance with the City's Subdivision Regulations.

(c) City Constructed Sewer Infrastructure. The City will construct the sewer improvements shown on **Exhibit F-2** (the "City Constructed Sewer Infrastructure"). Design work, construction start, and construction completion of the City Constructed Sewer Infrastructure shall be in accordance with the timing shown on **Exhibit F-3** (the "Sewer Improvements Schedule"). The City may make adjustments to the scope of the City Constructed Sewer Infrastructure shown in **Exhibit F-2** and provide an updated timeline for construction of such revised City Constructed Infrastructure (the "Revised City Constructed Sewer Infrastructure"), subject to the review and approval by the City Engineer, if the City delivers to Developers (i) engineering studies reviewed and approved by the City Engineer showing that such Revised City Constructed Sewer Infrastructure (a) does not negatively impact the ability of the Project to flow its sewer downstream and (b) provides for access to sewer services consistent with the schedule set forth **Exhibit F-3** on the Effective Date, and (ii) an updated schedule for construction of such Revised City Constructed Sewer Infrastructure reflecting access to an equivalent number of ESFCs for each Phase of development shown in a manner consistent with the timing shown on **Exhibit F-3** on the Effective Date. After delivery of the foregoing, any such changes shall constitute an amendment to **Exhibit F-2** and **Exhibit F-3** upon the delivery of a written instrument signed by the City Manager approving same to the other Parties hereto, and thereafter references to "City Constructed Sewer Infrastructure" herein shall be deemed to refer to such Revised City Constructed Sewer Infrastructure.

Any adjustments solely to the timing of available capacity provided by the City Constructed Sewer Infrastructure shown in **Exhibit F-3** is subject to review and approval by Tellus and the City Engineer. The City and Tellus may amend **Exhibit F-3** by delivery of a written instrument signed by Tellus and the City Manager approving same to all parties hereto.

If the City does not complete the City Constructed Sewer Infrastructure in time or in a manner sufficient to serve a particular Phase of the Development as provided in the Sewer Improvements Schedule for any Phase of the Development (to the extent modified in accordance with the preceding paragraphs):

(i) the City agrees to provide, at its sole cost, pump and haul service for sewage until such time as the City Constructed Sewer Infrastructure is complete to serve that particular Phase of development, and shall approve plats and allow the issuance of building permits in the Development in accordance with Section 5.12 below. In the event that existing permanent infrastructure is insufficient to provide sewer services to any Phase of the Development and the City has to utilize pump and haul to accommodate sewer flows in such Phase of the Development, then the City, at City's cost, will construct the necessary sewer lines and lift station to facilitate a pump and haul operation from the location designated in Exhibit F-1 labeled "Prop. Regional Lift Station." Pump and haul services in any applicable Phase shall continue at City's cost until such time as the permanent sewer infrastructure is constructed in a manner to provide service for all flows produced in the applicable Phase of the Development for which the pump and haul services are being provided. The expected location of the "Proposed Regional Lift Station" is the northeast corner/quadrant

of the future intersection of FM 455 and the collector road illustrated on Exhibit F-1. Any alternative location for the "Proposed Regional Lift Station" shall be approved by the Developers as part of a good faith effort and, provided that the Developers have evidenced their written consent to the City, the location of the "Proposed Regional Lift Station" may be changed without an amendment to this Agreement.; and

(ii) the City agrees that it shall not withdraw any City PID Fees collected for the particular Phase until the City has completed the City Constructed Sewer Infrastructure for such Phase in a manner to permanently provide sewage service for such Phase without any pump and haul services described in (i), above.

5.2 Water Facilities.

(a) Developers' General Obligations. Developers are responsible for design, installation, and construction of the respective on-site water improvements necessary to serve the applicable portion of the Property owned and being developed by each. Subject to the provisions of Section 5.2(c) hereof, Tellus is responsible for design, installation, and construction of certain major water lines as generally depicted in as generally depicted on **Exhibit G** (the "Major Water Improvements") provided that Tellus and the City Engineer may mutually agree to modifications to the sizing and location of such improvements at the time of construction thereof The design of water improvements shall be approved by the City in advance of the construction of same. Subject to the City's obligations under Section 5.20, Tellus shall be responsible for the acquisition of any easements and other property acquisitions necessary for the Major Water Improvements, the size and extent of each such easement or other property interest to be approved by the City provided that the maximum width of the required easement shall not exceed 2.5 times the depth of the water line. The locations of said easements or other property interests shall be approved by the City Engineer or his/her designee as part of the platting process. Tellus' costs of obtaining such easements may be included in the projects to be reimbursed through the Eligible Infrastructure Grant. Tellus is not required to begin construction of a second point of connection to the City's water system until the issuance of the 250th certificate of occupancy for the Project.

(b) Timing of Developers' Obligations. Except as otherwise provided herein, the applicable Developer shall complete in a good and workmanlike manner all on-site water improvements necessary to serve each Phase of the Project owned by such Developer prior to the recordation of the final plat covering such Phase, provided that the applicable Developer may submit the final plat for any Phase prior to the installation of such improvements if it obtains approval for and executes an improvement agreement and provides adequate security therefor in accordance with the City's Subdivision Regulations.

(c) Major Water Improvements. Tellus will construct the Major Water Improvements each as depicted on **Exhibit G**. The Major Water Improvements shall be constructed in the size shown on **Exhibit G** or such dimensions as mutually agreed to by the City Engineer and Tellus at the time of construction of the Major Water Improvements and shall be oversized as mutually agreed to by the City Engineer and Tellus at the time of construction of the Major Water Improvements. The City will reimburse Tellus for the costs of the Major Water Improvements through the Eligible Infrastructure Grant.

5.3 Water and Wastewater Services; Ownership of Water and Wastewater Infrastructure.

(a) The City represents and confirms that it currently has and reasonably expects to continue to have the capacity to provide to the Property continuous and adequate retail water service at times and in capacities sufficient to meet the service demands of the Project as it is developed and reserves such capacity for the Project. The City agrees to provide a will-serve letter for water service upon written request of either of the Developers.

(b) It is acknowledged that the City currently has sufficient wastewater capacity for the expected 957 Equivalent Dwelling Units in Phase 1 and Phase 2 of the Project. The City agrees to make such capacity available to Tellus. The City shall expand the capacity of its wastewater treatment system in accordance with **Exhibit F-2** and the Sewer Improvements Schedule on **Exhibit F-3** to provide for service to each Phase of the Development in accordance with the Sewer Improvements Schedule and agrees to reserve capacity for each Phase of the Development as each phase of the City Constructed Sewer Improvements is completed. The City agrees to provide a will-serve letter for wastewater service upon written request of either of the Developers.

(c) Upon acceptance by the City of the water and wastewater facilities described herein, the City shall operate or cause to be operated said water and wastewater facilities serving the Project and use them to provide service to all customers within the Project at the same rates as similar projects located within the City. Upon acceptance by the City, the City shall at all times maintain said water and wastewater facilities, or cause the same to be maintained, in good condition and working order in compliance with all applicable laws and ordinances and all applicable regulations, rules, policies, standards, and orders of any governmental entity with jurisdiction over same.

5.4 Roadway Facilities and Drainage Improvements.

(a) Developers General Obligations. Developers are respectively responsible for the design, installation, and construction of all on-site roadway facilities required to serve the portions of the Property owned and being developed by such Developer. Subject to the provisions of Section 5.4(d) hereof, Tellus is responsible for design, installation, and construction of certain major road improvements as generally depicted on **Exhibit H** (the "Major Roadway Improvements") and such Major Roadway Improvements shall be reimbursed through the Eligible Infrastructure Grant. The design of all roadway improvements shall be approved by the City in advance of the construction.

(b) Timing of General Obligations. Prior to the recordation of any final plat for any Phase of the Project, the applicable Developer shall complete, in a good and workmanlike manner, construction of all on-site roadway facilities and related improvements necessary to serve such Phase in accordance with construction plans approved by the City; provided that the applicable Developer may submit the final plat for any Phase prior to the installation of such improvements if it obtains approval for and executes an improvement agreement and provides adequate security therefor in accordance with the City's Subdivision Regulations. Thereafter, the roads shall be conveyed to the City for ownership and maintenance.

(c) Drainage/Detention Infrastructure. The Developers shall have full responsibility for designing, installing, and constructing the drainage/detention infrastructure that will serve their applicable portions of the Property and the cost thereof and said infrastructure shall be designed and constructed in accordance with applicable City Regulations. Neither Developer shall be responsible for the design, installation or construction of drainage/detention infrastructure unless located on that Developer's property and a Developer may not construct drainage/detention infrastructure with a material impact on the other Developer's property without the express written consent of the other Developer. Prior to the recordation of the final plat for any Phase of development, the applicable Developer shall complete in a good and workmanlike manner construction of the drainage/detention improvements necessary to serve such Phase provided that the applicable Developer may submit the final plat for any Phase prior to the installation of such improvements if it obtains approval for and executes an improvement agreement and provides adequate security therefor in accordance with the City's Subdivision Regulations. Upon inspection, approval, and acceptance, City shall maintain and operate the drainage improvements for the Property. The HOA, POA, or other entity as applicable, will maintain and operate all detention facilities except to the extent expressly set forth to the contrary in this Agreement.

(d) CR 424 Improvements. Within the Project, Tellus shall construct what is currently referenced on the City's Thoroughfare Plan as CR 424 as a collector road section in an alignment generally consistent with that shown on **Exhibit H-1** unless the Developers mutually agree that the project traffic impact analysis does not support that option. Should the traffic impact analysis not support the layout in **Exhibit H-1** and/or collector road section for CR 424 in **Exhibit D,** Tellus will construct a subsequent alternative option as mutually approved by the City Engineer and Developers. To the extent that an alternative option is provided by Owner, Tellus or City, the applicable other Parties shall have sixty calendar days to review and respond to such alternative option in writing.

5.5 Infrastructure Oversizing. The Developers shall not be required to construct or fund any Public Infrastructure so that it is oversized to provide a benefit to land outside the Property ("Oversized Public Infrastructure") unless, by the commencement of construction, the City has made arrangements to finance the City's portion of the costs of construction of such improvements attributable to the oversizing required by the City from sources other than PID Bond Proceeds, funds from the TIRZ that the City is obligated to utilize for this Project under Section 7.1, Assessments, or the Eligible Infrastructure Grant. In the event either of the Developers is required by the City to construct or cause the construction of any Oversized Public Infrastructure on behalf of the City, the City shall be solely responsible for all costs attributable to the oversizing of the Oversized Public Infrastructure and none of the PID Bond Proceeds, the TIRZ Increment that the City is obligated to utilize for this Project under Section 7.1, or the Eligible Infrastructure Grant shall be utilized for financing the costs of Oversized Public Infrastructure that is attributable to the oversizing of the Oversized Public Infrastructure.

5.6 Mandatory HOA and POA. If a Phase includes single family residential, then Developers will create, in a manner acceptable to the City, an HOA, which HOA, whether one or more, shall be required to levy and collect from home owners within the PID HOA fees (annually, quarterly or monthly) in an amount calculated to maintain the open spaces, parks, common areas, hike and bike trails located in common areas, portions of which trails and parks will be open to the public, right-of-way irrigation systems, raised medians and other right-of-way landscaping, and

screening walls within the PID. Common areas including but not limited to screening, landscaping, gardens, entrances to the Property and right-of-way landscaping shall be maintained solely by the HOA. Maintenance of public rights-of-way landscaping and screening by the HOA shall comply with City Regulations and the HOA shall be subject to enforcement by the City. To the extent that a Phase includes commercial or multifamily development with open space, common areas, and the like that are shared by more than one separately platted parcel, then, such common areas, open space and the like shall be maintained by a POA created for such commercial or multifamily development in the manner set forth in this paragraph or shall be maintained under a reciprocal easement agreement, declaration of covenants, conditions and restrictions, or other covenant regarding land use. To the extent a POA is created, the applicable declarant shall have the option of whether or not to include single-family residential in such POA.

5.7 Illustrative Layout; Concept Plan.

(a) The Illustrative Layout illustrates the approved development layout for the Property but has not been engineered and does not represent the final design that will be approved through the final platting process. Prior to approval of the Zoning, the Developers may revise the Illustrative Layout through an administrative approval, provided the number of residential lots shown on the Illustrative Layout does not increase by greater than ten percent (10%), the numbers of residential lots in each category shown on the Illustrative Layout does not increase by greater than ten percent (10%), and the amount of open space shown on the Illustrative Layout does not decrease by greater than ten percent (10%). Nothing in this paragraph shall preclude Developers from applying directly to the City Council for approval of any Illustrative Layout revisions, including revisions greater than the percentages listed herein. If the Developers submit a revised Illustrative Layout as provided by this section and the City Manager or his/her designee determines that the Illustrative Layout should be administratively approved, the City Manager or his or her designee shall cause the revised Illustrative Layout to be attached to the official version of this Agreement on file with the City's Secretary's office, and the Developers shall record a memorandum of the revised Illustrative Layout in the Real Property Records.

(b) A Concept Plan will be required as part of the zoning process identified in Section 9.1 and the Concept Plan, once approved by the City, shall be deemed to fully supersede and replace the Illustrative Layout for all purposes. Revisions to the Concept Plan that is part of approval of zoning may be subsequently revised with approval by the City Council and/or the Planning and Zoning Commission through the normal zoning process.

(c) If the Developers submit a Concept Plan as provided by this section and the City Manager or his/her designee determines that the Concept Plan should be administratively approved, the City Manager or his or her designee shall cause the revised Concept Plan to be attached to the official version of this Agreement on file with the City's Secretary's office, and Developers shall record a memorandum of the revised Concept Plan in the Real Property Records.

5.8 Community Amenities. Tellus will (or will cause) the design, construction, maintenance, and operation of certain amenities in the Project as described in (a) and (b) below.

(a) Tellus shall be required to construct the following three (3) amenities:

(1) An amenity center located in Phase 1 (the "Phase 1 Amenity Center") on a minimum 2 -acre site containing an amenity center building of at least 4,000 sf air conditioned square feet which can be split between multiple buildings, a minimum 3,500 sf -size swimming pool which can be split between multiple pools, bathrooms, a playground and an open recreation area, which amenity center shall commence construction prior to the 250th building permit and shall be completed within twenty four (24) months of commencement;

(2) A second amenity center located generally as shown on **Exhibit C** containing an amenity center building or shaded structure, bathrooms, a playground and an open recreation area to commence construction prior to the 1,750 building permit and shall be completed within eighteen (18) months of commencement;

(3) A working farm-style amenity center with operational farming facilities (the "Farm Amenity"). Tellus will commence construction of the first phase of the Farm Amenity prior to the 600th building permit and shall complete construction of the first phase within eighteen (18) months of commencement. The Farm Amenity shall be solely owned, operated and maintained by Tellus, a Tellus controlled entity or the HOA. The Farm Amenity will include a minimum five (5) -acre programmed site adjacent to the working farm. The first phase of the Farm Amenity will include the following features at a minimum: a working farm, a structure for agricultural education, a multi-use field area for events, and a parking lot;

(b) Tellus will (or will cause) the design, construction, maintenance, and operation of certain amenities in the Project. Tellus shall be required to construct four (4) of the following nine (9) amenities (such four (4) amenities, together with the three required amenities in this section, collectively, the "Community Amenities"):

(i) playground (2-5 years of age);

(ii) playground (5-8 years of age);

(iii) sand volleyball court or tennis court or pickleball court;

(iv) basketball court;

(v) the trails and open space described in Section 5.9;

(vi) outdoor workout equipment along hike and bike trails;

(vii) Three or more pocket parks at least 1 acre in size each;

(viii) dog park; and

(ix) park benches, trash cans, and pet stations along the trail and in the dog.

General depictions of a portion of the Community Amenities, which are provided as examples but are not binding on Tellus, are included on Exhibit I. To the extent that any Community Amenities may be included as PID Projects pursuant to the PID Act, the City may, at the City's sole discretion, accept dedication of such Community Amenities, and such Community Amenities may be maintained by the City or the HOA, as applicable. To the extent any Community Amenities are

not owned or dedicated to the City and maintained by the City, such Community Amenities shall be owned and maintained by the HOA.

5.9 Parkland Dedication Credit. Tellus shall timely improve and construct the Farm Amenity and timely construct trails and dedicate such trails as outlined in this Section 5.9, and the applicable Developer shall dedicate open space in the final plat for each phase each as generally depicted on **Exhibit J** (collectively, the "Trails and Open Space Acreage"). Provided the Developers cause such Trails and Open Space Acreage to be dedicated for such purposes, Developers shall be deemed to have satisfied all applicable parkland dedication or improvement requirements or fees required in lieu thereof, of any kind whatsoever and no Park Fees shall be imposed on the Property. To be considered timely for any given Phase, with respect to open space, the applicable Developer shall dedicate the open space applicable to such Phase as shown on **Exhibit J** at the time of the filing of the final plat for such Phase, with respect to the trails applicable to such Phase, and complete construction of such trails within nine months of the recordation of the final plat for such Phase, subject to force majeure. For any Phase that is developed without Developer timely causing such Trails and Open Space Acreage to be constructed and dedicated as shown on **Exhibit J**, the City's otherwise applicable Park Fees shall apply and not be waived for such Phase. Notwithstanding the foregoing to the contrary, by execution of this Agreement, Owner shall be deemed to have satisfied all applicable parkland dedication or improvement requirements or fees required in lieu thereof, of any kind whatsoever and no Park Fees shall be imposed on Zone III and Zone IV (as identified on the Illustrative Layout). Any dedication of Trail and Open Space Acreage under this Section 5.9 may be by public access easement or fee dedication at the election of the applicable Developer. For the avoidance of doubt, the Developers shall not be required to provide a public access easement or dedication of any amenity center described in Section 5.8.

5.10 Impact Fees.

(a) Impact Fees shall be assessed and collected on the Property at the rates in effect at the time of submission of an application for a building permit. The City shall collect Impact Fees from all third-party permit applicants within the Property. Upon the payment of Impact Fees, such payments shall be sequestered into a separate account created with the City (the "Sherley Farms Impact Fee Account") to facilitate the payment of the Eligible Infrastructure Grant described in Section 7.3 hereof.

(b) To the extent that the Eligible Infrastructure is not currently included in the City's CIP, the City agrees to take all necessary steps to include Eligible Infrastructure, along with any additional Authorized Improvements that may reasonably qualify as Capital Improvements, in the City's CIP. The City acknowledges that Tellus is providing certain Capital Improvements on the Property and the Eligible Infrastructure, to the City at the initial cost of Tellus.

5.11 Dedication of Water Tank Site and School Site.

(a) When requested by Anna Independent School District ("Anna ISD"), Tellus shall convey or dedicate the School Site to Anna ISD and such conveyance shall include restrictive covenants that shall prevent certain commercial uses and electronic, radio, electromagnetic or other similar wireless transmission equipment.

(b) Tellus shall, at the request of the City after Tellus has taken ownership of the applicable portion of the Property, convey a site of up to 1.5 acres located in the PID to the City for use in construction of an elevated water storage tank. The elevated storage tank site (the "Elevated Storage Tank Site") shall be in a location mutually agreeable to the City and Tellus at the time of conveyance and such conveyance shall include restrictive covenants that shall prevent certain commercial uses and electronic radio, electromagnetic or other similar wireless transmission equipment. The dedication and conveyance of such Elevated Storage Tank Site shall be reimbursable through the Eligible Infrastructure Grant.

(c) Notwithstanding subsection (b), above, if the City determines to construct a fire station at the Elevated Storage Tank Site, then Tellus shall increase the size of the conveyance to a total of three (3) contiguous acres with the same restrictive covenants described in said subsection (b); provided, however, that such restrictive covenants shall not restrict the use of any equipment that is necessary for emergency services communications purposes.

(d) In addition to subsections (a), (b) and (c), above, if the City adopts an ordinance governing electronic radio, electromagnetic or other similar wireless transmission equipment, the Developers and the City shall endeavor in good faith to amend the applicable zoning to govern the use of electromagnetic transmission equipment within the Property.

5.12 Withholding of Building Permits, Etc. The City shall not be required to issue any building permits or certificates of occupancy or provide utilities for any structure on the Property until after the applicable final plat is approved, the City approves the applicable maintenance bond(s) required under Section 4.4, and the City issues final written acceptance of any Public Infrastructure necessary to serve such applicable portion of the Property with utility, fire safety (i.e., paving complete and water system/hydrants installed, tested and pressurized) and roadway service; provided that the City shall allow for the issuance of building permits for up to 10% of the single-family building permits in any Phase of the Development once the applicable Developer has achieved fire safety. To assist in the determination as to whether building permits for any Phase of development should be issued, the applicable Developer shall include all Public Infrastructure necessary to serve such Phase with utility, fire safety, and roadway service in the construction plans required to be submitted under applicable City Regulations. Notwithstanding the foregoing, the City shall not unreasonably withhold plat approval for any Phase of development and shall issue building permits and certificates of occupancy and provide utilities for any structure on the Property if the applicable Public Infrastructure to provide utility and roadway service other than the City Constructed Sewer Infrastructure shown on **Exhibit F-2** is complete and pump and haul service is being provided pursuant to Section 5.1 of this Agreement.

5.13 Governing Regulations. Development of the Property shall be governed by the following regulations (collectively, the "Governing Regulations," all of which are incorporated into this Agreement as if set forth in full):

(a) City Code, Article 9.02, the subdivision regulations of the City, in effect on the Effective Date (the "Subdivision Regulations");

(b) except as amended by the Development Standards (defined below), the comprehensive zoning ordinance of the City, in effect on the Effective Date (the "Zoning

Ordinance");

(c) City Code, Article 9.05, in effect on the Effective Date (the "Sign Ordinance");

(d) the Illustrative Layout set forth on **Exhibit C** and the development regulations for the Property set forth on **Exhibit D** (except as otherwise approved in accordance with Section 5.15 in the event of conflicts) (the "Development Standards");

(e) upon annexation pursuant to Section 9.1, the uniform building codes, as amended from time to time, including any local amendments thereto adopted by the City (the "Building Codes"). The term "Building Codes," as applied to a particular building shall mean the Building Codes in effect on the date the first application is filed for a building permit for the building in question. For the avoidance of doubt, the Building Codes shall only apply to the Property from and after annexation of the Property. As it relates solely to Property Public Infrastructure for any given Phase of the Project—notwithstanding any provision of this Agreement—the applicable construction standards (including, without limitation, the Building Codes) shall be those that the City has duly adopted at the time of the filing of an application for a preliminary plat for such Phase containing the Property Public Infrastructure in question; and

(f) except as set forth in this Agreement to the contrary, any other applicable provisions of Chapter 4 (Building Regulations), Chapter 6 (Fire Prevention and Protection), Chapter 9 (Planning and Development Regulations), Chapter 12 (Utilities) and Appendix A (Fee Schedule) of the City Code in effect on the Effective Date.

The Governing Regulations are the controlling regulations for development of the Property, and no other City Regulations, rules, standards, policies, orders, guidelines, or other City-adopted or City-enforced requirements of any kind (including but not limited to any moratorium adopted by the City) apply to the use or development of the Property to the extent such regulations or requirements are in conflict with the Governing Regulations or this Agreement. The Governing Regulations are considered part of this Agreement and are incorporated herein by reference for all purposes.

5.14 Compliance with Materials and Methods Regulations. It is expressly understood that the City Regulations (as amended by the Governing Regulations and this Agreement) are enforceable as relates to the Property and its use and development, including but not limited to any such City Regulations that would otherwise be unenforceable under Chapter 3000 of the Texas Government Code ("Materials and Methods Regulations") and the Material and Methods Regulations are incorporated herein as if set forth in full; provided, however, to the extent of any conflict between the requirements of the Materials and Methods Regulations and the requirements of this Agreement, this Agreement shall control. The Zoning Ordinance shall also be considered to be Materials and Methods Regulations to the extent that its requirements and restrictions would otherwise be unenforceable under Chapter 3000 of the Texas Government Code

5.15 Conflicts. When not in conflict with the terms and conditions of this Agreement, the development of the Property shall be subject to all applicable City Regulations, including but not limited to the City's subdivision regulations and engineering design standards. In the event of

any conflict between the Development Standards and the Zoning Ordinance, Sign Ordinance, or Building Codes, the Development Standards shall control until the PD Zoning (as defined herein) has been approved by the City. After the PD Zoning has been approved for the Property, in the event of a conflict between the PD Zoning and the Development Standards, the Zoning Ordinance, Sign Ordinance, or Building Codes, the PD Zoning shall control for such portion of the Property subject to the PD Zoning, and no amendment to the applicable PD Zoning shall require an amendment to this Agreement. In the event of a conflict between the Governing Regulations and the City Regulations, the Governing Regulations shall control. In the event of any conflict between this Agreement and any other ordinance, rule, regulation, standard, policy, order, guideline or other City-adopted or City-enforced requirement, whether existing on the Effective Date or hereinafter adopted, unless otherwise agreed by the Parties, this Agreement shall control. In the event of any conflict between the Illustrative Layout and the remainder of the Development Standards in **Exhibit D**, the remainder of the Development Standards in **Exhibit D** shall control. In the event of any conflict between any future Concept Plan and the Development Standards in **Exhibit D**, the Development Standards in **Exhibit D** shall control (except for modifications to the Illustrative Layout that are allowed pursuant to the terms of the Development Standards and/or Zoning Ordinance).

5.16 Phasing. The Property may be developed in phases and the applicable Developer must submit the appropriate plat(s) for each Phase, and, if permitted under applicable law, may submit a replat or amending plat for all or any portions of the Property. Any plat, replat or amending plat shall be in conformance with applicable City Regulations and be subject to City approval.

5.17 Vested Rights. This Agreement shall constitute a "permit" (as defined in Chapter 245) that is deemed filed with the City on the Effective Date.

5.18 Approval of Plats/Plans. Approval by the City, the City Engineer, or other City employee or representative, of any plans, designs, or specifications submitted by the applicable Developer pursuant to this Agreement or pursuant to applicable City Regulations shall not constitute or be deemed to be a release of the responsibility and liability of the applicable Developer, its engineers, employees, officers, or agents for the accuracy and competency of their design and specifications. Further, any such approvals shall not be deemed to be an assumption of such responsibility and liability by the City for any defect in the design and specifications prepared by the applicable Developer or the applicable Developer's engineers, or their respective officers, agents, servants or employees, it being the intent of the Parties that approval by the City Engineer or his/her designee signifies approval on only the general design concept of the improvements to be constructed.

5.19 Agricultural Exemption. The City acknowledges that some or all of the Property may now have or may in the future have an agricultural, timber, or wildlife management use tax classification, and the City may not request removal of any such tax classification for any Property within the PID until PID Bonds secured by Assessments levied in the applicable portion of the PID are issued to pay for the costs of the PID Projects and related costs and development within the applicable portion of the PID has commenced to a degree that would trigger a change in use tax exemption under state law, notwithstanding any waiver of such exemption for other political subdivisions or public entities.

5.20 Eminent Domain. Tellus agrees to use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, required for any off-site Public Infrastructure. To the extent required, the Developers agree to use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, required for any on-site Public Infrastructure being constructed by such Developer. If, however, the applicable Developer is unable to obtain such third-party rights-of-way, consents, or easements within ninety (90) days of sending an initial offer to the owner of such property to purchase the needed easements and right-of-way, the City agrees to take reasonable steps to secure same (subject to City Council authorization after a finding of public necessity) through the use of the City's power of eminent domain. The City shall request and order any appraisal required in connection with the applicable Developer's (if requested by such Developer) or the City's acquisition of such third-party rights-of-way, consents, or easements as described in the preceding two sentences, and the applicable Developer shall pay the costs of such appraisal. The applicable Developer shall be responsible for funding all reasonable and necessary legal proceeding/litigation costs, attorney's fees and related expenses, and appraiser and expert witness fees (collectively, "Eminent Domain Fees") actually incurred by the City in the exercise of its eminent domain powers that for any reason are not funded by the PID Bond Proceeds and shall escrow with a mutually agreed upon escrow agent the City's reasonably estimated Eminent Domain Fees both in advance of the initiation of each eminent domain proceeding and as funds are needed by the City. Provided that the escrow fund remains appropriately funded in accordance with this Agreement, the City will use all reasonable efforts to expedite such condemnation procedures so that the Public Infrastructure can be constructed as soon as reasonably practicable. If the City's Eminent Domain Fees exceed the amount of funds escrowed in accordance with this paragraph, the applicable Developer shall deposit additional funds as requested by the City into the escrow account within ten (10) days after written notice from the City. Any unused escrow funds will be refunded to the applicable Developer within thirty (30) days after any condemnation award or settlement becomes final and non-appealable. Nothing in this section is intended to constitute a delegation of the police powers or governmental authority of the City, and the City reserves the right, at all times, to control its proceedings in eminent domain.

To the extent Eminent Domain Fees are paid by a Developer, the applicable Developer may seek reimbursement of any or all eligible Eminent Domain Fees from PID Bonds, or if PID Bonds are not issued, Assessments.

5.21 Payment of City PID Fee.

Tellus shall deposit or cause to be deposited the amount of the City PID Fee in an identifiable City-owned escrow account that contains the full amount of the City PID Fee (the "City PID Fee Account") for a particular Phase of Development and shall provide proof of such deposit to the City on the date Assessments are levied for such Phase or a subsequent date that is no later than the 30th day after the closing date of the PID Bonds for such Phase of Development. No Party shall withdraw from or otherwise reduce or in any manner encumber the amount deposited into the City PID Fee Account for any Phase of Development until such time as the City Constructed Sewer Improvements necessary to provide sewer service to such Phase have been completed. Upon the completion of the City Completed Sewer Improvements for the applicable Phase, the City may withdraw the full amount in the City PID Fee Account and utilize same for any municipal purpose. The City PID Fee shall be calculated in accordance with the City PID

Policy and shall be based upon the number of single-family residential lots included within the applicable Phase of Development that are being assessed. For the avoidance of doubt, the "single-family residential lot" shall include any townhome (whether attached or detached) located in the PID. The amount of the City PID Fee shall not increase and the City PID Fee shall not be reimbursable from Assessments, PID Bond Proceeds or the TIRZ.

5.22 Rental Property. It is a material breach of this Agreement if a Party knowingly sells—in any single transaction or combination of transactions—a total of more than five percent (5%) of the total number of single-family detached lots projected to be within the Project to one or more Institutional Investors that intend to own and rent or lease single-family residences within the Project.

SECTION 6
PID BONDS

6.1 PID Bond Issuance. Subject to the satisfaction of conditions set forth in this section, the City may issue PID Bonds solely for the purposes of acquiring or constructing PID Projects. Either of the Developers may request issuance of PID Bonds by filing with the City a list of the PID Projects within their property to be funded with the PID Bonds and the estimated costs of such PID Projects. Developers acknowledge that the City may require at that time a professional services agreement that obligates the applicable Developer to fund the costs of the City's professionals relating to the preparation for and issuance of PID Bonds, which amount shall be agreed to by the Parties and considered a cost payable from such PID Bonds. The issuance of PID Bonds is subject to the following conditions:

(a) The City has determined that (a) there will be no negative impact on the City's creditworthiness, bond rating, access to or cost of capital, or potential for liability and (b) the PID Bonds assessment level, structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the PID Projects Costs to be financed and that there is sufficient security for the PID Bonds to be creditworthy.

(b) All costs incurred by the City that are associated with the administration of the PID shall be paid out of special assessment revenue levied against property within the PID. City administration costs shall include without limitation those associated with continuing disclosure, compliance with federal tax law, agent fees, staff time, regulatory reporting and legal and financial reporting requirements.

(c) The adoption of a Service and Assessment Plan and an Assessment Ordinance levying assessments on all or any portion of the PID benefitted by such PID Projects in amounts sufficient to pay all costs related to such PID Bonds.

(d) Unless otherwise agreed to by the City, the aggregate principal amount of PID Bonds issued and to be issued shall be estimated to be $300,000,000.

(e) If requested by the City, delivery of an Independent Appraisal to the City confirming that the special benefits conferred on the properties being assessed for the PID Projects increase the value of the property by an amount at least equal to the amount assessed against such property.

(f) Approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas.

(g) The applicable Developer is current on all taxes, assessments, fees and obligations to the City including without limitation payment of Assessments.

(h) The applicable Developer is not in material default under this Agreement or any other agreement with the City.

(i) No outstanding PID Bonds are in default and no reserve funds established for outstanding PID Bonds have been drawn upon that have not been replenished.

(j) The Administrator has certified that the specified portions of the costs of the PID Projects to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds; therewith, such approval not to be unreasonably withheld, conditioned or delayed upon presentation of a certificate in compliance with the applicable Indenture.

(k) The PID Projects to be financed by the PID Bonds have been or will be constructed according to the approved Development Standards imposed by this Agreement including without limitation any applicable Governing Regulations and/or City Regulations.

(l) The maximum maturity for each issuance of PID Bonds shall not exceed 30 fiscal years from the date of delivery thereof.

(m) The final maturity for any PID Bonds shall be not later than 50 years from the Effective Date.

(n) The City has determined that the PID Bonds meet all regulatory and legal requirements applicable to the issuance of the PID Bonds.

(o) If the applicable portion of PID Projects has not already been constructed and to the extent PID Bond Proceeds are insufficient to fund such PID Projects Cost, plus private costs to reach final lot completion, the City may require the applicable Developer to, at time of closing the PID Bonds, provide evidence of (i) available funds to the applicable Developer or any corporate parent of the applicable Developer and made available to the Developer, (ii) evidence of financial security from a Lender (as defined herein) of loan funds available under a loan, letter of credit or other credit facility extended to the applicable Developer or any corporate parent of the applicable Developer and made available to the applicable Developer by a financial institution or other lender (a "Lender") for the purpose of development of the Authorized Improvements, equal to or greater than the difference between the PID Projects Costs and the PID Bond Proceeds available to fund such PID Projects Costs plus private costs to reach final lot completion or (iii) a completion agreement; or any combination of (i), (ii) or (iii) in the discretion of the applicable Developer. If the applicable Developer provides evidence of available funds or fiscal security as described in the preceding sentence in connection with a series of PID Bonds, the applicable Developer shall not be required to provide any up-front cash deposit to fund

the applicable PID Projects not otherwise funded through the applicable series of PID Bonds.

(p) No information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City.

(q) The applicable Developer agrees to provide periodic information and notices of material events regarding the applicable Developer and the applicable Developer's development of their portion of the Project and any continuing disclosure agreements executed by the applicable Developer in connection with the issuance of PID Bonds.

(r) The applicable Developer is not in default under a Developer Continuing Disclosure Agreement.

(s) The issuance of any Refunding Bonds, the amount of assessment necessary to pay the Refunding Bonds shall not exceed the remaining principal amount of assessments that were levied to pay the PID Bonds that are being refunded.

(t) The gross tax equivalent rate for the annual installments of the Assessments shall not exceed $1.35 per $100.00 of taxable assessed valuation prior to application of the TIRZ Revenue (which maximum total tax equivalent rate shall be measured based on the estimated build out value of the applicable portion of the Property), without prior written consent of the City, in its sole discretion, which written consent may be evidenced by the City's adoption of an Assessment Ordinance without the necessity of amending this Agreement.

(u) The City may not require the value to lien ratio for any PID Bonds to be higher than 2:1; provided that the City may allow for a lesser ratio through the adoption of a resolution, Bond Ordinance, Assessment Ordinance or other applicable council action that authorizes a lesser value to lien ratio without the necessity of amending this Agreement. Any such value-to-lien ratio shall apply solely to the portion of the Assessments securing the PID Bonds.

(v) The applicable Developer and the City shall have entered into a Reimbursement Agreement with respect to the Phase primarily benefitted by such PID Bonds.

(w) The Phase 1 Amenity Center shall be fully completed with the swimming pool having received all required approvals for operation and the building thereon having received a certificate of occupancy for any PID Bonds issued after the second series of PID Bonds.

6.2 Disclosure Information. Prior to the issuance of PID Bonds by the City, the applicable Developer agrees to provide all relevant information, including financial information, that is reasonably necessary in order to provide potential bond investors with a true and accurate offering document for any PID Bonds. The applicable Developer agrees, represents, and warrants

that any information provided by the applicable Developer for inclusion in a disclosure document for an issue of PID Bonds will not, to the applicable Developer's actual knowledge, contain any untrue statement of a material fact or omit any statement of material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and the applicable Developer further agrees that it will provide a certification to such effect as of the date of the closing of any PID Bonds.

6.3 Tax Certificate. If, in connection with the issuance of the PID Bonds, the City is required to deliver a certificate as to tax exemption (a "Tax Certificate") to satisfy requirements of the United States Internal Revenue Code, the applicable Developer agrees to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developers each represent that such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of the applicable Developer providing such facts and estimates, true, correct and complete as of such date. To the extent that it exercises control or direction over the use or investment of the PID Bond Proceeds, including, but not limited to, the use of the PID Projects, the Developers further agree that they will not knowingly make, or permit to be made, any use or investment of such funds that would cause any of the covenants or agreements of the City contained in a Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

SECTION 7
TAX INCREMENT REINVESTMENT ZONE; CHAPTER 380 GRANTS

7.1 Tax Increment Reinvestment Zone. Prior to the issuance of the first series of PID Bonds, the City will create a TIRZ coterminous with all of the Property. The TIRZ may be divided into zones or subzones for each Phase of development and may be divided into subzones for single-family residential development, which single-family development may include townhome or other attached residential product (a "Single-Family Subzone") and for property containing mixed use development, which mixed use development may include commercial, multi-family or retail development and the like (a "Commercial Subzone"). The base year of any subzone of the TIRZ shall be the year in which the subzone is created. The City agrees to use fifty percent (50%) of the ad valorem tax increment generated by the TIRZ (the "Tax Increment"), for a period of up to forty (40) years for the purposes and in the manner described in this paragraph. The Tax Increment generated within the TIRZ in any Single-Family Subzone shall be used for each Phase (i) first, to pay the Administrative Expenses for the TIRZ and (ii) second to, on a parcel-by-parcel basis, offset or pay a portion of any Assessment levied on assessed parcels for the costs of Authorized Improvements. The Tax Increment generated in any Commercial Subzone shall be placed into a separate account as set forth in the Project and Finance Plan and be used (x) first, to pay the Administrative Expenses for the TIRZ, (y) second to, on a parcel-by-parcel basis, offset or pay a portion of any Assessment levied on assessed parcels in the Commercial Subzone for the costs of Authorized Improvements and (z) third, to the extent such property is not subject to Assessments or all Tax Increment generated by a particular parcel in the Commercial Subzone is not needed to offset Assessments, to pay to the Owner the remaining Tax Increment generated in the Commercial Subzone, in the form of a Chapter 380 Grant for costs of Authorized Improvements not otherwise reimbursed under the terms of this Agreement. The City will enter into a separate Chapter 380

Agreement with the Owner for the Chapter 380 Grant related to the Commercial Subzone upon terms mutually agreeable to the Owner and the City and consistent with this Agreement. The City shall take steps to consider and adopt or approve the TIRZ Documents, including the Project and Finance Plan, necessary to effectuate this Section 7. Any amount of the TIRZ Increment that is not required to be used as set forth in this paragraph may be used by the City for any municipal purpose.

7.2 TIRZ Funds. The Tax Increment obtained from the TIRZ subzones shall be placed into a separate accounts as appropriate and shall be used as described above and the Tax Increment and uses herein shall be incorporated into the Project and Finance Plan.

7.3 Eligible Infrastructure Grant. In consideration of Tellus' agreement to construct certain Authorized Improvements as outlined herein, the City shall enter into a Chapter 380 Agreement (the "Impact Fee 380 Agreement") with Tellus to provide a grant (the "Eligible Infrastructure Grant") to reimburse Tellus for the costs of the Elevated Storage Tank Site and the water, wastewater, roadway, and drainage improvements shown on **Exhibits F-1**, **G**, and **H** (collectively, the "Eligible Infrastructure") in an amount up to the same amount of the total Impact Fees collected from all portions of the Property. The Eligible Infrastructure Grant shall be payable to Tellus on a quarterly basis after the City's approval of the submission of evidence of costs of the Eligible Infrastructure as more particularly described in the Impact Fee 380 Agreement solely from Impact Fees deposited in the Sherley Farms Impact Fee Account in accordance with Section 5.10.

SECTION 8
PAYMENT AND REIMBURSEMENT OF PID PROJECTS

8.1 Payment of Costs of PID Projects. The Parties understand that PID Bond Proceeds and/or the proceeds from Assessments will be used to reimburse the Developers for certain PID Projects Costs related to the PID Projects and, in the event PID Bond Proceeds and/or proceeds from Assessments are not available at the time that all or a portion of the PID Projects are substantially complete and the City is ready to accept said PID Projects or portion thereof, PID Bond Proceeds and/or proceeds from Assessments, once available, will be used to reimburse the applicable Developer for said PID Projects Cost following acceptance by the City. Such reimbursement will be governed by the terms of the Reimbursement Agreement to be entered into between the applicable Developer and the City for the applicable Phase.

8.2 Improvement Account of the Project Fund and Developer Improvement Account. The Improvement Accounts of the Project Fund and the Developer Improvement Account shall be administered and controlled by the City and funds in the Improvement Account of the Project Fund and the Developer Improvement Account shall be deposited and disbursed in accordance with the terms of the respective Indenture.

8.3 Cost Overrun. If the total PID Projects Cost for any Phase of development exceeds the total amount of monies on deposit in the Improvement Account of the Project Fund and the Developer Improvement Account (a "Cost Overrun"), the applicable Developer shall be solely responsible for the Cost Overrun, except as provided in Section 8.4.

8.4 Cost Underrun. If, upon the completion of construction of an PID Project (or segment or section thereof) and payment or reimbursement for such PID Project (or segments or section thereof), there are Cost Underruns, any remaining Budgeted Cost(s) may be available to pay Cost Overruns on any other PID Project without amending the SAP. The elimination of a category of PID Projects as set forth in the Service and Assessment Plan will require an amendment to the SAP. Prior to the completion of all of the PID Projects within an improvement category, as listed in the applicable SAP and the PID, funds available from an improvement category may be used as Cost Underruns and applied to another Improvement category without approval of the City. If, upon completion of the PID Projects in any improvement category, there are funds remaining in any improvement categories, those funds can then be used to reimburse the applicable Developer for any qualifying costs of the PID Projects that have not been previously paid.

SECTION 9
ANNEXATION AND POST-ANNEXATION MATTERS

9.1 Annexation.

(a) Annexation. Within sixty (60) days after the Effective Date of this Agreement, Owner, Tellus (to the extent Tellus owns any portion of the Property), and any other owner(s) of any part of the Property shall submit a voluntary irrevocable petition for annexation of the Property to the City in compliance with Chapter 43, Texas Local Government Code, or other applicable law, as amended (an "Annexation Petition"). Owner, Tellus (to the extent Tellus owns any portion of the Property), and any other owner(s) of any part of the Property agree to execute and supply any and all instruments and/or other documentation necessary for the City to legally annex the Property. The City shall, in accordance with applicable statutory requirements, take all steps necessary to complete the annexation of the Property within sixty (60) days following submission of the Annexation Petition. Should the City fail to complete the annexation of the Property in accordance with this Agreement, Owner and Tellus shall each have the right to terminate this Agreement with respect to Property owned by Owner or Tellus with written notice to the City and, upon such termination, the applicable portion of the Property shall be immune to involuntary annexation by the City for a period of thirty (30) years thereafter regardless of any change of law, and the City shall be subject to the provisions of subsection (c) herein for creation of a municipal utility district. The City shall, subject to Section 9.1(b) in accordance with applicable statutory requirements, take all steps necessary to complete the annexation of the Property immediately prior to any ordinance adopting the PD Zoning.

(b) Zoning. As soon as is practicable, after or in conjunction with the annexation of the Property, the City shall consider planned development zoning for the Property consistent with the Development Standards, the Illustrative Layout, and this Agreement (the "PD Zoning"). The Parties agree that the Illustrative Layout attached hereto as **Exhibit C**, the Development Standards attached hereto as **Exhibit D**, together with the City Regulations, and the applicable provisions of this Agreement memorialize the approved plan for development of the Property as of the Effective Date. Through this Agreement, Owner and Tellus expressly consent and agree to the PD Zoning of the Property. Any such zoning of the Property shall otherwise be in accordance with all procedures set forth in the applicable City Regulations. Should the City Council fail—within 60 days after submittal of a complete and sufficient zoning application—to approve the PD Zoning, or approves zoning on the Property that is in any way more restrictive

than the PD Zoning without the consent of Owner and Tellus, then Owner and Tellus shall each have the right to (i) petition for disannexation of their applicable portion of the Property upon written request delivered to the City or (ii) terminate this Agreement and petition for disannexation of their applicable portion of the Property with written notice to the City and, in the event Owner and Tellus exercise the rights in (i) or (ii), and upon receipt of a request or notice delivered pursuant to (i) or (ii), the City shall disannex the applicable portion of the Property from the City as soon as is practicable, and the applicable portion of the Property shall be immune to involuntary annexation by the City for a period of thirty (30) years thereafter regardless of any change of law and the City shall be subject to the provisions of subsection (c) below for creation of a municipal utility district. Notwithstanding the foregoing or any other provision of this Agreement, the failure of Owner and Tellus to submit a zoning application that complies with all provisions of the Zoning Ordinance applicable to the submittal of a zoning application shall be deemed a failure to submit a complete and sufficient zoning application, provided that the City provides notice within forty-five (45) days of such a submittal stating each deficiency that Owner and Tellus shall be required to cure in order for such zoning application be processed and considered for approval.

(c) Disannexation; Creation of Municipal Utility District. In the event that (i) the City defaults under (a) or (b) of this Section 9.1 or (ii) PID Bonds for a particular Phase of the Project are not issued as a result of any act or omission of the City, including the City's refusal to issue such PID Bonds, and a period of ninety (90) days to cure such non-occurrence has passed after the applicable Developer provides written notice of such non-occurrence or default under this Section 9.1, then (a) the City shall—if the applicable Developer petitions for disannexation—disannex the Property for the applicable Developer or the applicable portion of the Property for which PID Bonds have not been issued (in the case of a failure under item (ii) of this Section 9.1(c) within thirty (30) days of the filing of the disannexation petition by the applicable Developer and such property shall thereafter be immune to involuntary annexation by the City for a period of thirty (30) years and (b) the applicable Developer shall provide notice to the City of its intent to form a municipal utility district or similar utility or improvement district created by special act of the Texas Legislature or the TCEQ or, if necessary, any other agency with jurisdiction (a "MUD") on the portion of the Property disannexed pursuant to this paragraph and, upon such notice, the City shall be deemed to have consented to the formation of the MUD with no further action of the City or City Council required; provided that the City shall take any necessary steps or provide any documents necessary to evidence the City's consent to the creation of the MUD to the TCEQ, the Texas Attorney General or other agency or body with regulatory powers over the MUD. If PID Bonds have been issued for prior Phases of the PID or assessments been levied, those Phases shall remain within the limits of City. For the avoidance of doubt and notwithstanding the foregoing or any other provision of this Agreement, this paragraph shall not apply with respect to a failure under item (ii) above and disannexation shall not be required with respect to item (ii) above in the event that PID Bonds for a particular Phase of the Project are not issued by the City because the conditions and requirements set forth in Section 6.1 that are in the reasonable control of the applicable Developer, which provisions shall solely include items (g), (h), (k), (o), (q), (r), and (w) set forth under Section 6.1, and in Section 6.2 have not been satisfied by the applicable Developer. Other than as provided in Section 9.1, Developers waive the right to file a petition or otherwise seek removal of any portion of the Property from the City unless and only to the extent the City is required to disannex any part of the Property under this paragraph.

(d) Survival. In the event Owner or Tellus terminates this Agreement with respect to a portion of the Property in accordance with this Section 9, Owner's and Tellus' respective rights and remedies under this section, including disannexation and the applicable portion of the Property's immunity to future involuntary annexation, shall survive such termination.

(e) Agreement for Services. Pursuant to Section 43.0672, Texas Local Government Code, this Agreement shall constitute an agreement for the provision of services to the Property and, except as expressly provided otherwise herein, the City shall, immediately upon the effective date of any annexation, provide the Property with all those municipal services currently offered within the City, including those which may be offered in the future, without discrimination. The Developers are not required to enter into this Agreement and do so in reliance upon the representations and covenants of the City herein. The annexation procedures described in plain language in this Agreement require the Developers' consent. The Parties acknowledge and agree that—prior to the Effective Date—the City fully satisfied the written disclosure requirements under Section 212.172(b-1) of the Texas Local Government Code.

SECTION 10
EVENTS OF DEFAULT; REMEDIES

10.1 Events of Default. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given in writing (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has been given a reasonable time to cure the alleged failure (such reasonable time to be determined based on the nature of the alleged failure, but in no event more than thirty (30) days (or any longer time period to the extent expressly stated in this Agreement as relates to a specific failure to perform) after written notice of the alleged failure has been given. Notwithstanding the foregoing, no Party shall be in default under this Agreement if, within the applicable cure period, the Party to whom the notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured. Notwithstanding the foregoing, however, a Party shall be in default of its obligation to make any payment required under this Agreement if such payment is not made within twenty (20) business days after it is due.

10.2 Remedies. As compensation for the other party's default, an aggrieved Party is limited to seeking specific performance of the other party's obligations under this Agreement.

10.3 Performance Window; Election to Terminate. In the event a Developer does not deliver a request on or before December 31, 2028 that the City issue the initial series of PID Bonds, and Tellus and Owner have not delivered notice of an assignment of Tellus' rights and obligations under this Agreement in accordance with Section 11.1 within 60 days prior to such date, none of the Parties hereto shall thereafter be required to perform under this Agreement and this Agreement will terminate. If this Agreement is terminated under this Section 10.3, if a PID has been created, the owner of the applicable Property must within thirty (30) days of such termination file or caused to be filed with the City an irrevocable petition by the owners of the applicable Property to dissolve the PID and shall thereafter promptly undertake any and all reasonable and necessary actions to facilitate the dissolution of the PID. Notwithstanding any provision of this Agreement, the obligations of any owner of Property regarding the dissolution of the PID in accordance with this

Section 10.3 shall survive the termination of this Agreement.

SECTION 11
ASSIGNMENT; ENCUMBRANCE

11.1 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto. The obligations, requirements, or covenants to develop the Property subject to this Agreement shall be assignable, in whole or in part, by Owner (with respect to any portion of the Property owned by Owner) or Tellus (with respect to any portion of the Property owned by Tellus), with the prior written consent of the City. The City's consent to such assignment shall not be unreasonably shall not be unreasonably withheld, conditioned, or delayed. Under no circumstances shall any part of this Agreement be assigned to an Institutional Investor. Notwithstanding the foregoing, the Owner (with respect to any portion of the Property owned by Owner) or Tellus has the right (with respect to any portion of the Property owned by Tellus) from time to time, without the consent of but with written notice to the City, to assign this Agreement in whole or in part to (i) any person or entity that is or will become an owner of any portion of the Property, to the extent of such assignee's ownership of the Property (or portion thereof), (ii) any entity formed in which the Owner or Tellus or any principal of the Owner or Tellus retains an ownership interest of at least fifty-one percent (51%), any subsidiary of the Owner or Tellus, or any entity that is under common control with or controlled by the Owner or Tellus, or (iii) any lien holder on the Property. An assignee shall be considered a "Party" for the purposes of this Agreement. Each assignment shall be in writing executed by the Owner or Tellus, as applicable, and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. No assignment by the Owner or Tellus shall release the Owner or Tellus, as applicable, from any liability that resulted from an act or omission by such Party that occurred prior to the effective date of the assignment unless the City approves the release in writing. The Owner and Tellus shall maintain written records of all assignments made by the Owner or Tellus, respectively, to assignees, including a copy of each executed assignment and, upon written request from any Party or assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer, or other conveyance of any interest in this Agreement or the Property.

11.2 Assignees as Parties. An Assignee authorized in accordance with this Agreement and for which notice of assignment has been provided in accordance herewith shall be considered a "Party" for the purposes of this Agreement. With the exception of: (a) the City, (b) an End User, (c) a purchaser of a Fully Developed and Improved Lot, and (d) the Owner (which shall have the obligations described herein), any person or entity upon becoming an owner of land within the PID or upon obtaining an ownership interest in any part of the Property shall be deemed to be a "Developer" and have all of the rights and obligations of a Developer with respect to such part of the Property as set forth in this Agreement and all related documents to the extent of said ownership or ownership interest.

11.3 Third Party Beneficiaries. Except as otherwise provided herein, this Agreement inures to the benefit of, and may only be enforced by, the Parties. No other person or entity shall have any right, title, or interest under this Agreement or otherwise be deemed to be a third-party beneficiary of this Agreement.

11.4 Notice of Assignment. Subject to Section 11.1 of this Agreement, the following requirements shall apply in the event that the Owner sells, assigns, transfers, or otherwise conveys the Property or any part thereof and/or any of its rights or benefits under this Agreement: (i) the Owner must provide written notice to the City to the extent required under Section 11.1; (ii) said notice must describe the extent to which any rights or benefits under this Agreement will be sold, assigned, transferred, or otherwise conveyed; (iii) said notice must state the name, mailing address, telephone contact information, and, if known, email address, of the person(s) that will acquire any rights or benefits as a result of any such sale, assignment, transfer or other conveyance; and (iv) said notice must be signed by a duly authorized person representing the applicable Owner and a duly authorized representative of the person that will acquire any rights or benefits as a result of the sale, assignment, transfer or other conveyance.

SECTION 12
GENERAL PROVISIONS

12.1 Recitals. The recitals contained in this Agreement: (a) are true and correct as of the Effective Date; (b) form the basis upon which the Parties negotiated and entered into this Agreement; (c) reflect the final intent of the Parties with regard to the subject matter of this Agreement; and (d) are fully incorporated into this Agreement for all purposes. In the event it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as evidenced by the recitals, shall be taken into consideration and, to the maximum extent possible, given full effect. The Parties have relied upon the recitals as part of the consideration for entering into this Agreement and, but for the intent of the Parties reflected by the recitals, would not have entered into this Agreement.

12.2 Acknowledgments. In negotiating and entering into this Agreement, the Parties respectively acknowledge and understand that:

(a) The Developers' obligations hereunder are primarily for the benefit of the Property;

(b) the improvements to be constructed and the open space dedications and donations of real property that the Developers are obligated to set aside and/or dedicate under this Agreement will benefit the Project by positively contributing to the enhanced nature thereof, increasing property values within the Project, and encouraging investment in and the ultimate development of the Project;

(c) the Developers' consent and acceptance of this Agreement is not an exaction or a concession demanded by the City, but is an undertaking of Developers' voluntary design to ensure consistency, quality, and adequate public improvements that will benefit the Property;

(d) the Public Infrastructure will benefit the City and promote state and local economic development, stimulate business and commercial activity in the City for the development and diversification of the economy of the state, promote the development and expansion of commerce in the state, and reduce unemployment or underemployment in the state;

(e) nothing contained in this Agreement shall be construed as creating or intended to create a contractual obligation that controls, waives, or supplants the City Council's legislative discretion or functions with respect to any matters not specifically addressed in this Agreement; and

(f) this Agreement is a development agreement under Section 212.172, Texas Local Government Code.

12.3 Binding Obligations. This Agreement and all amendments thereto and assignments hereof shall be recorded in the Real Property Records. This Agreement binds and constitutes a covenant running with the Property and, upon the Effective Date, is binding upon the Owner, Tellus and the City, and forms a part of any other requirements for development within the Property. This Agreement, when recorded, shall be binding upon the Parties and their successors and assigns as permitted by this Agreement and upon the Property; however, this Agreement shall not be binding upon, and shall not constitute any encumbrance to title as to, any End User of a Fully Developed and Improved Lot except for land use and development regulations that apply to such Fully Developed and Improved Lot.

12.4 Complete Agreement. This Agreement embodies the entire Agreement between the Parties and cannot be varied or terminated except as set forth in this Agreement, or by written agreement of the Parties expressly amending the terms of this Agreement.

12.5 Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is hereby acknowledged.

12.6 Term. Unless otherwise extended by mutual agreement of the Parties, the term of this Agreement shall be until the later of (i) thirty (30) years from the Effective Date or (ii) the final maturity of PID Bonds sold in accordance with this Agreement (the "Original Term"). Upon expiration of the Original Term, the City shall have no obligations under this Agreement with the exception of maintaining and operating the PID in accordance with the SAP and the Indenture, and the Developers' obligations shall terminate.

12.7 INDEMNIFICATION AND HOLD HARMLESS. TELLUS AND THE OWNER, RESPECTIVELY, INCLUDING THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, HEREBY COVENANT AND AGREE TO RELEASE, DEFEND, HOLD HARMLESS, AND INDEMNIFY THE CITY AND ITS OFFICIALS, OFFICERS, AGENTS, REPRESENTATIVES, SERVANTS AND EMPLOYEES (COLLECTIVELY, THE "RELEASED PARTIES"), FROM AND AGAINST ALL THIRD-PARTY CLAIMS, SUITS, JUDGMENTS, DAMAGES, AND DEMANDS AGAINST THE CITY OR ANY OF THE RELEASED PARTIES, WHETHER REAL OR ASSERTED INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEY'S FEES, RELATED EXPENSES, EXPERT WITNESS FEES, CONSULTANT FEES, AND OTHER COSTS, ARISING OUT OF THE NEGLIGENCE OR OTHER WRONGFUL CONDUCT OF TELLUS OR OWNER, INCLUDING THE NEGLIGENCE OF ITS RESPECTIVE EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, MATERIAL MEN, AND/OR AGENTS, IN CONNECTION WITH THE DESIGN OR CONSTRUCTION OF ANY PUBLIC INFRASTRUCTURE, STRUCTURES, OR OTHER FACILITIES OR IMPROVEMENTS THAT ARE REQUIRED OR PERMITTED UNDER THIS AGREEMENT

(TOGETHER, "CLAIMS"); PROVIDED THAT SUCH INDEMNIFICATION SHALL BE SEVERAL AND PROVIDED BY THE OWNER AND TELLUS SOLELY FOR THE RESPECTIVE PUBLIC INFRASTRUCTURE INSTALLED BY EACH AND IN NO EVENT SHALL THE OWNER BE REQUIRED TO INDEMNIFY TELLUS FOR CLAIMS MADE UNDER THIS AGREEMENT; **AND IT IS EXPRESSLY UNDERSTOOD THAT SUCH CLAIMS SHALL, EXCEPT AS MODIFIED BELOW, INCLUDE CLAIMS EVEN IF CAUSED BY THE CITY'S OWN CONCURRENT NEGLIGENCE SUBJECT TO THE TERMS OF THIS SECTION. TELLUS AND OWNER SHALL NOT, HOWEVER, BE REQUIRED TO INDEMNIFY THE CITY AGAINST CLAIMS CAUSED BY THE CITY'S SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.** IF THE CITY INCURS CLAIMS THAT ARE CAUSED BY THE CONCURRENT NEGLIGENCE OF TELLUS OR OWNER, AS APPLICABLE, AND THE CITY, TELLUS' OR OWNER'S RESPECTIVE INDEMNITY OBLIGATION WILL BE LIMITED TO A FRACTION OF THE TOTAL CLAIMS EQUIVALENT TO TELLUS' OR OWNER'S, AS APPLICABLE, OWN PERCENTAGE OF RESPONSIBILITY. TELLUS AND OWNER, RESPECTIVELY, INCLUDING THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, FURTHER COVENANT AND AGREE TO RELEASE, DEFEND, HOLD HARMLESS, AND INDEMNIFY, THE CITY AGAINST ANY AND ALL CLAIMS BY ANY PERSON CLAIMING AN OWNERSHIP INTEREST IN THE PROPERTY OWNED BY THE OWNER OR TELLUS , AS APPLICABLE, PRIOR TO THE EFFECTIVE DATE WHO HAS NOT SIGNED THIS AGREEMENT IF SUCH CLAIMS RELATE IN ANY MANNER OR ARISE IN CONNECTION WITH: (1) THE CITY'S RELIANCE UPON TELLUS' OR OWNER'S RESPECTIVE REPRESENTATIONS IN THIS AGREEMENT; (2) THIS AGREEMENT OR OWNERSHIP OF THE PROPERTY; OR (3) THE CITY'S APPROVAL OF ANY TYPE OF DEVELOPMENT APPLICATION OR SUBMISSION WITH RESPECT TO THE PROPERTY; PROVIDED THAT THE INDEMNITY PROVIDED BY THE OWNER OR TELLUS WITH RESPECT TO SUCH CLAIMS SHALL SOLELY BE FOR THEIR RESPCTIVE PORTIONS OF THE PROPERTY.

12.8 Status of Parties. At no time shall the City have any control over or charge/supervision of Tellus' or Owner's design, construction, installation or other work related to any of the Public Infrastructure, nor the means, methods, techniques, sequences, or procedures utilized for said design, construction, installation or other work. This Agreement does not create a joint enterprise or venture or employment relationship between the City, the Owner and Tellus.

12.9 Payee Information. With respect to any and every type of payment/remittance due to be paid at any time by the City to a Party hereto after the Effective Date under this Agreement, the name and delivery address of the payee for such payment shall be the notice address applicable to such party set forth in Section 12.10. Any Party to receive such payments/remittance may change the name of the payee and/or address by delivering written notice to the City designating a new payee and/or address or through an assignment of such Party's rights hereunder.

12.10 Notices. Any notice, submittal, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received (i) if delivered via a method other than e-mail, when delivered personally or upon the expiration of 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid or (ii) if delivered via e-mail, upon the earlier of receipt of a "delivery receipt" or on the next Business Day after being sent (as recorded on the device from which the

sender sent the email) unless the sender receives an automated message that the email has not been delivered. Any such notice shall be addressed as follows:

To the City:	City of Anna, Texas Attn: City Manager 120 W. 7th Street Anna, Texas 75409 E-mail: rhenderson@annatexas.gov
With a copy to:	Wolfe, Tidwell & McCoy, LLP Attn: Clark McCoy 2591 Dallas Parkway, Suite 300 Frisco, Texas 75034 E-mail: cmccoy@wtmlaw.net
And to:	McCall, Parkhurst & Horton L.L.P. Attn: Rodolfo Segura Jr 717 North Harwood, Suite 900 Dallas, Texas 75201 E-mail: rsegura@mphlegal.com
To Tellus:	Tellus Texas III, LLC Attn: Andre Ferrari 5301 Headquarters Dr., Suite 120 Plano, Texas 75024 E-mail: aferrari@tellusgroupllc.com
With copies to:	Locke Lord Attn: Drew Slone 2200 Ross Ave., Suite 2800 Dallas, Texas 75201 E-mail: dslone@lockelord.com Brad Holdbrook Haynes and Boone 2801 N. Harwood Street, Suite 2300 Dallas, TX 75201 E-mail: brad.holdbrook@haynesboone.com Chris Simek 5301 Headquarters Dr., Suite 120 Plano, Texas 75024 E-mail: csimek@tellusgroupllc.com

To Owner:	Sherley Farms, LP Attn: Tasha Escoto P.O. Box 6069 McKinney, Texas 75071 E-mail: tasha@sherleypartnersltd.com
With a copy to:	Tobin Swope Winstead PC 2728 N. Harwood, Suite 500 Dallas, Texas 75201 E-mail: tswope@winstead.com

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.

12.11 Estoppel Certificates. From time to time, upon written request of a Developer or Owner under this Agreement, and upon the payment to the City of a $100.00 fee plus all reasonable costs incurred by the City in providing the certificate described in this section, the City Manager, or his/her designee will, in his/her official capacity and to his/her reasonable knowledge and belief, execute a written estoppel certificate identifying any obligations of the respective Owner under this Agreement that are in default.

12.12 Interpretation. Each Party has been actively involved in negotiating and drafting this Agreement. Accordingly, a rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Agreement. In the event of any dispute over the meaning or application of any provision of this Agreement, the provision will be interpreted fairly and reasonably and neither more strongly for nor against any Party, regardless of which Party originally drafted the provision.

12.13 Time. In this Agreement, time is of the essence and compliance with the times for performance herein is required.

12.14 Authority and Enforceability. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Agreement on behalf of the City has been duly authorized to do so. The Owner and Tellus respectively represent and warrant that this Agreement has been approved by appropriate action of the Owner and Tellus, respectively, and that each individual executing this Agreement on behalf of the Owner or Tellus has been duly authorized to do so. Each Party respectively acknowledges and agrees that this Agreement is binding upon such Party and is enforceable against such Party, in accordance with its terms and conditions.

12.15 Limited Waiver of Immunity. The Parties are entering into this Agreement in reliance upon its enforceability. Consequently, the City unconditionally and irrevocably waives all claims of sovereign and governmental immunity which it may have (including, but not limited to, immunity from suit and immunity to liability) to the extent, but only to the extent, that a waiver is

necessary to enforce specific performance of this Agreement (including all of the remedies provided under this Agreement) and to give full effect to the intent of the Parties under this Agreement. Notwithstanding the foregoing, the waiver contained herein shall not waive any immunities that the City may have with respect to claims of injury to persons or property, which claims shall be subject to all of their respective immunities and to the provisions of the Texas Tort Claims Act. Further, the waiver of immunity herein is not enforceable by any party not a Party to this Agreement.

12.16 Amendment; Severability. This Agreement shall not be modified or amended except in writing signed by the Parties; provided that any amendment relating to a distinct portion of the Property may be signed solely by the owner of such Property and the City without the requirement of signatures from any other Party hereto and the remaining Parties hereto consent to such amendment. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the Parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

12.17 Applicable Law; Venue. This Agreement is entered into pursuant to and is to be construed and enforced in accordance with the laws of the State of Texas and all obligations of the Parties are performable in Collin County. Exclusive venue for any action related to, arising out of, or brought in connection with this Agreement shall be in a state district court in Collin County.

12.18 Non Waiver. Any failure by a Party to insist upon performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

12.19 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within ten (10) business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance, shall give written notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" shall include events or circumstances that are not within the reasonable control of the Party whose performance is suspended and that could not have been avoided by such Party with the good faith exercise of good faith, due diligence and reasonable care. A Party that has claimed the right to temporarily suspend its performance under this section shall provide written reports to the other Party at least once every week detailing: (i) the extent to which the force majeure event or circumstance continues to prevent the Party's performance; (ii)

all of the measures being employed to regain the ability to fully perform; and (iii) the projected date upon which the Party will be able to resume full performance.

12.20 Statutory Verifications. Each of the Owner and Tellus (each, a "Representing Party") makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Representing Party 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. Each Representing Party 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 any Representing Party 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. Each Representing Party 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 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. Each Representing Party 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 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. Each Representing Party 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 Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

12.21 Form 1295. Submitted herewith is a completed Form 1295 in connection with the participation of the Owner and Tellus to the extent each constitutes a "business entity" for the

purposes of Section 2252.908 of the Texas Government Code 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 Owner and Tellus to the extent that each constitutes a "business entity" for the purposes of Section 2252.908 of the Texas Government Code, 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 Owner, Tellus 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 Owner and Tellus; and, neither the City nor its consultants have verified such information.

12.22 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

12.23 Exhibits. The following exhibits are attached to this Agreement and are incorporated herein for all purposes:

Exhibit A	Metes and Bounds Description of the Property
Exhibit B	Depiction of the Property
Exhibit C	Illustrative Layout
Exhibit D	Development Standards
Exhibit E	Authorized Improvements and Budgeted Costs
Exhibit F-1	Major Sewer Improvements
Exhibit F-2	City Constructed Sewer Improvements
Exhibit F-3	Sewer Improvements Schedule
Exhibit G	Major Water Improvements
Exhibit H	Major Roadway Improvements
Exhibit H-1	Proposed Thoroughfare Plan Revision
Exhibit I	Conceptual Amenity Depictions
Exhibit J	Trail and Open Space Improvements
Exhibit K	PID Bonds Financial Summary

[SIGNATURES PAGES AND EXHIBITS FOLLOW]

EXECUTED BY THE PARTIES TO BE EFFECTIVE ON THE EFFECTIVE DATE:

CITY OF ANNA, TEXAS

By: _____
Name: Pete Cain
Title: Mayor
Date: 12/17/24

STATE OF TEXAS §
COUNTY OF COLLIN §

This instrument was acknowledged before me on this 17 day of December 2024, by Pete Cain, Mayor of the City of Anna, Texas, on behalf of said City.

CARRIE L. LAND
Notary Public, State of Texas
Comm. Expires 02-04-2027
Notary ID 11419404

_____
Notary Public, State of Texas

[SEAL]

Approved as to form:

_____
Clark McCoy, City Attorney

OWNER:

SHERLEY PARTNERS, LTD.,
a Texas limited partnership

By: TT Sherley LLC,
a Texas limited liability company, its
General Partner

By: _____
Tasha Escoto, its manager

STATE OF TEXAS §
COUNTY OF Collin §

This instrument was acknowledged before me, on this 11 day of December, 2024, by Tasha Escoto, in her capacity as manager of TT Sherley LLC, a Texas limited liability company in its capacity as general partner of Sherley Partners, Ltd., on behalf of said limited partnership.

[S E A L]

_____
Notary Public, State of Texas

STACEY CAMPOS
Notary Public, State of Texas
Expires 03-27-2027
Notary ID 134273061

TELLUS:

TELLUS TEXAS III, LLC,
a Texas limited liability company

By: Tellus-Anna, LLC, a Texas limited liability company and manager of Tellus Texas III, LLC

By: _____
David Blom, Manager

STATE OF TEXAS §
COUNTY OF Collin §

This instrument was acknowledged before me, on the this 12 day of December, 2024, by David Blom, manager of Tellus-Anna, LLC, in its capacity as manger of Tellus Texas III, LLC, on behalf of said limited liability company.

[S E A L]

COURTNEY L. DUNCAN
Notary Public, State of Texas
Comm. Expires 01-24-2027
Notary ID 134162993

_____
Notary Public, State of Texas

Exhibit A

Metes and Bounds Description of the Property

SHERLEY FARMS SOUTH TRACT
LEGAL DESCRIPTION
970.482 ACRES

BEING a tract of land situated in the G. Morrison Survey, Abstract No. 559, the S. Moore Survey, Abstract No. 625, and the J. Fisher Survey, Abstract No. 305, in Collin County, Texas, being part of Tracts 1.1, 1.2, 1.3, 1.4, all of Tract 1.6, recorded in Volume 4466, Page 153, Deed Records, Collin County, Texas (DRCCT), and part of Tracts 1.1, 1.2, 1.3, and 1.4, recorded in Volume 4466, Page 183 DRCCT, and all of Tract 1.2, recorded in Volume 4466, Page 201 DRCCT, with the subject tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod found on the north line of Farm to Market Road 455, a variable width public right-of-way, for the southeast corner of a tract conveyed to Timothy P. Adams and Patricia S. Adams, recorded in Document No. 20170117000070510, Official Public Records, Collin County, Texas (OPRCCT);

THENCE N 00°40'51" E, along the east line of said Adams tract, passing at 19.16 feet a 5/8" iron rod with plastic cap found for witness, continuing a total distance of 321.14 feet to a 1/2" iron rod found;

THENCE N 01°18'15" E, 307.48 feet continuing along the east line thereof to a 1/2" iron rod with plastic cap found for the southeast corner of a tract conveyed to Wilcox Anna Properties, LLC, recorded in Document No. 20090225000210920 OPRCCT;

THENCE N 01°02'30" E, 904.66 feet along the east line thereof, and of an east line of a tract conveyed to City of Anna recorded in Volume 5961, Page 7136 DRCCT, to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set for the southeast corner of "The Town Farm" First Tract, conveyed to MJLA Adams, Ltd., recorded in Document No. 20110505000462590 OPRCCT;

THENCE N 00°56'20" E, 1597.53 feet along the east line of said MJLA Adams tract to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set for the northeast corner thereof;

THENCE N 87°10'06" W, 281.88 feet along the north line of said MJLA Adams tract to a 3/8" iron rod found for the southeast corner of a tract conveyed to Equity Trust Company Custodian FBO Raj Kakarlapudi IRA and NKS Estates, LLC, recorded in Document No. 20210628001299290 OPRCCT;

THENCE N 02°29'42" E, 2152.51 feet along the east line thereof to a 3/8" iron rod found on the east line of Farm to Market Road 2862, a 90-foot-wide public right-of-way;

THENCE along the east line thereof, around a non-tangent curve to the left having a central angle of 20°03'34", a radius of 363.31 feet, a chord of N 12°39'47" E - 126.55 feet, an arc length of 127.20 feet;

THENCE N 02°38'00" E, 324.15 feet continuing along the east line of said right-of-way to a 1/2" iron rod with plastic cap found for the southwest corner of a tract conveyed to Anna Independent School District, recorded in Volume 5816, Page 2962 DRCCT;

THENCE S 88°36'00" E, 946.63 feet along the south line thereof;

THENCE N 01°24'00" E, 946.63 feet along the east line of said Anna ISD tract to the intersection thereof with the south line of Farm to Market Road 2862;

THENCE along the south line thereof, the following:

S 88°36'00" E, 1840.60 feet;

S 87°35'00" E, 950.82 feet;

S 87°54'00" E, 852.06 feet;

S 88°23'00" E, 1005.18 feet;

And a tangent curve to the left having a central angle of 61°39'58", a radius of 363.31 feet, a chord of N 60°47'01" E - 372.42 feet, an arc length of 391.02 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set for a westerly corner of a tract conveyed to Larry Kropman Bennett and Jill Rae Bennett, recorded in Volume 1718, Page 193 DRCCT, and from which a 5/8" iron rod with plastic cap found bears N 17°37'19" E, 154.65 feet (a chord bearing and distance);

THENCE S 02°42'15" W, 147.06 feet along the west line of said Bennett tract to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 88°34'52" E, along the south line of said Bennett tract, passing at 317.47 feet a 3/8" iron rod found for the southwest corner of a tract conveyed to the Nagamanohar Javvaji and Chaya Javvaji Living Trust, recorded in Document No. 20160209000150410 OPRCCT, continuing a total distance of 1164.17 feet to a 1/2" iron rod found for the southeast corner thereof;

THENCE N 01°54'20" W, 404.61 feet along the east line thereof to a 1/2" iron rod with plastic cap found for the southwest corner of a tract conveyed to Jacob Knettel and Alexandra T. Knettel, recorded in Document No. 20160902001176800 OPRCCT;

THENCE N 88°51'58" E, 711.14 feet along the south line thereof to a 1/2" iron rod with plastic cap found for the upper southwest corner of a tract conveyed to Bobby R. Beall and Mary Reloa Beall, Trustees of the Beall Family Living Trust, recorded in Volume 5842, Page 1374 DRCCT;

THENCE N 89°53'22" E, 543.59 feet along the upper south line thereof to a fence post found;

THENCE S 00°43'46" W, 1256.27 feet along a westerly line of said Beall tract to a 1/2" iron rod found for a northwesterly corner of a tract conveyed to JDI Investors, LP, recorded in Document No. 20141016001133750 OPRCCT;

THENCE S 00°27'02" W, 1121.81 feet, generally along a fence and along a westerly line of said JDI tract to a fence post found;

THENCE N 89°10'40" W, 1167.05 feet, generally along a fence and along a southerly line of said JDI tract to a fence post found;

THENCE S 00°10'31" E, 1608.22 feet, generally along a fence and along a westerly line of said JDI tract to a 1/2" iron rod found for the northeast corner of a tract conveyed to WKG Enterprises, Ltd., recorded in Volume 4478, Page 2546 DRCCT;

THENCE N 88°26'32" W, 1013.41 feet along the north line thereof to a 1/2" iron rod found for the northeast corner of a tract conveyed to Miles and Bobbi Martin, recorded in Document No. 20220331000521330 OPRCCT;

THENCE N 88°01'21" W, 524.66 feet along the north line thereof to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE N 87°54'42" W, continuing along the north line of said Martin tract, passing at 261.79 feet a 3/4" iron pipe found for the northeast corner of a tract conveyed to Zen Assets LLC, recorded in Document No. 2022000142528 OPRCCT, and continuing along the north line thereof a total distance of 523.20 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

THENCE S 00°57'28" W, 2078.20 feet along the west line thereof to a 1/2" iron rod found for the southwest corner of said Zen Assets tract, being a bend point in County Road 424, a public road;

THENCE S 00°31'42" E, 913.32 feet along said road to a 60d nail found for a bend point thereof;

THENCE N 88°34'43" W, 435.86 feet continuing along said road to a point for the intersection of County Road 424 with the north line of Farm to Market Road 455;

THENCE along the north line of said right-of-way, the following:

N 00°51'24" E, 46.08 feet to a wood highway monument;

N 89°08'36" W, 1080.65 feet to a wood highway monument;

A tangent curve to the left having a central angle of 03°40'00", a radius of 5774.58 feet, a chord of S 89°01'24" W - 369.48 feet, an arc length of 369.55 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

N 02°48'36" W, 5.00 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 87°11'24" W, 1677.79 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 88°35'24" W, 857.61 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 87°45'48" W, 346.50 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

And S 88°35'24" W, 209.16 feet to the POINT OF BEGINNING with the subject tract containing 42,274,206 square feet or 970.482 acres of land.

SHERLEY FARMS NORTH TRACT
LEGAL DESCRIPTION
153.110 ACRES

BEING a tract of land situated in the J. Farris Survey, Abstract No. 330, and the S. Moore Survey, Abstract No. 625, in Collin County, Texas, being part of Tract 1.7, recorded in Volume 4466, Page 153, Deed Records, Collin County, Texas (DRCCT), and part of Tracts 1.5 and 1.6, recorded in Volume 4466, Page 183 DRCCT, and all of Tract 1.1, recorded in Volume 4466, Page 201 DRCCT, with the subject tract being more particularly described as follows:

BEGINNING at a 1/2" iron rod with plastic cap stamped "SPIARSENG" set on the north line of Farm to Market Road 2862, a called 90-foot-wide right-of-way, for the southeast corner of the "First Tract" conveyed to Daniel W. Koen and Sue Ann Burleson-Koen, recorded in Document No. 93-0107055 DRCCT, from which a 1/2" iron rod found bears N 88°36'00" W, 1326.83 feet;

THENCE N 01°09'20" E, 958.23 feet along the common line thereof to a fence post found for a southwest corner of a tract conveyed to 3Mc Joint Venture, recorded in Volume 3670, Page 174 DRCCT;

THENCE along the common line thereof the following:

S 87°43'06" E, 1297.37 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

N 01°31'00" E, 90.36 feet to a point on the bank of a reservoir;

N 01°23'00" E, 892.67 feet to a point on the bank of a reservoir;

N 00°54'00" E, 297.22 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

And N 01°19'00" E, passing at 346.16 feet a 1/2" iron rod found for witness, being on the south line of County Road 427, a public road, continuing into said road a total distance of 363.52 feet to a point for corner;

THENCE S 88°36'15" E, 2111.97 feet along said road to a point for corner being the northwest corner of a tract conveyed to Tina Trimbur, recorded in Volume 5570, Page 1829 DRCCT;

THENCE S 01°46'06" W, 515.24 feet along the west line thereof to a 1/2" iron rod found for the northwest corner of a tract conveyed to Todd O'Brien Hannan and Kimberly Michele Hannan, co-trustees of the TKSL Tattoo Revocable Trust, recorded in Document No. 20210422000816440, Official Public Records, Collin County, Texas;

THENCE along the west line thereof, the following:

S 02°08'00" W, 125.96 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 01°43'00" W, 589.97 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 01°36'00" W, 319.63 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

And S 01°07'00" W, 163.58 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set on the north line of Farm to Market Road 2862, and from which a 1" iron rod found bears S 71°47'28" W, 1.15 feet;

THENCE along the north line of said Farm to Market Road, the following:

A non-tangent curve to the left having a central angle of 29°26'09", a radius of 363.31 feet, a chord of S 15°56'04" W - 184.61 feet, an arc length of 186.65 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

S 01°13'00" W, 446.03 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

A tangent curve to the right having a central angle of 90°24'00", a radius of 273.31 feet, a chord of S 46°25'00" W - 387.87 feet, an arc length of 431.22 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

N 88°23'00" W, 1004.80 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

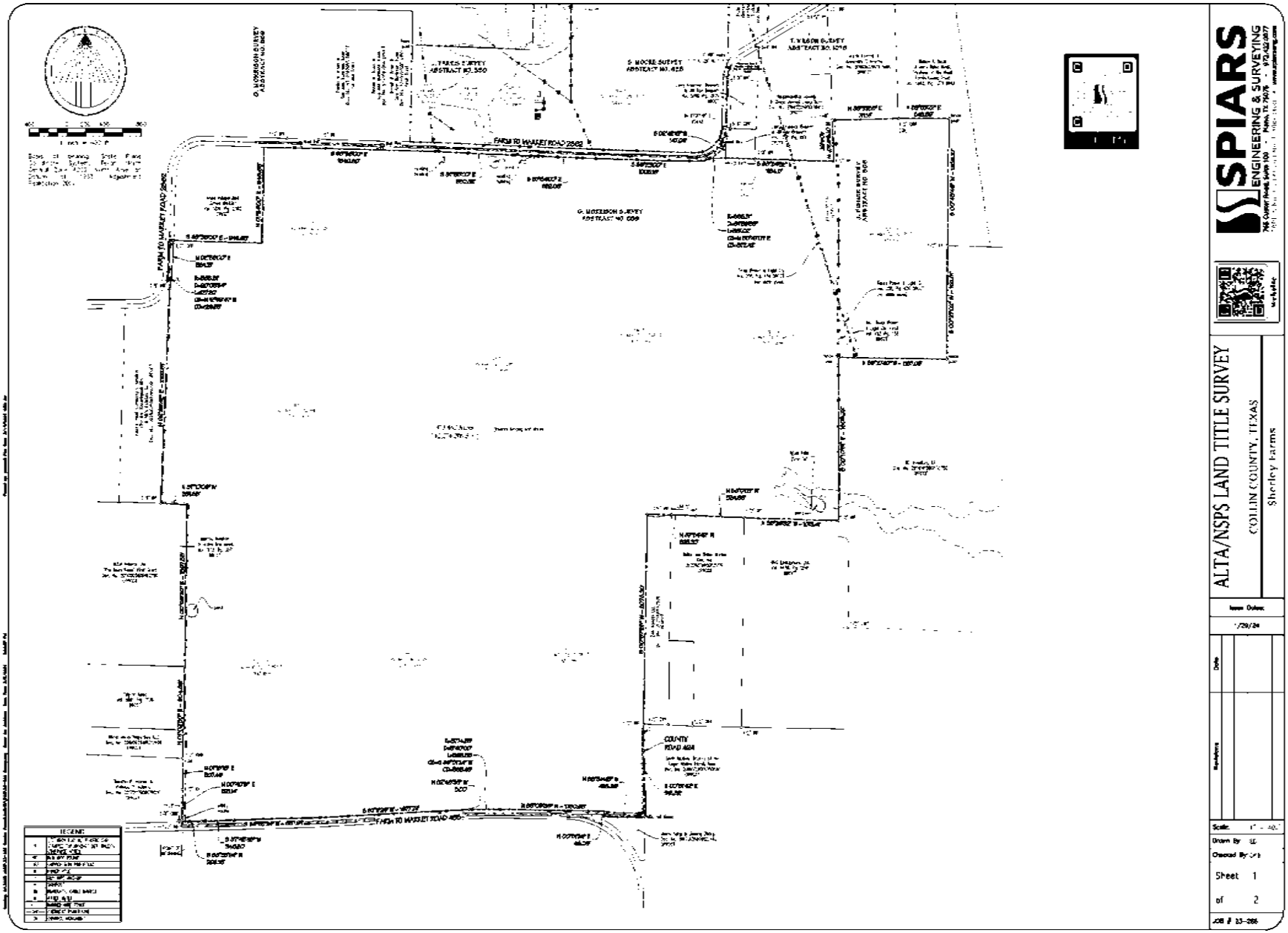
N 87°54'00" W, 851.44 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

N 87°35'00" W, 951.37 feet to a 1/2" iron rod with plastic cap stamped "SPIARSENG" set;

And N 88°36'00" W, 266.77 feet to the POINT OF BEGINNING with the subject tract containing 6,669,493 square feet or 153.110 acres of land.

Exhibit B

Depiction of the Property


SPIARS
ENGINEERING & SURVEYING
ALTA/NSPS LAND TITLE SURVEY
COLLIN COUNTY, TEXAS
Shirley Farms
Sheet 1
of 2

METES AND BOUNDS DESCRIPTION

BEING a tract of land situated in the G. Mansanet Survey, Abstract No. 554, the B. Mercer Survey, Abstract No. 1035, and the J. Butler Survey, Abstract No. 1229, Collin County, Texas, being part of Tracts 1-1, 1-2, 1-3, and all of Tract 1-5, described in Special Warranty Deed to Shirley Farms Equity Series, LP, recorded in Document No. 20171115000611510, Official Public Records, Collin County, Texas (OPRCCT), and part of Tracts 1-1, 1-2, and 1-3, also described in Volume 1496, Page 87, (DRCCT), and all of Tract 1-5, recorded in Volume 4853, Page 2211 (OPRCCT), and the right-of-way tracts hereinafter described, and being more particularly described as follows:

BEGINNING at a 1/2" iron rod found at the north end of a corner clip at the intersection of Mitchell Road (80' R.O.W.), a variable width public right-of-way, for the southwest corner of the tract conveyed to Timothy P. Malone and Patricia S. Malone, recorded in Document No. 20171115000611510, Official Public Records, Collin County, Texas (OPRCCT);

THENCE N 00°47'51" E, along the east line of said Malone tract, passing at 15.16' feet a 5/8" iron rod with "Beck" cap found for witness, continuing a total distance of 1,111.14 feet to a 1/2" iron rod found;

THENCE N 01°18'37" E, 24.16 feet continuing along the east line of said Malone tract to a 1/2" iron rod with plastic cap found for the southwest corner of a tract conveyed to Avalon Acres Properties, LLC, recorded in Document No. 20200826001611520, OPRCCT;

THENCE N 00°05'30" E, 304.00 feet along the west line thereof, and of the west line of a tract conveyed to Lois Jean Hamilton, recorded in Volume 4964, Page 2477, OPRCCT, to a 1/2" iron rod with "Carter" cap stamped "SPARGER" set for the southeast corner of "The Four Farms" Final Plat, conveyed in Volume 2013, Page 2, recorded in Document No. 20170508010001580, OPRCCT;

THENCE S 89°01'27" E, 1,557.62 feet along the south line of said "The Four Farms" Final Plat, to a 1/2" iron rod with plastic cap stamped "SPARGER" set for the northeast corner of the tract;

THENCE N 87°19'05" W, 25.38 feet along the north line of said M.K. Adams tract, to a 3/8" iron rod found for the southeast corner of a tract conveyed to Elijah Floyd Harrison Charitable FBO Trust, individually, FBA and WFB Estates, LLC, recorded in Document No. 20210730001828200, OPRCCT;

THENCE N 00°09'42" E, 2,637.51 feet along the east and thereof to a 1/2" iron rod found on the west line of Farm to Market Road 2551, a variable width public right-of-way;

THENCE along the said the thereof, a curve to the right, having a central angle of 20°07'06", a radius of 2,811.83 feet, a chord of N 10°13'17" E, 982.23 feet, an arc length of 987.31 feet;

THENCE N 00°09'42" E, 1,241.15 feet continuing along the said west of said right-of-way line, to a 1/2" iron rod with plastic cap found for the southeast corner of a tract conveyed to Mind Prosperity School, recorded in Volume 5010, Page 2262 OPRCCT;

THENCE S 89°14'37" E, 24.00 feet along the south line thereof;

THENCE N 00°24'42" E, 643.65 feet along the east line of said Mind Prosperity tract to the intersection with the south line of Farm to Market Road 2551;

THENCE along the south line thereof the following:

S 89°26'30" E, 1,046.66 feet;

S 87°35'30" E, 557.82 feet;

S 86°54'30" E, 852.16 feet;

S 89°31'42" E, 207.18 feet;

to a tangent curve to the left having a radius of 11,309.16 feet, a central angle of 03°30'00", a chord of N 89°47'31" E, 772.42 feet, an arc length of 772.57 feet to a 1/2" iron rod with plastic cap stamped "SPARGER" set for a westerly corner of a 5.000 acre tract conveyed to Barry Prosperity Bennett, et al, Kay Bennett recorded in Volume ____, Page 1197, (PRCCT), and from which a 3/8" iron rod with plastic cap found bears N 11°37'49" E, 359.05 feet, in a chord bearing and distance;

THENCE S 02°40'07" W, 847.98 feet along the west line of said Bennett tract, to a 1/2" iron rod with plastic cap stamped "SPARGER" set;

THENCE S 89°24'57" E, along the south line of said Bennett tract, passing at 1,241.41 feet a 1/2" iron rod found for the southeast corner of a tract conveyed to the Congregation Beth Yeshua (Dallas Messianic Center), recorded in Document No. 20161209001510410, OPRCCT, continuing a total distance of 1,261.41 feet to a 1/2" iron rod found for the southwest corner thereof;

THENCE N 01°54'07" W, 424.81 feet along the west line thereof to a 1/2" iron rod with plastic cap found for the southwest corner of a tract conveyed to Jessie Hamilton, recorded in Volume 4964, Page 2477, OPRCCT;

THENCE N 01°53'53" E, 711.11 feet along the south, as thereof to a 1/2" iron rod with plastic cap found for the upper southwest corner of a tract conveyed to Bobby J. Scott and Mary Polen Scott, Trustees of the Scott Family Trust, recorded in Volume 5847, Page 1214, (DRCCT);

THENCE N 88°11'20" E, 540.15 feet along the upper south line thereof to a 1/2" iron rod found;

THENCE S 00°42'40" E, 1,058.27 feet along a western line of said Scott tract to a 1/2" iron rod found for a northwesterly corner of a tract conveyed to Jill Robertson, et al, recorded in Document No. 20170103000032560, OPRCCT;

THENCE S 00°27'05" E, 1,121.81 feet, generally along a fence and along a southerly line of said Jill Robertson tract to a fence post found;

THENCE N 89°12'40" E, 1,167.05 feet, generally along a fence and along a southerly line of said Jill Robertson tract to a fence post found;

THENCE S 00°11'37" E, 1,484.15 feet, generally along a fence and along a westerly line of said Jill Robertson tract to a 1/2" iron rod found for the northeast corner of a tract conveyed to Jeff's Enterprises, LP, recorded in Volume 4849, Page 2491, (DRCCT);

THENCE S 89°36'50" W, 1,315.41 feet along the north line thereof to a 1/2" iron rod found for the northeast corner of a tract conveyed to Mark and Brooke Wright, recorded in Document No. 20220330000551020, OPRCCT;

THENCE N 00°31'17" W, 1,566.66 feet along the north line thereof to a 1/2" iron rod with plastic cap stamped "SPARGER" set;

THENCE S 87°54'43" W, continuing along the north line of said Wright tract, passing at 28.75 feet a 3/4" iron pipe found for the northeast corner of a tract conveyed to The Estate LLC, recorded in Document No. 20220304000253520, OPRCCT, and continuing along the north line thereof a total distance of 823.20 feet to a 1/2" iron rod with plastic cap stamped "SPARGER" set;

THENCE S 00°47'26" W, 1,278.13 feet along the west line thereof to a 1/2" iron rod found for the southwest corner of said The Estate tract, being a point in County Road 424, a public road;

THENCE S 89°13'42" E, 413.51 feet along said road to a 5/8" iron found for a point of curve;

THENCE N 87°54'42" E, 458.95 feet continuing along said road to a point for the intersection of County Road 424 with the north line of Farm to Market Road 455;

THENCE along the north line of said right-of-way, the following:

N 70°23'24" E, 47.05 feet to a point of tangent curvature;

N 89°06'36" E, 1,060.01 feet to a point of tangent curvature;

A tangent curve to the left having a central angle of 03°43'00", a radius of 5,774.65 feet, a chord of S 89°01'54" E, 374.43 feet, an arc length of 374.50 feet to a 1/2" iron rod with plastic cap stamped "SPARGER" set;

S 00°48'36" E, 5.00 feet to a 1/2" iron rod with plastic cap stamped "SPARGER" set;

S 87°13'24" E, 100.00 feet to a 1/2" iron rod with plastic cap stamped "SPARGER" set;

S 88°35'24" E, 357.61 feet to a 1/2" iron rod with plastic cap stamped "SPARGER" set;

S 87°43'48" E, 243.50 feet to a 1/2" iron rod with plastic cap stamped "SPARGER" set;

N 00°47'51" W, 2,658.14 feet to the POINT OF BEGINNING and containing 47,774,266 square feet or 1,097.051 acres of land.

SURVEY RELATED INFORMATION PER TITLE COMMITMENT

10a-1	Easement to Texas Power and Light Company, recorded in Volume 151, Page 454, Deed Records, Collin County, Texas, 4.0' E/O & W/O
10a-2	Easement to Texas Power and Light Company, recorded in Volume 151, Page 456, Deed Records, Collin County, Texas, 4.0' E/O & W/O
10a-3	Easement to Texas Power and Light Company, recorded in Volume 151, Page 457, Deed Records, Collin County, Texas, 3.0' E/O & W/O
10a-4	Easement to Verizon Southwest (or Contel of Texas) recorded in Volume 713, Page 189, Real Property Records, Collin County, Texas, 10' E/O & W/O
10a-5	Easement to Texas Power and Light Company, recorded in Volume 151, Page 454, Deed Records, Collin County, Texas, 4.0' E/O & W/O
10a-6	Easement to Southwestern Bell Telephone Company, recorded in Volume 567, Page 444, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-7	Easement to Southwestern Bell Telephone Company, recorded in Volume 567, Page 446, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-8	Easement to Southwestern Bell Telephone Company, recorded in Volume 567, Page 448, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-9	Easement to Texas Power and Light Company, recorded in Volume 151, Page 459, Deed Records, Collin County, Texas, 4.0' E/O & W/O
10a-10	Easement to the State of Texas, recorded in Volume 451, Page 191, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-11	Easement to the State of Texas, recorded in Volume 451, Page 193, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-12	Easement to the State of Texas, recorded in Volume 451, Page 195, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-13	Easement to the State of Texas, recorded in Volume 451, Page 197, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-14	Easement to Texas Power and Light Company, recorded in Volume 151, Page 461, Deed Records, Collin County, Texas, 4.0' E/O & W/O
10a-15	Easement to Collin County Soil Conservation District, recorded in Volume 617, Page 201, Real Property Records, Collin County, Texas, 100.0' W/L
10a-16	Easement to Verizon South (or Contel of the South) recorded in Volume 554, Page 388, Real Property Records, Collin County, Texas, 10' W/O & E/O (Affects Tract 1-1 and 1-2)
10a-17	Easement to the State of Texas, recorded in Volume 451, Page 199, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-18	Easement to the State of Texas, recorded in Volume 451, Page 201, Real Property Records, Collin County, Texas, 4.0' E/O & W/O
10a-19	Easement to Oncor Electric Delivery Company, recorded in Volume 5847, Page 1214, Real Property Records, Collin County, Texas, 10' E/O & W/O (Affects Tract 1-1)
10a-20	Easement to Wide Area Telephone Service, recorded in Volume 1127, Page 371, Real Property Records, Collin County, Texas, 10' E/O & W/O
10a-21	Easement to Verizon Southwest (or Contel of the South) recorded in Volume 554, Page 388, Real Property Records, Collin County, Texas, 10' E/O & W/O (Affects Tract 1-1)

SURVEYOR'S CERTIFICATE:

To: Shirley Farms, LLC, a Texas limited liability company, Republic Title of Texas, and their respective successors and assigns:

This is to certify that I have made a survey on the ground of the property described hereon (the "Property") and that the Planned Exhibit Improvements for Building 1, part of the Property, are accurately and correctly shown on the plat hereon. Except as shown hereon: (1) there are no visible encroachments or protrusions; (2) there are no visible easements or rights-of-way affecting the Property; (3) there are no visible cemeteries on the Property; (4) there are no visible improvements on the Property; (5) there are no visible discrepancies, conflicts, shortages in area, boundary lines, encroachments or overlapping of improvements; (6) there are no visible roadways or alleys crossing the Property; (7) there are no visible rights of first refusal affecting the Property; (8) there are no visible wetlands on the Property; (9) there are no visible streams, rivers, lakes, ponds or other bodies of water on the Property; (10) there are no visible utility lines or facilities serving the Property other than as shown on the plat hereon; and (11) the Property has direct access to and from Shirley Farms Road, a dedicated public roadway.

Date of Plat or Map: 1/29/24

Steven C. Spiars, RPLS, CFM

Flood Zone Statement: Part of the Property lies within Zone "X" (Unshaded), as defined by the Federal Emergency Management Agency, on Flood Insurance Rate Map (FIRM) Community Panel No. 48085C0215J, effective on 6/2/2009. The property is located on Panel No. 0215 of the said Flood Insurance Rate Map. The above statement is for insurance rate purposes only.

SPIARS ENGINEERING & SURVEYING
745 Calmar Parkway, Suite 100 · Plano, TX 75075 · 972.422.0077
Texas Registered Engineering Firm F-2121 · Texas Registered Surveying Firm LS-100128-00 · www.spiarseng.com

ALTA/NSPS LAND TITLE SURVEY
COLLIN COUNTY, TEXAS
Shirley Farms

No.	Revisions	Date

Issue Date: 1/29/24

Scale:
Drawn By: SS
Checked By: SCS
Sheet 2 of 2
Job # 23-266

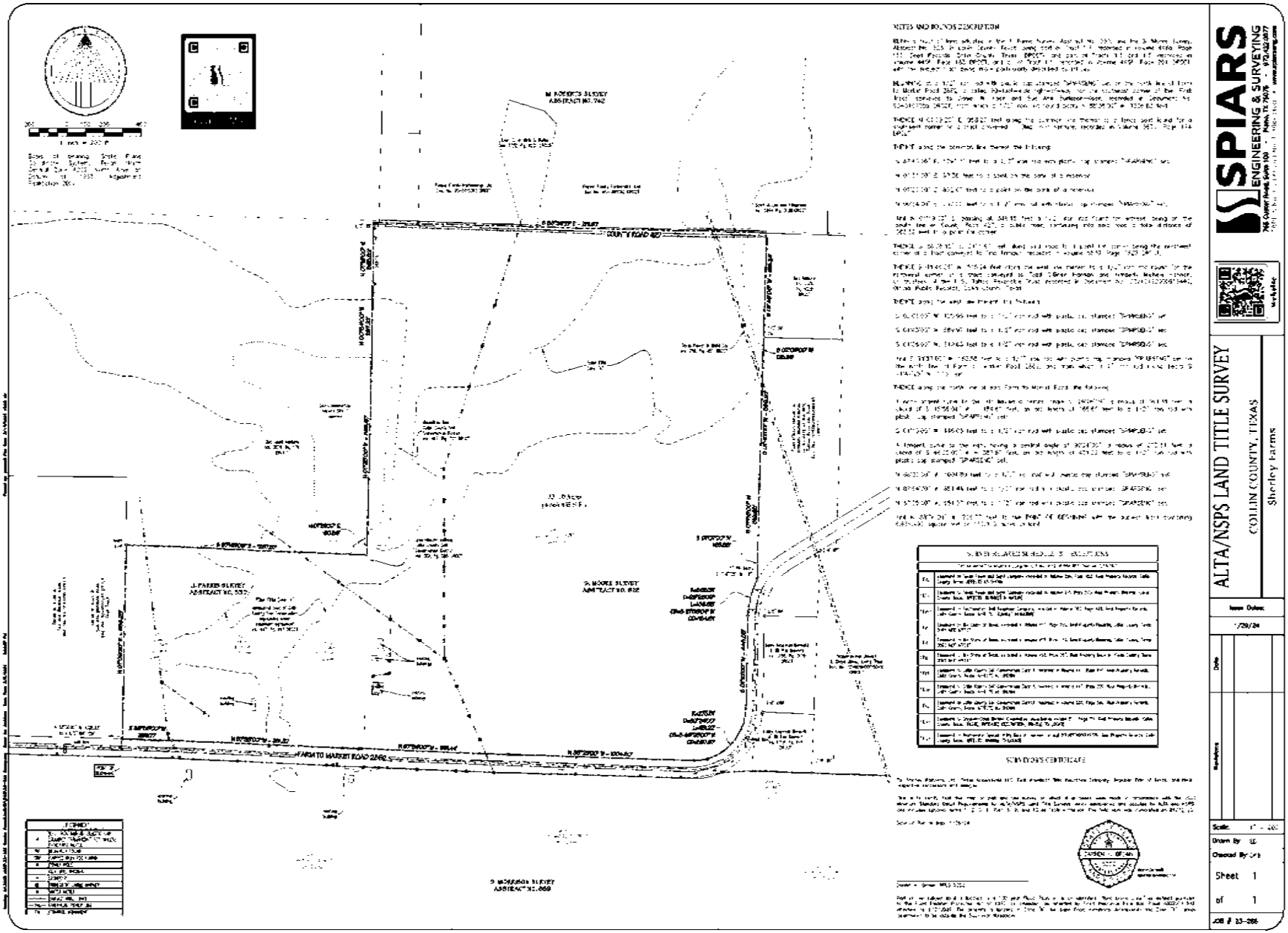
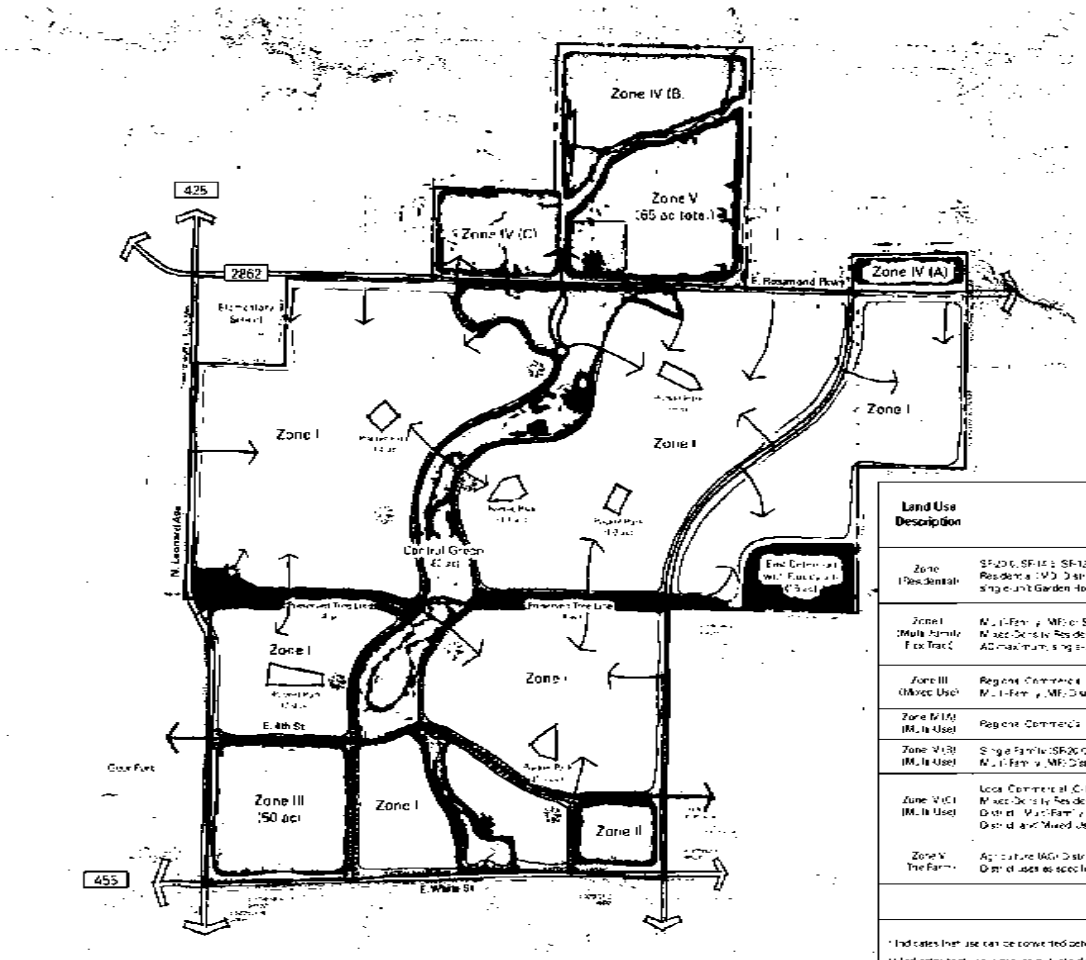

ALTA/NSPS LAND TITLE SURVEY
COLLIN COUNTY, TEXAS
Shirley Farms
SPIARS
ENGINEERING & SURVEYING
FARM TO MARKET ROAD 2862
COUNTY ROAD 407
SURVEYOR'S CERTIFICATE

Exhibit C

Illustrative Layout



Open Space Summary	
Central Green	±7.4 ac
Preserved Tree Line	±8 ac
Last Detention with Floodplain	±15 ac
Pocket Park	±10 ac
Miscellaneous	±10 ac
Total	±117 ac

Note: Pocket Park locations and sizes are conceptual and final location and size will be determined at platting.

Legend

- A Farmstyle Amenity Center with operational farming facilities for the benefit of community residents and the broader community
- Amenity Center No. 1 – to be precisely located at the time of Phase 1 Preliminary Plat
- Amenity Center No. 2 – to be precisely located and construction to start prior to the issuance of the 1,750th building permit
- Sherley Squares - conceptual locations to be determined through the platting process

Land Use Description	Zoning Classification	Maximums	
		Single-Family (SF) DUs	Multi-Family (MF) DUs
Zone I (Residential)	SF-20.0, SF-15.0, SF-12.0, SF-10.0, SF-8.0, SF-7.2, SF-6.0, Mixed-Density Residential (MD) District and Mixed-Use (MU) District limited to 8 DU/AC Maximum, single-unit Garden Homes and single-unit Townhomes	3,630	0
Zone I (Multi-Family Flex Tract)	Multi-Family (MF) 20.0, SF-15.0, SF-12.0, SF-10.0, SF-8.0, SF-7.2, SF-6.0, Mixed-Density Residential (MD) District and Mixed-Use (MU) District limited to 8 DU/AC maximum, single-unit Garden Homes and single-unit Townhomes	150*	300*
Zone III (Mixed Use)	Regional Commercial (C-R) District, Light Industrial (LI) District, Multi-Family (MF) District, and Mixed-Density Residential (MD) District		600**
Zone V (M) (Multi-Use)	Regional Commercial (C-R) District and Light Industrial (LI) District	–	–
Zone V (B) (Multi-Use)	Single Family (SF-20.0) District, Single Family Cottage Residential District, and Multi-Family (MF) District	–	–
Zone V (C) (Multi-Use)	Local Commercial (C-L) District, Single Family Residential (SF-20.0) District, Mixed-Density Residential (MD) District, Single Family Cottage Residential District, Multi-Family (MF) District, Agriculture (AG) District, Light Industrial (LI) District, and Mixed-Use (MU) District	–	–
Zone V The Farm	Agriculture (AG) District, Local Commercial (C-L) District, and Mixed-Use (MU) District uses as specifically listed in Exhibit D Development Standards	–	–
	TOTAL	3,190	600

* Indicates that use is convertible between single-family and multi-family as noted in the Development Standards Exhibit D.

** Indicates that use is shown out of the different use categories as noted in the Development Standards Exhibit D.

– Indicates that maximums are to be determined on a site plan and plat level development occurs.

Note: Non-Residential uses do not have a prescribed maximum given the available acreage and specific uses within the Development Standards Exhibit D.



EXHIBIT C - ILLUSTRATIVE LAYOUT

SHERLEY FARMS

CITY OF ANNA, COLLIN COUNTY, TEXAS
G. MORRISON SURVEY - ABSTRACT NO. 559

DECEMBER OF 2024

Exhibit D

Development Standards

Exhibit D
Development Standards

TABLE OF CONTENTS:

SECTION 1. ADMINISTRATION
SECTION 2. USE CRITERIA BY ZONE
SECTION 3. OPEN SPACE STANDARDS
SECTION 4. AMENITIES
SECTION 5. SUBDIVISION ORDINANCE MODIFICATIONS
SECTION 6. ZONING ORDINANCE MODIFICATIONS
SECTION 7. ZONING SITE DESIGN CHANGES
SECTION 8. ZONING LANDSCAPING CHANGES
SECTION 9. ARTICLE 9.05 SIGN ORDINANCE
SECTION 10. DEFINITIONS
SECTION 11. ATTACHMENTS

SECTION 1. ADMINISTRATION

A. Interpretation

In the event of any conflict between the City Regulations and the development standards on this **Exhibit D**, the development standards on this **Exhibit D** shall control. The project shall abide by all City regulations, as amended herein.

B. Illustrative Plan - Exhibit C

The subject property, referred to herein as the "Site", shall generally develop per **Exhibit C**, the Illustrative Plan. The Illustrative Plan displays the general location and configuration of land uses, arterial and collector roads, and other area features. Exhibit C shall serve as the Concept Plan to inform future Preliminary Site Plans.

C. Administrative Modifications

Modifications to the Illustrative Plan, **Exhibit C,** shall be administered per the thresholds in Table 1.. Preliminary Site Plans shall be administered per the thresholds in Table 1. Minor Amendments shall be administratively approved by the Director of Development Services if such modifications otherwise comply with these Development Standards. Major Amendments shall require approval of the Planning and Zoning Commission and City Council. Major Amendments shall require a complete amended and restated Planned Development District document rather than a brief amendment that refers to the original Planned Development District document.

Table 1: Major and Minor Amendments

Minor Amendment	Major Amendment
Modification up to 10% to the numerical standards of the Planned Development District	Modification greater than 10% to the numerical standards of the district
Throughfares and Blocks may be modified while maintaining the general throughfare connectivity as depicted in **Exhibit C**.	Any change that does not maintain connectivity as generally depicted in **Exhibit C**.
Modification of the anticipated order of development for the overall property	N/A
Modifications to approved Street Cross-Sections to accommodate specific considerations regarding traffic calming, emergency vehicle access, accommodate pedestrian and bike traffic, and modify on-street parking configuration	N/A

D. **Applicability of Subdivision Ordinance, Design Standards and Zoning Ordinance**
The subject property is intended to be an architecturally and culturally significant tract of land that is meaningfully located along two regionally significant east-west thoroughfares and just east of Downtown Anna. Except as otherwise provided in these Development Standards (**Exhibit D**), the City's subdivision ordinance, design standards and zoning ordinance in effect at the time of the written approval of this Planned Development shall apply.

SECTION 2. USE CRITERIA BY ZONE

The site shall be developed according to applicable city regulations as amended herein to the Zones as depicted in **Exhibit C**. The Site is divided into six zones with distinctive characters and uses permitted in each Zone as described herein.

A. **Zone I - Residential Tracts**

1. **Permitted Uses**
The tracts shown on **Exhibit C** as Zone I shall be developed in accordance with one or more of the following zoning district regulations as modified herein and may be developed with any use permitted in any of the following zoning districts: SF-20.0, SF-14.5, SF-12.0, SF-10.5, SF-8.4, SF-7.2, SF-6.0, Mixed-Density Residential (MD) District uses as outlined herein, Garden Home Unit, Townhome Unit and Mixed-Use (MU) District. Additionally, school uses and Civic/City uses are permitted within the Residential Tracts. These tracts shall include outdoor amenitization of the adjacent open space and detention areas.

2. **Lot Type Criteria**
A maximum of 3,030 dwelling units may be attached or detached. Within Zone I the 3,030 dwelling unit product mix shall be allocated in accordance with the following proportional limitations:

Table 2: Lot Type Allocation

Lot Type	Zoning Designation	Site Approx. Lot Width	Unit Mix Thresholds
A	SF-20	100′	A Minimum of 6% of total lots in Zone I
B	SF-14.5	100′	
C	SF-12.0	90′	A Minimum of 6% of total lots in Zone I
D	SF-10.5	80′	
E	SF-8.4	70′	
F	SF-7.2	60′	A Maximum of 60% of total lots in Zone I
G	SF-6.0	50′	
H	MD 40	40′	A Maximum of 30% of total lots in Zone I
I	MD Single-Family Attached (Townhomes)	25′	
J	MD Garden Homes	60′	

Note: To maintain a balance of lot types, the minimum percentage of Type A through E lots (in aggregate) will be at least 10% of the total number of lots indicated on City-approved Civil Plans to be measured at the point where an increment of 750 lots is triggered by the submission of Civil Plans for City Approval. The percentage of Type A through E lots in excess of 10% shall be counted

as a credit that will accumulate credit to the next 750 lot increment measure so that the measure is accounted for as a cumulative requirement. The Civil Engineering Plans for each Phase shall include a table that details this condition on a cumulative basis.

3. **Mixed-Use Node Criteria**
   A maximum of four (4) two-acre Mixed-Use Nodes ("Sherley Squares") at select locations within Zone I. Exact locations of Mixed-Use Nodes shall be indicated on a Preliminary Site Plan within the Zone I area as depicted on Exhibit C. Where a Mixed-Use Node is placed it shall replace the underlying zoning on the parcel in which it is used. If the Mixed-Use Node is not used the underlying zoning shall remain. These Mixed-Use Node locations shall maintain a 1,000' separation between individual Mixed-Use Nodes. The Mixed-Use Node locations shall be limited to either restaurant, retail, live-work or other service uses intended to provide more neighborhood services dispersed throughout the development. The Mixed-Use Nodes shall be developed according to the Mixed-Use (MU) District Dimensional Standards and shall be required to meet the parking requirements of the particular use developed with on-street parking, off-street parking or a mixture of both. On-street parking will be parallel.

B. Zone II - Multifamily (Flex Tract)

1. **Permitted Uses**
   The tract shown on **Exhibit C** as Zone II shall be developed in accordance with either the Multi-Family Residential (MF) District or may revert to the Residential zoning district regulations permitted in Zone I as modified herein along with school uses and Civic/City uses. This tract shall include outdoor amenitization of the adjacent open space and detention areas. This tract shall be subject to a maximum multi-family dwelling unit count of 200 units.

2. **Unit Reallocation Criteria**
   Should this tract revert to one or more of the Residential zoning districts permitted in Zone I, the 200 Multi-Family units shall increase the 3,030 permitted dwelling units by 160 units to a revised total of 3,190 Single Family units. If developed as single family, the unit thresholds in **Table 2: Lot Type Allocation** of Zone I above shall apply.

3. **Site Plan Requirement**
   Development in Zone II requires Site Plan approval to ensure conformance with city development standards as modified herein.

C. Zone III – South Multi-Purpose Commercial Tract

1. **Permitted Uses**
   The tract shown on **Exhibit C** as Zone III shall be developed in accordance with one or more of the following zoning district regulations as modified herein and may be developed with any use permitted in their corresponding base zoning districts, unless otherwise stated:
   - Regional Commercial (C-2) District:
     - All permitted uses
   - Light Industrial (I-1) District, limited to the following uses:
     - Batching Plant (Permitted as a Temporary Use)
     - Brewery/Distillery
     - Tasting Room
     - Self-Storage (Mini-Warehouse) Limited to 125,000 SF of ground-level floor area.
     - Commercial Kitchen
     - Food Truck Park
     - Greenhouse and Nursery
   - Multi-Family Residential (MF) District:
     - All permitted uses

- Total Multi-Family units not to exceed 600 total units
- Townhome Unit (multiple DUs on single platted lot) – limited to a maximum unit count of 100
- Duplex Unit (multiple DUs on single platted lot) – limited to a maximum unit count of 100
- Condos - limited to a maximum of unit count of 100
- Multi-Family building types, other than Townhome Unit and Duplex Unit, limited to a maximum unit count of 400 Multi-Family Units

- Mixed-Density Residential (MD) District:
  - All permitted uses (including Single-Family Attached (single DU on single platted lot, including without limitation individual-lot townhome) and Two-Family Dwellings (single DU on single platted lot including without limitation individual-lot duplex)

2. Prohibited Uses

Prohibited Uses in Zone III include the following:

- Pawn Shop / Pay day loans
- Radio/Television studios
- Taxidermist
- Funeral Services
- Governmental service yards
- Flea Market

3. Dimensional Standards

The Zoning Districts selected for Zone III shall be developed in accordance with their corresponding dimensional standards:

- Regional Commercial (C-2) District, as modified herein
- Light Industrial (I-1) District, as defined in Section 9.04.023
- Multi-Family Residential (MF) District, as modified herein
- Mixed-Density Residential (MD) District, as modified herein

If a proposed use is permitted in multiple zoning categories, the applicant will indicate which set of dimensional standards will apply on the site plan.

4. Buffer Criteria:

Any permitted Light Industrial (I-1) use shall be buffered from being directly adjacent to for-sale single-family attached or detached housing by a buffer street, buffer use, or a landscape buffer.

- A Buffer street is a Collector or larger street;
- A Buffer use is either Multi-Family, Mixed-Use, Commercial, or Retail uses in-between Light Industrial uses and for-sale single-family attached or detached housing.
- A landscape buffer shall be a landscaped area of at least 25 feet in width along the common property line planted with one canopy tree for each 30 linear feet, provided that the spacing shall be reasonably expanded to accommodate a specific tree species requiring more spacing to promote long term health and growth.

5. Site Plan Requirement

Development in Zone III requires Site Plan approval to ensure conformance with city development standards.

D. Zone IV – North Multi-Purpose Commercial Tracts

1. Site Plan Requirement

Development in Zone IV and its sub-zones require Site Plan approval to ensure conformance with city development standards.

2. Zone IV(A)

a. Permitted Uses

The tracts shown on **Exhibit C** as Zone IV(A) shall be developed in accordance with one or more of the following zoning district regulations as modified herein and may be developed with any use permitted in their corresponding base zoning districts, unless otherwise stated:

- Regional Commercial (C-2) District:
    - All permitted uses
- Light Industrial (I-1) District, limited to the uses following uses:
    - Batching Plant (Permitted as a Temporary Use)
    - Brewery/Distillery
    - Commercial Kitchen
    - Food Truck Park
    - Outdoor Storage
    - Feed and Farm Supply
    - Greenhouse and Nursery
    - Auto Repair (Heavy and Light)
    - Heavy Equipment Sales and Rentals
    - Athletic Field (Public and Private)
    - Community Center (Public and Private)
    - Country Club
    - Racetrack
    - Sport Shooting Range
    - Park
    - Commercial Cleaning Facility
    - Self-Storage (Mini Warehouse)
    - Wholesale Showroom Facility
    - Assisted Living Facility
    - Child Care Facility, Daycare
    - Community Home for Persons with Disabilities
    - Agriculture
    - Agritainment
    - Outdoor Storage and Display
    - Stable
    - Swimming Pool Private

b. Prohibited Uses

Prohibited Uses in Zone IV(A) include the following:

- Radio/Television studios
- Taxidermist
- Funeral Services
- Governmental service yards
- Flea Market

c. Dimensional Standards

The Zoning Districts selected for Zone IV(A) shall be developed in accordance with their corresponding dimensional standards:

- Regional Commercial (C-2) District, as modified herein
- Light Industrial (I-1) District, as defined in Section 9.04.023

If a proposed use is permitted in multiple zoning categories, the applicant will indicate which set of dimensional standards will apply on the site plan.

3. Zone IV(B)

a. Zone Vision

Zone IV(B)- is envisioned to be a primarily residential area surrounded by floodplain open space.

b. Permitted Uses

The tract shown on **Exhibit C** as Zone IV(B) shall be developed in accordance with one or more of the following zoning district regulations as modified herein and may be developed with any use permitted in their corresponding zoning districts, unless otherwise stated:

- Single Family Residential (SF-20.0) District:
  - All permitted uses
- Single-Family Cottage Residential District:
  - Industrialized Home (Modular Home)
  - Manufactured Homes (with permanent foundation)
  - Single-Family Dwelling, detached
  - Single-Unit or Duplex Unit Park
  - Bed and Breakfast Facility (SUP required)
  - Dormitory (SUP required)
  - Athletic Field, Public
  - Athletic Field, Private (SUP required)
  - Community Center, Public
  - Community Center, Private
  - Park
  - Swimming Pool
  - Civic Center
  - Public Library, Museum or Art Gallery (SUP required)
  - Religious Land Use
  - School
  - Child Care Home (≤6 Children) (SUP required)
  - Electrical Substation (SUP required)
  - Gas Metering Station (SUP required)
  - Gas Metering Station with Odorizer (SUP required)
  - Governmental Service yard (SUP required)
  - Radio, TV or Microwave Operations, Amateur (SUP required)
  - Accessory Building
  - Accessory Dwelling Unit (SUP required)
  - Carport
  - Home Occupation
  - Garage
  - Swimming Pool, Private (SUP required)
  - Wind Energy Conversion System (SUP required)
  - Batching Plant (Permitted as a Temporary Use)
  - Field or Sales Office
  - May include Shared Workspace as a permitted accessory use that will serve as a residential amenity
- Multi-Family Residential (MF) District:
  - Cottage Unit only (if multiple DUs on a single platted lot)

c. Dimensional Standards

The Zoning Districts selected for Zone IV(B) shall be developed in accordance with their corresponding dimensional standards:

- Single Family Residential (SF-20.0) District, as modified herein
- Single-Family Cottage Residential District, as defined herein
- Multi-Family Residential (MF) District, as defined herein

If a proposed use is permitted in multiple zoning categories, the applicant will indicate which set of dimensional standards will apply on the site plan.

4. Zone IV(C)

a. Permitted Uses

The tracts shown on **Exhibit C** as Zone IV(C) shall be developed in accordance with one or more of the following zoning district regulations, as modified herein, and may be developed with any use permitted in their corresponding base zoning districts, unless otherwise stated:

- Local Commercial (C-1) District:
  - All permitted uses
  - Medical Care Facility
  - Childcare Facility, Daycare
- Single Family Residential (SF-20.0) District:
  - All permitted uses
- Mixed Density (MD) Residential
  - All permitted uses
- Single-Family Cottage Residential District:
  - Industrialized Home (Modular Home)
  - Manufactured Home (with permanent foundation)
  - Single-Family Dwelling, detached
  - Single-Unit or Duplex Unit Park
  - Bed and Breakfast Facility (SUP required)
  - Dormitory (SUP required)
  - Athletic Field, Public
  - Athletic Field, Private (SUP required)
  - Community Center, Public
  - Community Center, Private
  - Park
  - Swimming Pool
  - Civic Center
  - Public Library, Museum or Art Gallery (SUP required)
  - Religious Land Use
  - School
  - Child Care Home (≤6 Children) (SUP required)
  - Electrical Substation (SUP required)
  - Gas Metering Station (SUP required)
  - Gas Metering Station with Odorizer (SUP required)
  - Governmental Service yard (SUP required)
  - Radio, TV or Microwave Operations, Amateur (SUP required)
  - Accessory Building
  - Accessory Dwelling Unit (SUP required)
  - Carport
  - Home Occupation
  - Garage
  - Swimming Pool, Private (SUP required)
  - Wind Energy Conversion System (SUP required)
  - Batching Plant (Permitted as a Temporary Use)
  - Field or Sales Office
  - May include Shared Workspace as a permitted accessory use that will serve as a residential amenity
- Multi-Family Residential (MF) District:
  - Cottage Unit only (if multiple DUs on single platted lot)

- Agricultural (AG) District:
    - All permitted uses
    - Agritainment
    - Itinerant Vendor
    - Farmer's Market
- Light Industrial (I-1) District, limited to the uses following uses:
    - Batching Plant (Permitted as a Temporary Use)
    - Brewery/Distillery
    - Tasting Room
    - Commercial Kitchen
    - Food Truck Park
    - Greenhouse and Nursery
    - Feed and Farm Supply
    - Bar
    - Private Club
- Mixed Use Development
    - All permitted uses

b. Dimensional Standards

The Zoning Districts selected for Zone IV(C) shall be developed in accordance with their corresponding dimensional standards:

- Local Commercial District (C-1), as modified herein
- Single Family Residential (SF-20.0) District, as modified herein
- Single Family Cottage Residential District, as modified herein
- Mixed Density (MD) Residential, as modified herein
- Multi-Family Residential (MF) District, as defined herein
- Agricultural (AG) District, as defined herein
- Light Industrial (I-1) District, as defined herein
- Mixed-Use (MU) District, as defined herein

If a proposed use is permitted in multiple zoning categories, the applicant will indicate which set of dimensional standards will apply on the site plan.

E. Zone V - The Farm

1. Zone Vision

The Farm is envisioned to be an agricultural reserve with agricultural focused commercial activities.

2. Permitted Uses

Tracts shown on **Exhibit C** as Zone V shall be developed in accordance with one or more of the following zoning district regulations as modified herein and may be developed with any use permitted in their corresponding base zoning district, unless otherwise stated:

- Section 9.04.028 land use table AG uses already permitted by right
- Agritainment
- Artist Studio
- Bar
- Brewpub
- Food preparation and sales
- Food Truck Park
- Grocery Store
- Mixed-Use (MU)
- Restaurant and tasting room
- Outdoor Dining
- Farmer's Market

- On-Site Residence for Farmer
- Multi-Family (Permitted with SUP)
- Hotel (Permitted with SUP)
- Brewery/Distillery (Permitted with SUP)
- Childcare facility (Permitted with SUP)

3. **Prohibited Uses**

   Prohibited Uses in Zone V include the following:
   - Feedlot
   - Mobile Home / Manufactured Homes with chassis and wheels (personal property)
   - Wind Energy Conversion System
   - Country Club
   - Golf Course
   - Carport
   - Concrete Batch Plant
   - Flea Market
   - Seasonal Roadside Stand

4. **Dimensional Standards**

   The Zoning Districts selected for Zone V shall be developed in accordance with their corresponding dimensional standards:
   - Agricultural (AG) District, as defined herein
   - Local Commercial District (C-1), as modified herein
   - Mixed-Use (MU) District, as defined herein

   If a proposed use is permitted in multiple zoning categories, the applicant will indicate which set of dimensional standards will apply on the site plan.

5. **Site Plan Requirement**

   Development in Zone V requires Site Plan approval to ensure conformance with city development standards.

SECTION 3. OPEN SPACE

A. Vision

The vision for the community includes extensive open space and activation of detention areas with concrete trails and single-loaded streets that preserve the public view of the natural beauty. The pocket parks are intended to provide valuable open space within walking distance of most residential units, provide passive and moderately active recreational opportunities including, but not limited to, open play areas, natural interpretive areas, neighborhood playgrounds, children's water play areas, and small neighborhood gathering spaces. The central green is intended to create a natural scenic connection through the center of the community and shall consist of trails, natural landscaping, usable open space, and ponds that are reflective of the native environment. The open space requirements in 9.04.029(d) (3) shall not apply to Mixed-Density Residential types, multifamily units or residential uses in Zones II, III, IV and V, as the open space provided in Zone I is to serve the needs for the entire development Site.

B. Required Elements

Open space, that is publicly accessible, whether owned and maintained by the City of Anna, the Owners Association, or other ownership entity, shall count toward the minimum open space requirement. The open space and amenities identified in this section and the Open Space and Trails **Exhibit J** satisfies the open space and park requirements for the Site in its entirety and no park acquisition or development fees are applicable. The open space for the Site shall include:

1. A regional trail running north / south through the project along the primary open space areas which will include trailheads.
2. Incorporation of pocket parks and activated open space throughout the community, as generally shown on the Illustrative Plan. The size and location of pocket parks and activated open space shall be generally delineated on a Preliminary Site Plan and then finalized through the platting process. Pocket parks and activated open space may be spread across multiple locations within the Zone provided the overall amount of the requirement is met as depicted on **Exhibit C.**

C. Maintenance

Open Space and structures thereon shall be maintained by the property owner, the Owners Association, or other ownership entity unless otherwise dedicated to the City. The property owner, Owners Association, or other ownership entity may adopt rules and regulations regarding access, permitted uses, security (policing) and maintenance responsibilities for the Open Space.

SECTION 4. AMENITIES

Amenity Centers shall be located on a private lot and shall not count towards any open space requirement.

A. One large amenity center to be located in Phase 1 including, at a minimum: an amenity center building, a swimming pool, bathrooms, a playground, and an open recreation area. Construction for this amenity center shall commence prior to the issuance of the 300th single family building permit.

B. A second amenity center on the southern side of the community, including at a minimum: an amenity center building, bathrooms, a playground, and an open recreation area. Construction for this amenity center shall commence prior to the issuance of the 1,750th single family building permit.

SECTION 5. SUBDIVISION ORDINANCE MODIFICATIONS

A. Revise 9.02.081.a to read:

The construction, arrangement, character, extent, width, grade and location of all streets shall conform to the city's comprehensive plan and design standards and shall be considered in their relation to the following, whether the streets are within the city, or within its ETJ area. Street sections presented in this **Exhibit D** shall supersede any other City of Anna ordinances or standards.

B. Revise 9.02.081.c.4 to read:

Approach streets and access.

All subdivisions must have at least two points of vehicular access and must be connected via improved streets (streets that meet the city standards) to the city's improved thoroughfare and street system by one or more approach streets of such dimensions and improved to such standards as required herein. All residential subdivisions, with the exception of multifamily dwellings and single-unit or duplex unit park developments, shall provide no less than one entrance for each 50 lots including stubs for future development. ~~and in no case shall have more than 150 lots for each connection to an existing street.~~

C. Revise 9.02.081.c.5.A to read:

Off-site and adjacent improvements based on traffic impact analysis (TIA) of project specific impacts.

a. If in the opinion of the City Engineer or Director of Development Services, sufficient vehicular access and street capacity approaching and adjacent to the subdivision is not available to serve the proposed subdivision, the city may require the developer to provide a traffic impact analysis ("TIA") of the proposed development. ~~Such TIA when required shall be submitted to the City as part of the preliminary~~

~~plat application.~~ Based on the TIA, necessary improvements attributable to the proposed development may be incorporated into the development plans at the discretion of city staff.

D. Revise 9.02.081.L.1 to read:

Street section requirements.

Typical street sections shall be based upon projected traffic volume, existing soil conditions, and drainage condition and requirements. Street right-of-way widths, pavement widths, and median widths shall be as shown on ~~the comprehensive plan, in the City's design standards, and shall specifically be as specified in Division 9, Table 1.~~ **Exhibit D** in the Development Agreement.

E. Revise 9.02.081.o.1 to read:

Maximum and minimum length of block or street segments.

The maximum length of any block or street segment, ~~including~~ excluding looped streets, shall be 1,200 feet and the minimum length of any block or street segment shall be 400 feet. except in a key lot scenario, as measured along the street centerline and between the point(s) of intersection with other through streets. The minimum block length for a horseshoe street shall be 260 feet. A cul-de-sac or dead-end street shall not be considered a through street and shall not exceed 600' in length for Lot Types F through J, but otherwise shall not exceed 900' in length. The block length is not measured along the side of a block that does not include the front of any lot.

F. Revise 9.02.081.t.1 to read:

Residential driveways.

Residential driveway cuts shall not be allowed on streets that are larger than a neighborhood (50-foot right-of-way) or residential collector street (60-foot right-of-way). ~~Residential driveways shall be at least 30 feet from any intersection.~~ For corner lots residential driveways shall be located on the opposite side of the lot from the intersection. Rear and side driveway access to collector and thoroughfare streets shall be prohibited.

G. Revise 9.02.083.b to read:

Residential alleys.

~~In residential districts, alleys shall be parallel, or approximately parallel, to the frontage of the street. Alleys in residential districts shall provide a minimum of 20 feet of right-of-way and 15 feet of pavement.~~ Alleys in residential districts shall provide a Right-of-way and pavement width in compliance with the street sections presented in **Exhibit D** of the Development Agreement.

H. Revise 9.02.086.a.1 to read:

Pedestrian concrete walkways (sidewalks) not less than the following width shall be provided along both sides of newly constructed streets as follows:

Street Type	Sidewalk Width
Arterial	6 feet
Divided and undivided collector	6 feet
Neighborhood collector	6 feet
Local residential	~~6~~5 feet

I. Revise 9.02.087.e to read:

Double frontage lots.

Residential subdivisions with double frontage lots shall be avoided, except where they may be essential to provide separation from arterial or collector streets, or to overcome a specific disadvantage or hardship imposed by topography or other factors. Where lots have double frontage, appropriate building setback lines shall be established for each street side, and rear yard screening shall be provided in accordance with section 9.02.167 of this article. Except as provided within this subsection, residential lots shall not back onto any residential street or collector street within a residential area or neighborhood. ~~and shall not have more than ¼ of their perimeter boundaries along streets~~

J. **Revise 9.02.087.g to read:**

Residential lot depth.

(1) No lot shall be platted less than 100 feet in depth unless located within the mixed density residential (MD) District, the downtown (DT) District, applicable planned development (PD) District, or districts where minimum lot depth is N/A.

(2) Lots facing or backing on arterial or collector roadways (rights-of-way greater than 60 feet), shall be at least 10 feet deeper than the minimum required depth of lots facing the local streets within the development. This depth is in addition to the minimum 20-foot-wide landscape buffer requirement for residential developments when adjacent to arterial and collector roadways. If a landscape buffer of 30' or deeper is provided, the requirement for a 10' deeper residential lot shall not apply.

K. **Revise 9.02.087.b to read:**

Minimum frontage on a public street.

Each lot on a subdivision plat shall front onto a dedicated, improved public street or HOA owned open space lot, unless platted as an approved private street subdivision in accordance with these subdivision regulations. All single family detached lots shall have a minimum of 40 feet of frontage as measured at the front building setback line fronting a dedicated, improved street unless other provisions have been authorized under article 9.04 or an approved planned development district. Lots that front onto an HOA-owned open space lot shall have access to a dedicated, improved public alley.

L. **Revise 2.14.A of the City of Anna Design Standards Manual to read:**

Residential: Residential driveways to serve two car garages shall be not less than eleven (11) feet nor more than ~~twenty (20)~~ twenty-two (22) feet in width at the property line. The width of the driveway will be larger at the garage for a three car (width to be maximum of twenty-eight (28) feet). Shared driveways and garages larger than three cars shall be a case-by-case basis as may be approved administratively by city staff. Residential driveways shall be separated from one another by a distance of at least ten (10) feet. The radii of all residential driveway returns shall be a minimum of five (5) feet and shall not extend past the adjoining property line. ~~The driveway approaches devoted to one use shall not occupy more than sixty percent (60%) of the frontage abutting the roadway or alley.~~

SECTION 6. ZONING ORDINANCE MODIFICATIONS

A. **Sec. 9.04.010 Single-Family Residential (SF-20.0) District (Type A Lot)**

(a) Purpose. The Single-Family Residential (SF-20.0) district is designed to accommodate a single-family residential development lot design on approximately half-acre (1/2 acre) lots. The district may be appropriately located near agricultural and single-family residential uses. This district implements the character and intent of the Comprehensive Plan's Estate Residential Place Type.

(b) Uses. See Table 19: Use Table and all applicable regulations in Division 3.

(c) Dimensional Standards. Development in the Single-Family Residential (SF-20.0) district shall follow Table 3: Single-Family Residential (SF-20.0) District Dimensional Standards, as modified.

Table 3: Single-Family Residential (SF-20.0) District Dimensional Standards – Type A

Single-Family Residential (SF-20.0) District Dimensional Standards		
Lot Requirements		
A	Lot Area ~~(min.)~~	20,000 square feet average 15,000 square feet minimum
B	Lot Width (min.) as measured at front building setback line	100 feet
C	Lot Depth (min.)	150 feet
D	Lot Coverage (max.)	40%

Setback Requirements		
E	Front Yard (min.)	Garage - 25 feet House Face / Porch – 20 feet
F	Rear Yard (min.)	25 feet
G	Side Yard (min.)	10 feet
H	Corner Side Yard (min.)	15 feet
Building Requirements		
I	Building Height (max.)	35 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.
  (1) The Single-Family Residential (SF-20.0) district shall not be within 1,200 feet of a Major Highway as designated on the 2045 Master Thoroughfare Plan. This distance shall be measured from the right-of-way centerline to the residential property line.
  (2) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.
  (3) Average lot size will be calculated based upon the lots of the applicable type on the Final Plat and the average lot sizes will be noted on the lot size table.

B. Sec. 9.04.011 Single-Family Residential (SF-14.5) District (Type B Lot)

(a) Purpose. The Single-Family Residential (SF-14.5) district is designed to accommodate a single-family residential development design on roughly one-third acre (⅓-acre) lots. The district can be appropriately located near agricultural and single-family residential uses. This district implements the character and intent of the Comprehensive Plan's Suburban Living Place Type.

(b) Uses. See Table 19: Use Table and all applicable regulations in Division 3.

(c) Dimensional Standards. Development in the Single-Family Residential (SF-14.5) district shall follow Table 4: Single-Family Residential (SF-14.5) District Dimensional Standards, as modified.

Table 4: Single-Family Residential (SF-14.5) District Dimensional Standards – Type B

Single-Family Residential (SF-14.5) District Dimensional Standards		
Lot Requirements		
A	Lot Area (min.)	14,500 square feet Average 12,150 square feet minimum
B	Lot Width (min.) as measured at front building setback line	90 feet
C	Lot Depth (min.)	135 feet
D	Lot Coverage (max.)	45%
Setback Requirements		
E	Front Yard (min.)	Garage - 25 feet House Face / Porch – 20 feet
F	Rear Yard (min.)	25 feet
G	Side Yard (min.)	8 feet
H	Corner Side Yard (min.)	15 feet
Building Requirements		
I	Building Height (max.)	35 feet
Additional Applicable Requirements within the Zoning Ordinance		

Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping	Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.
(1) The Single-Family Residential (SF-14.5) district shall not be within 1,200 feet of a Major Highway as designated on the 2045 Master Thoroughfare Plan. This distance shall be measured from the right-of-way centerline to the residential property line.
(2) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.
(3) Average lot size will be calculated based upon the lots of the applicable type on the Final Plat and the average lot sizes will be noted on the lot size table.

C. Sec. 9.04.012 Single-Family Residential (SF-12.0) District (Type C Lot)

(a) Purpose. The Single-Family Residential (SF-12.0) district is designed to accommodate single-family residential development on roughly quarter-acre (¼-acre) lots. The district can be appropriately located near agricultural and single- family residential uses. This district implements the character and intent of the Comprehensive Plan's Suburban Living PlaceType.
(b) Uses. See Table 19: Use Table and all applicable regulations in Division 3.
(c) Dimensional Standards. Development in the Single-Family Residential (SF-12.0) district shall follow Table 5: Single-Family Residential (SF-12.0) District Dimensional Standards, as modified.

Table 5: Single-Family Residential (SF-12.0) District Dimensional Standards – Type C

Single-Family Residential (SF-12.0) District Dimensional Standards		
Lot Requirements		
A	Lot Area (min.)	12,000 square feet average 9,600 square feet minimum
B	Lot Width (min.) as measured at the front building setback line	80 feet
C	Lot Depth (min.)	120 feet
D	Lot Coverage (max.)	45%
Setback Requirements		
E	Front Yard (min.)	Garage - 25 feet House Face / Porch – 15 feet
F	Rear Yard (min.)	25 feet
G	Side Yard (min.)	8 feet
H	Corner Side Yard (min.)	15 feet
Building Requirements		
I	Building Height (max.)	35 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.
(1) The Single-Family Residential (SF-12.0) district shall not be within 1,200 feet of a Major Highway as designated on the 2045 Master Thoroughfare Plan. This distance shall be measured from the

right-of-way centerline to the residential property line.

(2) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.

(3) Average lot size will be calculated based upon the lots of the applicable type on the Final Plat and the average lot sizes will be noted on the lot size table.

D. Sec. 9.04.013 Single-Family Residential (SF-10.5) District (Type D Lot)

(a) Purpose. The Single-Family Residential (SF-10.5) district is designed to accommodate single-family residential development on relatively ample lots. The district can be appropriately located near agricultural and single-family residential uses. This district implements the character and intent of the Comprehensive Plan's Suburban Living PlaceType.

(b) Uses. See Table 19: Use Table and all applicable regulations in Division 3.

(c) Dimensional Standards. Development in Single-Family Residential (SF-10.5) district shall follow Table 6: Single- Family Residential (SF-10.5) District Dimensional Standards, as modified.

Table 6: Single-Family Residential (SF-10.5) District Dimensional Standards – Type D

Single-Family Residential (SF-10.5) District Dimensional Standards		
Lot Requirements		
A	Lot Area ~~(min.)~~	10,500 square feet average 8,400 square feet minimum
B	Lot Width (min.) as measured at the front building setback line	70 feet
C	Lot Depth (min.)	120 feet
D	Lot Coverage (max.)	55%
Setback Requirements		
E	Front Yard (min.)	Garage - 25 feet House face / Porch – 15 feet
F	Rear Yard (min.)	25 feet
G	Side Yard (min.)	8 feet
H	Corner Side Yard (min.)	15 feet
Building Requirements		
I	Building Height (max.)	35 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.

(1) The Single-Family Residential (SF-10.5) district shall not be within 1,200 feet of a Major Highway as designated on the 2045 Master Thoroughfare Plan. This distance shall be measured from the right-of-way centerline to the residential property line.

(2) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.

(3) Average lot size will be calculated based upon the lots of the applicable type on the Final Plat and the average lot sizes will be noted on the lot size table.

E. Sec. 9.04.014 Single-Family Residential (SF-8.4) District (Type E Lot)

(a) Purpose. The Single-Family Residential (SF-8.4) district is designed to accommodate single-family residential development on relatively ample lots. The district can be appropriately located near agricultural and single-family residential uses. This district implements the character and intent of the Comprehensive Plan's Suburban Living PlaceType.

(b) Uses. See Table 19: Use Table and all applicable regulations in Division 3.

(c) Dimensional Standards. Development in the Single-Family Residential (SF-8.4) district shall follow Table 7: Single-Family Residential (SF-8.4) District Dimensional Standards, as modified.

Table 7: Single-Family Residential (SF-8.4) District Dimensional Standards – Type E

Single-Family Residential (SF-8.4) District Dimensional Standards		
Lot Requirements		
A	Lot Area ~~(min.)~~	8,800 square feet average 8,400 square feet minimum
B	Lot Width (min.) as measured at the front building setback line	70 feet
C	Lot Depth (min.)	120 feet
D	Lot Coverage (max.)	55%
Setback Requirements		
E	Front Yard (min.)	Garage - 25 feet House Face / Porch – 15 feet
F	Rear Yard (min.)	20 feet
G	Side Yard (min.)	5 feet
H	Corner Side Yard (min.)	15 feet
Building Requirements		
I	Building Height (max.)	35 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.

(1) The Single-Family Residential (SF-8.4) district shall not be within 1,200 feet of a Major Highway as designated on the 2045 Master Thoroughfare Plan. This distance shall be measured from the right-of-way centerline to the residential property line.

(2) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.

(3) Average lot size will be calculated based upon the lots of the applicable type on the Final Plat and the average lot sizes will be noted on the lot size table.

F. Sec. 9.04.015 Single-Family Residential (SF-7.2) District (Type F Lot)

(a) Purpose. The Single-Family Residential (SF-7.2) district is designed to accommodate single-family residential development on relatively ample lots. The district can be appropriately located near agricultural and single- family residential uses. This district implements the character and intent of the Comprehensive Plan's Cluster Residential PlaceType.

(b) Uses. See Table 19: Use Table and all applicable regulations in Division 3.

(c) Dimensional Standards. Development in the Single-Family Residential (SF-7.2) district shall follow Table 8: Single-Family Residential (SF-7.2) District Dimensional Standards, as modified.

Table 8: Single-Family Residential (SF-7.2) District Dimensional Standards – Type F

Single-Family Residential (SF-7.2) District Dimensional Standards		
Lot Requirements		
A	Lot Area ~~(min.)~~	7,500 square feet average 7,200 square feet minimum
B	Lot Width (min.) as measured	60 feet

	at the front building setback line	
C	Lot Depth (min.)	120 feet
D	Lot Coverage (max.)	55%
Setback Requirements		
E	Front Yard (min.)	Garage - 25 feet House Face / Porch – 15 feet
F	Rear Yard (min.)	20 feet
G	Side Yard (min.)	5 feet
H	Corner Side Yard (min.)	15 feet
Building Requirements		
I	Building Height (max.)	35 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.

(1) The Single-Family Residential (SF-7.2) district shall not be within 1,200 feet of a Major Highway as designated on the 2045 Master Thoroughfare Plan. This distance shall be measured from the right-of-way centerline to the residential property line.

(2) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.

(3) Average lot size will be calculated based upon the lots of the applicable type on the Final Plat and the average lot sizes will be noted on the lot size table.

G. Sec. 9.04.016 Single-Family Residential (SF-6.0) District (Type G Lot)

(a) Purpose. The Single-Family Residential (SF-6.0) district is designed to accommodate single-family residential development on relatively smaller lots. The district can be appropriately located near agricultural and single- family residential uses. This district implements the character and intent of the Comprehensive Plan's Cluster Residential PlaceType.

(b) Uses. See Table 19: Use Table and all applicable regulations in Division 3.

(c) Dimensional Standards. Development in the Single-Family Residential (SF-6.0) district shall follow Table 9: Single-Family Residential (SF-6.0) District Dimensional Standards, as modified.

***Table 9: Single-Family* Residential (SF-6.0) District Dimensional Standards – Type G**

Single-Family Residential (SF-6.0) District Dimensional Standards		
Lot Requirements		
A	Lot Area ~~(min.)~~	6,300 square feet average 6,000 square feet minimum
B	Lot Width (min.) as measured at the front building setback line	50 feet
C	Lot Depth (min.)	100 feet
D	Lot Coverage (max.)	55%
Setback Requirements		
E	Front Yard (min.)	Garage - 25 feet House Face / Porch – 10 feet
F	Rear Yard (min.)	20 feet

G	Side Yard (min.)	5 feet
H	Corner Side Yard (min.)	15 feet
Building Requirements		
I	Building Height (max.)	35 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.
(1) The Single-Family Residential (SF-6.0) district shall not be within 1,200 feet of a Major Highway as designated on the 2045 Master Thoroughfare Plan. This distance shall be measured from the right-of-way centerline to the residential property line.
(2) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.
(3) Average lot size will be calculated based upon the lots of the applicable type on the Final Plat and the average lot sizes will be noted on the lot size table.

H. Sec. 9.04.017 Mixed-Density Residential (MD) District

(a) Purpose. The Mixed-Density Residential (MD) district provides medium-density residential development with diversified housing choices. This district encourages a mix of single-family and two-family residential uses and incentivizes community amenities to form compact, accessible, and walkable neighborhoods. This district implements the character and intent of the Comprehensive Plan's Urban Living PlaceTypes. The Mixed-Density District is defined on the Site to consist of four sub-types: Type H (40 Foot SF), Type I (Single Family Attached including invidual-lot townhome), Two-Family Dwelling (including individual-lot duplex), Type J (Garden Homes).
(b) Uses. See Table 19: Use Table and all applicable regulations in Division 3.
(c) Dimensional Standards. Development in the Mixed-Density Residential (MD) district shall follow Table 10: Mixed-Density Residential (MD) District Dimensional Standards, as modified.
(d) Special Regulations.
(1) The Mixed-Density Residential (MD) district shall not be within 1,200 feet of a Major Highway as designated on the 2045 Master Thoroughfare Plan. This distance shall be measured from the right-of-way centerline to the residential property line.
(2) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.
(3) Zero lot line, 1'/9' split or 3'/7' split may be allowed as long as the overall building to building setback is 10 feet.
(4) Alley loaded garage setbacks (from the alley) shall be measured from the garage door to the edge of pavement of the alley or mews street. The distance shall be either 1) between 3 to 5 feet or 2) more than 20 feet.
(5) Second and third stories may extend a maximum of 2.5 feet into the rear yard setback.
(6) Average lot size will be calculated based upon the lots of the applicable type on the Final Plat and the average lot sizes will be noted on the lot size table.
(7) Any Mixed-Density Residential Unit shall:
- Have permanent foundations
- May utilize modular construction
- Not be manufactured or mobile homes with chassis and wheels

Table 10-A: Mixed-Density Residential (MD) District Dimensional Standards – Type H (40 Foot SF)

Mixed-Density Residential (MD) District Dimensional Standards **Type H (40 Foot SF)**

Lot Requirements		
A	Lot Area ~~(min.)~~	4,500 square feet average 4,000 square feet minimum
B	Lot Width (min.) as measured at the front building setback line	40 feet
C	Lot Depth (min.)	80 feet
D	Lot Coverage (max.)	65%
Setback Requirements		
E	Front Yard (min.)	10 feet
F	Rear Yard (min.)	10 feet
G	Side Yard (min.)	5 feet
H	Corner Side Yard (min.)	10 feet
I	Garage (min.)	25 feet, See Special Regulations Note
Building Requirements		
J	Building Height (max.)	40 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

Table 10-B: Mixed-Density Residential (MD) District Dimensional Standards – Type I (Single-Family Attached – single DU on single lot including without limitation individual-lot townhome)

Mixed-Density Residential (MD) District Dimensional Standards **Type I (Single-Family Attached – single DU on single lot)**		
Lot Requirements		
A	Lot Area ~~(min.)~~	2,200 square feet average 2,000 square feet minimum
B	Lot Width (min.) as measured at the front building setback line	25 feet
C	Lot Depth (min.)	80 feet
D	Lot Coverage (max.)	75%
Setback Requirements		
E	Front Yard (min.)	10 feet
F	Rear Yard (min.)	10 feet
G	Side Yard (min.)	N/A
H	Corner Side Yard (min.)	10 feet
I	Garage (min.)	See Special Regulations Note
Building Requirements		
J	Building Height (max.)	40 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

Table 10-C: Mixed-Density Residential (MD) District Dimensional Standards – Two-Family (single DU on single lot including without limitation individual-lot duplex)

Mixed-Density Residential (MD) District Dimensional Standards **Two-Family (single DU on single lot)**		
Lot Requirements		
A	Lot Area ~~(min.)~~	4,400 square feet average 4,000 square feet minimum
B	Lot Width (min.) as measured at the front building setback line	50 feet
C	Lot Depth (min.)	80 feet
D	Lot Coverage (max.)	75%
Setback Requirements		
E	Front Yard (min.)	10 feet
F	Rear Yard (min.)	10 feet
G	Side Yard (min.)	N/A
H	Corner Side Yard (min.)	10 feet
I	Garage (min.)	See Special Regulations Note
Building Requirements		
J	Building Height (max.)	40 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

Table 10-D: Mixed-Density Residential (MD) District Dimensional Standards – Type J (Garden Homes – single DU on single lot)

Mixed-Density Residential (MD) District Dimensional Standards **Type J (Garden Homes – single DU on single lot)**		
Lot Requirements		
A	Lot Area ~~(min.)~~	3,300 square feet average 2,800 square feet minimum
B	Lot Width (min.) as measured at the front building setback line	60 feet
C	Lot Depth (min.)	50 feet
D	Lot Coverage (max.)	60%
Setback Requirements		
E	Front Yard (min.)	10 feet (5 feet to property line between units, i.e. 10 feet overall between units)
F	Rear Yard (min.)	10 feet (5 feet to property line between units, i.e. 10 feet overall between units)
G	Side Yard (min.)	5 feet
H	Corner Side Yard (min.)	10 feet
I	Garage (min.)	25 feet (only if facing City Street)
Building Requirements		
J	Building Height (max.)	40 feet

Additional Applicable Requirements within the Zoning Ordinance	
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping	Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

I. Single-Family Residential (Cottage Home District)

(a) Purpose. The Single-Family Cottage Residential district is designed to accommodate a single-family residential development of detached units on individual lots. The Cottage homes are intended to be situated adjacent to a shared open space. The district can be appropriately located near agricultural, commercial, and single-family residential uses. This district implements the character and intent of the Comprehensive Plan's Estate Residential PlaceType.

(b) Development in Single-Family Residential (Cottage Home District) requires Site Plan approval to ensure conformance with city development standards.

(c) Dimensional Standards. Development in the Cottage Home district shall follow the Dimensional Standards, as modified.

Single-Family Cottage Residential District Dimensional Standards

Single-Family Cottage Residential District Dimensional Standards		
Lot Requirements		
A	Lot Area (min.)	1,800 SF
B	Building Separation (min.)	10 feet
C	Lot Depth (min.)	45 feet
D	Lot Coverage (max.)	N/A
Setback Requirements		
E	Front Yard (min.)	5 feet
F	Rear Yard (min.)	10 feet
G	Side Yard (min.)	5 feet
H	Corner Side Yard (min.)	10 feet
Building Requirements		
I	Building Height (max.)	40 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.

(1) Cottage homes shall provide 1.75 parking spots per unit which can be provided as off-street parking and/or on-street parking.

(2) Not be manufactured or mobile homes with chassis and wheels Zero lot line

(3) 1'/9' split or 3'/7' split may be allowed as long as the overall building to building setback is 10 feet.

(4) Any Single-Family Cottage Residential Unit shall:

- Have permanent foundations
- May utilize modular construction
- Not be manufactured or mobile homes with chassis and wheels

J. **Sec. 9.04.018 Multifamily Residential (MF) District**

(a) Purpose. The Multifamily Residential (MF) District provides for high-density residential development, targeting well-designed multifamily uses serving as a transition between medium-density residential development and commercial nodes. This district encourages multifamily uses with site development characteristics that accommodate open space and access to light and air. This district implements the character and intent of the comprehensive plan's urban living place type.

(b) Uses. See Table 19: Use Table and all applicable regulations in division 3.

(c) Dimensional Standards. Development in the Multifamily Residential (MF) District shall follow Table 11: Multifamily Residential (MF) District Dimensional Standards, as modified.

(d) For the avoidance of doubt, MF District includes the following uses if multiple dwelling units are located on a single lot: Townhome Unit, Duplex Unit, Cottage Home Unit and Condominium Unit.

Table 11: Multifamily Residential (MF) District Dimensional Standards

Multifamily Residential (MF) District Dimensional Standards		
Lot Requirements		
A	Lot Area (min.)	5,000 square feet
B	Lot Width (min.)	50 feet
C	Lot Depth (min.)	120 feet
D	Lot Coverage (max.)	N/A
Setback Requirements		
E	Front Yard (min.)	10 feet
F	Rear Yard (min.)	10 feet
G	Side Yard (min.)	10 feet
H	Corner Side Yard (min.)	25 feet
Building Requirements		
J	Building Height (max.)	85 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(e) Special Regulations.

(1) Minimum lot areas for attached single-family and two-family dwellings shall be 2,400 square feet per dwelling unit.

(2) Lot widths for a lot containing attached single-family and two-family dwellings shall be no less than 20 feet per ground floor unit plus side yard requirements.

(3) No lot containing multifamily dwelling units shall contain less than 10,000 square feet.

(4) No lot containing a single-unit or duplex unit park shall contain less than 20,000 square feet.

(5) No building in a single-unit or duplex unit park, attached single-family dwelling, two-family dwelling, or townhome unit shall exceed a height of 40 feet.

(6) Any building with multiple stories and greater than 40 feet tall shall comply with the regulations specified in section 9.04.041(h).

(7) When a multifamily dwelling exceeds one story in height, an automatic sprinkler system shall be installed in accordance with existing fire codes and each building shall have two points of entry or exit.

(8) The maximum density for a multifamily dwelling is 100 units per acre.

(9) The maximum density for a townhome unit or single-unit or duplex unit park is 18 units per acre

(10) The corner side yard for "key lots" shall meet the minimum front yard setback requirement.

(11) Any Townhome Unit, Cottage Home Unit, Condominium Unit or Duplex Unit shall:

- Have permanent foundations
- May utilize modular construction

- Not be manufactured or mobile homes with chassis and wheels

(12) A Multi-Family development, including Townhome Unit, Cottage Home Unit, Condominium Unit, and Duplex Unit projects, may choose to satisfy the open space requirements as currently detailed in 9.04.029(c)(b) or may choose to provide open space equal to 15% of the gross development acreage which can be met with one or more of the following options:

- Usable open space and landscape buffers which can include floodplain at no greater slope than 4:1 shall receive a 1:1 square foot credit. Trails and other improvements can be collocated within the usable open space/landscape buffers and shall receive the credit as noted in the following bullets.
- Hardscape improved areas such as equipped children's play areas, pool/spa, dog park, trails, and other similar improvements shall receive 3:1 square footage credit
- Amenities such as amenity centers, gym facilities, and other similar amenities shall receive 3:1 square footage credit

OFT

K. Sec. 9.04.020 Regional Commercial (C-2) District

(a) Purpose. The Regional Commercial (C-2) District provides for medium- to large-scale development of retail, service, entertainment, and office necessary for a regional market. This district primarily facilitates commercial development, like big box and anchor retailers and intensive shopping strip centers that are automobile-oriented and generate high traffic counts. This district implements the character and intent of the comprehensive plan's regional activity center place type.

(b) Uses. See Table 19: Use Table and all applicable regulations in division 3.

(c) Dimensional Standards. Development in the Regional Commercial (C-2) District shall follow Table 13: Regional Commercial (C-2) District Dimensional Standards, as modified.

Table 13: Regional Commercial (C-2) District Dimensional Standards

Regional Commercial (C-2) District Dimensional Standards		
Lot Requirements		
A	Lot Area (min.)	10,000 square feet
B	Lot Width (min.)	60 feet
C	Lot Depth (min.)	N/A
D	Lot Coverage (max.)	N/A
Setback Requirements		
E	Front Yard (min.) (Conventional Context)	25 feet
	Front Yard BTZ (Walkable Context)	0-10 feet
F	Rear Yard (min.)	10 feet
G	Side Yard (min.)	5 feet
H	Corner Side Yard (min.)	15 feet
Building Requirements		
J	Building Height (max.)	85 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 – Performance Standards

(d) Special Regulations.

(1) Any building with multiple stories and greater than 35 feet tall shall comply with the regulations specified in section 9.04.041(h)

(2) Bar Separation Standard. With respect to Regional Commercial (C-2) and Mixed Use (MU): Section 9.04.032(b)(3)(A) shall be amended to provide for no more restrictions than applicable state law.

(3) Section 9.04.032(b)(3)(B) shall not apply to Zone III.

(4) Front Yard Setbacks may follow one of two contexts: Conventional Context and Walkable Context.

- Conventional Context: Allows for a deeper setback or parking between the front property line and the building, in which case the minimum front yard setback shall be a minimum of twenty-five (25) feet.
- Walkable Context: Allows for a walkable streetscape where buildings front on a minimum eight (8) foot wide sidewalk, in which case the Build-To-Zone shall be between zero (0) and ten (10) feet.

L. Mixed-Use Nodes ("Sherley Squares")

(a) Purpose. The four permitted Mixed-Use Nodes are intended to provide amenities and services at the neighborhood scale. Retail located within these areas should be responsive to its residential context. The Mixed-Use Nodes shall be located on sites not more than two acres, with a building height maximum of two stories and separated by 1,000 feet from another Mixed-Use Node.

(b) Uses. Permitted uses shall include the uses from the Local Commercial (C-1) District.

(c) Dimensional Standards. Development in the Mixed-Use Nodes District shall follow the following Dimensional Standards.

Mixed Use Nodes (Sherley Squares) Criteria

Mixed-Use Nodes District Dimensional Standards		
Lot Requirements		
A	Lot Area (min.)	N/A
B	Lot Width (min.)	25 feet
C	Lot Depth (min.)	N/A
D	Lot Coverage (max.)	N/A
Setback Requirements		
E	Front Yard (min.) (Conventional Context)	25 feet
	Front Yard BTZ (Walkable Context)	0-10 feet
F	Rear Yard (min.)	15 feet
G	Side Yard (min.)	5 feet
H	Corner Side Yard (min.)	10 feet
Building Requirements		
I	Frontage Buildout (min.)	50%
J	Building Height (max.)	40 feet
Additional Applicable Requirements within the Zoning Ordinance		
Sec. 9.04.041 – Dimensional Regulations Sec. 9.04.042 – Site Design Requirements Sec. 9.04.043 – Parking Sec. 9.04.044 – Loading Sec. 9.04.045 – Landscaping		Sec. 9.04.046 – Screening and Fencing Sec. 9.04.047 – Outdoor Lighting Sec. 9.04.048 – Trash Sec. 9.04.049 –Performance Standards

(d) Special Regulations.

- Bar Separation Standard. Mixed Use (MU): Section 9.04.032(b)(3)(A) shall be amended to provide for no more restrictions than applicable state law. Front Yard Setbacks may follow one of two contexts: Conventional Context and Walkable Context.
  - Conventional Context: Allows for a deeper setback or parking between the front property line and the building, in which case the minimum front yard setback shall be a minimum of twenty-five (25) feet.
  - Walkable Context: Allows for a walkable streetscape where buildings front on a minimum eight (8) foot wide sidewalk, in which case the Build-To-Zone shall be between zero (0) and ten (10) feet.

SECTION 7. SITE DESIGN REQUIREMENTS

A. Revise Sec. 9.04.042 Site Design Requirements to read:

(a) Purpose. The purpose of this Section is to establish minimum standards for the appearance of development and corresponding site elements that are recognized as enhancing property values and that are in the interest of the general welfare of the City.

(b) Applicability. This section applies to all single-family, two-family, multi-family, mixed-use, and non-residential developments for new construction. All development shall comply with the requirements established by the Anna Fire Marshal.

(c) **Single-Family Residential Standards**. Residential structures in Zones I & II shall conform to the following residential design standards.

(1) **FOR LOT TYPES A (1/2 acre lots), B (100' lots), C (90' lots) and D (80' lots):**

i. The exterior facades of a main building or structure, excluding glass windows and doors, shall be constructed of seventy-five percent (75%) brick, stone or stucco. Cementitious fiber board is considered masonry, but may only constitute fifty percent (50%) of the area for stories other than the first story. Cementitious fiber board may also be used for architectural features, including window box-outs, bay windows, roof dormers, garage door headers, columns, and chimneys. Cementitious fiber board may also be used for other architectural features as approved by the Director of Development Services.

ii. To promote architectural variety, a maximum of 25% of the homes on lot types A, B, C and D may have up to 100% cementitious fiberboard ("Craftsman Style" homes) so long as the following conditions are met:

- Wrap around covered porches are provided on the first floor that total a minimum of 150 square feet.
- No more than two (2) paint colors may be used on the exterior of the house and they must be earth tones that complement each other (main house vs. trim)
- The surface area of windows surrounded completely by brick may be included within the computation of the exterior brick, brick veneer, stone, or stone veneer wall area of a residence.

(2) **FOR LOT TYPES E (70' lots), F (60' lots), G (50' lots), H (40' lots):**

i. The exterior facades of a main building or structure, excluding glass windows and doors, shall be constructed of fifty percent (50%) brick, stone or stucco. Cementitious fiber board is considered masonry, but may only constitute fifty percent (50%) of the area for stories other than the first story. Cementitious fiber board may also be used for architectural features, including window box-outs, bay windows, roof dormers, garage door headers, columns, and chimneys. Cementitious fiber board may also be used for other architectural features as approved by the Director of Development Services.

ii. To promote architectural variety, a maximum of 35% of the homes on lot types E, F, G and H may have up to 100% cementitious fiberboard ("Craftsman Style" homes) so long as the following conditions are met:

- Wrap around covered porches are provided that total a minimum of 150 square feet.
- No more than two (2) paint colors may be used on the exterior of the house and they must be earth tones that complement each other (main house vs. trim)
- The surface area of windows surrounded completely by brick may be included within the computation of the exterior brick, brick veneer, stone, or stone veneer wall area of a residence.

(3) **Address Plaque**. An address plaque or numbers made of cast stone, metal or other materials used on the exterior of the home of a size that meets Town fire code is required for each Lot.

(4) **Chimneys**. All exposed portions of the fire breast, flu and chimney shall be clad in cementitious lap siding, brick, stone or stucco. Chimneys located on an exterior wall must be 100% brick or stone.

(5) **EIFS**. EIFS (Exterior Insulating and Finish Process) is not allowed.

(6) **Windows**.

i. All window framing shall be bronzed, cream, sand or white anodized aluminum, vinyl or wood.

ii. Window shutters may be used. Window shutters shall be painted, stained wood, or fiberglass.

iii. No reflective window coverings or treatments shall be permitted.

(7) **Garage Doors.** Garage doors shall be constructed of either metal or wood.

(8) **Accessory Structures.** Accessory structures shall be subject to the same exterior construction and architectural standards as the main dwelling.

(9) **Placement of exterior materials.** Notwithstanding the minimum and maximum percentages of building materials allowed on residential homes (shown above), any break from one material to another shall follow the natural lines and design features of the architectural plan. A change from one material to another cannot be arbitrarily assigned without consideration of the specific façade for which it is designed. The Director of Development Services shall have final approval of any residential elevation submitted for construction.

(10) **Alternate stucco architecture**. If a home is designed with a specific architectural style that warrants the use of stucco as the primary exterior material, including but not limited to Mediterranean, Spanish, Southwest, or Modern, then the use of stucco as the primary or exclusive material may be approved by the Director in lieu of other exterior material standards. All elements of the architectural style must be incorporated, including but not limited to clay roof tiles, typical of the style. Residences with primarily stucco finishes shall be accented with heavy wood beams, stonework, or other features to enhance the style. Elevations with no discernable style that simply disregard the required masonry requirement will not be considered. Only three-step stucco (or its equivalent) is allowed.

(11) **Building Articulation.** At least four facade articulation techniques are required on each single-family dwelling to add variety and interest to a building. The following features are acceptable techniques of exterior articulation.

(A) One of the following:

- A base course or plinth course;
- Banding, moldings, or stringcourses;
- Quoins;
- Oriels;
- Cornices;
- Arches;
- Balconies;
- Brackets;
- Shutters;
- Keystones;
- Dormers; or
- Louvers as part of the exterior wall construction. (Quoins and banding shall wrap around the corners of the structure for at least two feet.)
- Carriage style garage doors
- Decorative brick patterning
- Architectural pillars or posts
- Bay Window facing the street
- Brick or Stone chimney on the exterior wall
- Stone Accents
- Covered front porches (minimum (60) square feet covered by main roof or an architectural extension) May encroach into the front setback up to ten feet (10') provided there is a minimum five feet (5') of the front yard space from the back of sidewalk to the front facing façade of the porch. Minimum porch depth is five feet (5').
- Cupulas or turrets
- Dormers or gables
- Roof accent upgrades (e.g. metal, tile, slate, solar tiles)
- Recessed entries a minimum of three (3) feet deeper than main front façade
- Greater than 8:12 primary roof pitch, or variable roof pitches
- Transom windows
- Shutters
- Masonry Arches
- Mixed Masonry patterns
- Coach lights at entrances

- Decorative attic or gable feature, minimum two (2) square feet in size (e.g. vent, window, brick detail)
- Decorative driveway paving (e.g. salt finish, exposed aggregate, or other treatments approved by City Building Official)

(B) Horizontal banding continues the length of the wall that faces a street or other similar highly visible areas.

(C) Front porch of at least 50 square feet.

(D) The installation of at least two (2) coach lights.

(E) Other techniques for building articulation can be substituted if approved by the Director.

(12) **Roof Treatment** ~~Except for porch roofs and shed roofs, pitched roofs shall have a minimum slope of 6" x 12" (six inches vertical rise for every 12 inches horizontal run) and shall have an overhang at least 1' (one foot) beyond the building wall. Porch roofs and shed roofs must have a minimum pitch of 4" x 12".~~

(A) Structures constructed on all lots shall have a composition, slate, metal, clay tile or cement/concrete tile roof.

(B) The color of the composition roof must appear to be weathered wood shingles, black or slate, unless such other color is approved by the Director of Development Services.

(C) Composition roof shingles must be laminated and have a minimum warranty of 30 years.

(D) The main roof pitch of visible roofs shall have a minimum slope of 6" in 12", exclusive of secondary roofs that include patios, porches, bay windows and other features that are accents of the structure and not part of the main roof. Clay tile and cement/concrete tile roofs shall have a minimum slope of 3" in 12". Pitch ends shall be 100% guttered.

(E) Flat or negligible slope roofs are permitted.

(13) **Fenestration.** Windowless exterior elevations that face a public right-of-way or other similar highly visible areas are prohibited. On two-story structures, windows are required on the first and second stories facing a public right-of-way.

(14) **Garages.**

(A) On front entry garages, the face of a garage shall not:

i. Extend more than ten feet beyond the remainder of the front elevation of the primary living area of a dwelling; or

ii. Be over 60% of the total frontage width of a dwelling. Porches or columns are not considered part of the front elevation of the primary living area.

(B) Front Loaded Garages:

i. Minimum: 2-car garage

ii. Maximum: 5-car garage

iii. Garage Doors Facing Street: No more than 3 single-loaded doors are allowed to face the street. Any third street facing garage door must be recessed a minimum of three feet (3') from other garage doors.

iv. One Double Garage Door and One Single Garage Door allowed.

v. Three single garage doors; single garage door nearest to the adjacent side yard must be recessed a minimum of three feet (3') from other garage doors.

vi. Construction Material: Painted Metal, Wood, or Fiberglass

vii. Prohibited: Carports

viii. Exceptions: Tandems are allowed

(C) Rear Loaded Garages:

i. Minimum: 2-car garage

ii. Maximum: 3-car garage tandem

iii. Garage Doors Facing Alley: No more than 2 single-loaded doors or 1 double-loaded door

iv. Construction Material: Painted Metal, Wood, or Fiberglass

v. Prohibited: Carports

vi. Exceptions: Tandems are allowed

(15) **House Repetition / Plan Spacing.**

(A) Same Plan and same elevation can be repeated on the same side of the street every fourth (4^{th}) Lot (see A)

(B) Same Plan and same elevation cannot be repeated across the street or diagonal from any other plan (see B)

(C) Different plan with elevations considered the "same as" another plan and elevation on the same side of the street can be repeated third lot (see E)

(D) Different plan with elevations considered the "same as" another plan and elevation cannot be repeated across the street or diagonal from another plan (see F)

(E) Where a street ends in a cul-de-sac, each dwelling fronting the cul-de-sac shall have a different elevation.

Plan	Elevation	Street Side	# of Lots Between	Key
Same	Same	Same	3	A
Same	Same	Opposite	2	B
Same	Different	Same	2	C
Same	Different	Opposite	1	D
Different	Considered Same As	Same	2	E
Different	Considered Same As	Opposite	1	F

A	D	F	B	A			
F		C	D	E	C	B	E

Notes:

1) The repetition requirements only apply to single family detached units and the street facing units of a Garden Home cluster.
2) Documentation of lot repetition tracking shall be available from the Developer upon request from the City of Anna for verification as-needed.

(d) **Single-Family Attached (including without limitation individual-lot townhome), Garden Home, Two-Family Dwelling (including without limitiaton individual-lot duplex) and Cottage Home Standards**

(1) **FOR LOT TYPES I (Single-Family Attached), J (Garden Homes), Two-Family Dwelling and Cottage Homes:**

i. The exterior facades of a main building or structure, excluding glass windows and doors, shall be constructed of fifty percent (50%) brick, stone or stucco. Cementitious fiber board is considered masonry, but may only constitute fifty percent (50%) of the area for stories other than the first story. Cementitious fiber board may also be used for architectural features, including window box-outs, bay windows, roof dormers, garage door headers, columns, and chimneys. Cementitious fiber board may also be used for other architectural features as approved by the Director of Development Services.

ii. To promote architectural variety the Garden Homes and Cottage Homes may have up to 100% cementitious fiberboard ("Craftsman Style" homes) so long as the following conditions are met:

- Covered porches are provided that total a minimum of 150 square feet.
- No more than two (2) paint colors may be used on the exterior of the house and they must be earth tones that complement each other (main house vs. trim)
- The surface area of windows surrounded completely by brick may be included within the computation of the exterior brick, brick veneer, stone, or stone veneer wall area of a residence.

(2) Building Articulation. At least two facade articulation techniques are required on each detached or attached residential dwelling unit to add variety and interest to a building. The following features are acceptable techniques of exterior articulation.

(A) One of the following:

- A base course or plinth course;
- Banding, moldings, or stringcourses;
- Quoins;
- Oriels;
- Cornices;
- Arches;
- Balconies;

- Brackets;
- Shutters;
- Keystones;
- Dormers; or
- Louvers as part of the exterior wall construction. (Quoins and banding shall wrap around the corners of the structure for at least two feet.)
- Carriage style garage doors
- Decorative brick patterning
- Architectural pillars or posts
- Bay Window facing the street
- Brick or Stone chimney on the exterior wall
- Stone Accents
- Covered front porches (minimum (60) square feet covered by main roof or an architectural extension) May encroach into the front setback up to ten feet (10') provided there is a minimum five feet (5') of the front yard space from the back of sidewalk to the front facing façade of the porch. Minimum porch depth is five feet (5').
- Cupulas or turrets
- Dormers or gables
- Roof accent upgrades (e.g. metal, tile, slate, solar tiles)
- Recessed entries a minimum of three (3) feet deeper than main front façade
- Greater than 8:12 primary roof pitch, or variable roof pitches
- Transom windows
- Shutters
- Masonry Arches
- Mixed Masonry patterns
- Coach lights at entrances
- Decorative attic or gable feature, minimum two (2) square feet in size (e.g. vent, window, brick detail)
- Decorative driveway paving (e.g. salt finish, exposed aggregate, or other treatments approved by City Building Official)

(B) Horizontal banding continuing the length of the wall that faces a street, or other similar highly visible areas.

(C) Front porch of at least 50 square feet.

(D) The installation of at least two (2) coach lights.

(E) Other techniques for building articulation can be substituted if approved by the Director.

~~Roof Treatment. Except for porch roofs and shed roofs, pitched roofs shall have a minimum slope of 6" x 12" (six inches vertical rise for every 12 inches horizontal run) and shall have an overhang at least 1' (one foot) beyond the building wall. Porch roofs and shed roofs must have a minimum pitch of 4" x 12".~~

(3) Fenestration. Windowless exterior elevations facing a public right-of-way or other highly visible areas are prohibited. On two-story structures, windows are required on the first and second stories facing a public right-of-way.

(4) Garages.

(A) On front entry garages, the face of a garage shall not:

i. Extend more than ten feet beyond the remainder of the front elevation of the primary living area of a dwelling; or

ii. Be over 60% of the total frontage width of a dwelling. Porches or columns are not considered part of the front elevation of the primary living area. Two-Family Dwelling and Duplex Units are exempted from this requirement.

(B) Where used Front Loaded Garages shall meet the following standards:

i. Minimum: 1-car garage

ii. Construction Material: Painted Metal, Wood, or Fiberglass

iii. Exceptions: Tandems Garages are allowed. Carports in the rear of the structure are allowed.

(C) Where used Rear Loaded Garages shall meet the following standards:

i. Minimum: 1-car garage

ii. Garage Doors Facing Alley: No more than 2 single-loaded doors or 1 double-loaded door

iii. Construction Material: Painted Metal, Wood, or Fiberglass

iv. Exceptions: Tandems Garages are allowed. Carports in the rear of the structure are allowed. Cottage Homes are not required to have an attached garage.

(5) Unit Repetition.

(A) Single family detached dwelling units with substantially identical exterior elevations can only repeat every four (4) units when fronting the same right-of-way, fire lane, or easement, including both sides of that right-of-way, fire lane, or easement as approved by Developers and secondary review by City as a part of building permit review.

(B) Single family detached dwelling units side by side or across each other within one unit (directly across or "caddy corner") shall not have substantially identical exterior elevations.

(C) The repetition requirements only apply to single family detached units and the street facing units of a Garden Home cluster, Two-Family Dwelling, and Duplex Units, and Cottage Homes and Cottage Home Units, not Single-Family Attached or Townhome Units

(D) For Two-Family Dwelling and Duplex Units and Cottage Homes and Cottage Home Units, project covenants will require (i) a variation in facade articulation (e.g., locations of porches, entrances, and recessed elevations) between immediately adjacent buildings, and (ii) that dwelling units with substantially identical exterior elevations can repeat only once every three (3) units when fronting the same street as approved by Developers and secondary review by City as a part of building permit review.

(E) For Single-Family Attached and Townhome Units project covenants will require a variation in exterior colors or materials between immediately adjacent buildings without requiring different elevations.

(e) **Nonresidential Standards.**

(1) Building Articulation.

(A) The front and two sides of all buildings shall utilize facade offsets and appropriate fenestration to add variation and visual interest to an elevation and to break up long uninterrupted walls or elevations.

(B) Elevations that are 60 ~~50~~ feet or longer in horizontal length require at least one ~~two~~ offset (projection or recess) from the primary facade plane of at least 18 inches deep and 4 feet wide.

(C) The height of those offsets is equal to the building's height at the location of the offset.

(2) Roof Treatment.

(A) Long uninterrupted roof lines and planes shall be broken into smaller segments through the use of scaled gables or dormers, changes in height, changes in roof form, type or planes that typically correspond to offsets in the building's facade, or other appropriate architectural elements.

(B) Parapet roof lines shall feature a well-defined cornice treatment or another similar element to visually cap each building elevation.

(3) Fenestration.

(A) The use of recessed windows, awnings, sills, drip caps, projecting trim casings or surrounds, projecting muntins or mullions, and other elements is generally required.

(B) Any glass with a visible light reflectance rating of 25% or greater is prohibited.

(4) Elements. All buildings or developments shall be required to provide at least two of the following elements:

(A) The primary entrance for all buildings shall feature a protected entry through the use of a recessed entry, porte-cochere, awning, canopy, or similar feature that serves the same purpose. The covering shall be at least three feet in depth when measured from the face of the adjoining facade.

(B) The front and two sides of all building elevations shall feature at least one facade offset (recess or projection) of at least five feet in depth for every 60 ~~50~~ feet of horizontal length.

(C) All primary and secondary building entrances, excluding emergency exits and service doors, feature a recessed entry, canopy, awning, or similar sheltering feature ~~of at least 50 square feet~~.

(f) **Mixed-Use Standards**

(1) Building Articulation.

(A) Buildings facing a local street shall utilize facade offsets and appropriate fenestration to add variation and visual interest to an elevation and to break up long uninterrupted walls or elevations.

(B) Elevations 50 feet or longer in horizontal length require at least two offsets (projection or recess) from the primary facade plane of at least 18 inches deep and 4 feet wide.

(C) The height of those offsets is equal to the building's height at the location of the offset.

(D) Columns and piers shall be spaced no farther apart than the height of the column or pier.

(2) Roof Treatment.

(A) Long uninterrupted roof lines and planes shall be broken into smaller segments through the use of scaled gables or dormers, changes in height, changes in roof form, type or planes that typically correspond to offsets in the building's facade, or other appropriate architectural elements. [Discuss]

(B) Parapet roof lines shall feature a well-defined cornice treatment or another similar element to visually cap each building elevation.

(C) Mansard roofs are prohibited.

(3) Fenestration.

(A) The use of recessed windows, awnings, sills, drip caps, projecting trim casings or surrounds, projecting muntins or mullions, and other elements is required.

(B) Any glass with a visible light reflectance rating of 25% or greater is prohibited.

(4) Ground Floor.

(A) A mixed-use ~~development's ground or first floor is reserved for commercial uses, such as retail, office, and restaurant uses.~~ development shall have ground or first floor frontage and access reserved for commercial uses, such as retail, office, and restaurant uses. Partial use of the first floor for residential, and upper floor use of building for commercial, retail, office, and restaurant is at the discretion of the applicant.

(B) For those mixed-use developments incorporating live-work units, the first floor may be shared with residential and commercial uses.

(C) The ground floor shall have a minimum ceiling height of 14 feet if contains commercial.

(5) Elements. All buildings or developments shall be required to provide at least two of the following elements:

(A) The primary entrance for all buildings shall feature a protected entry through the use of a recessed entry, porte-cochere, awning, canopy, or similar feature that serves the same purpose. The covering shall be at least three feet in depth when measured from the face of the adjoining facade.

(B) All building elevations shall feature at least two facade offsets (recess or projection) of at least five feet in depth for every 50 feet of horizontal length.

(C) All building elevations shall feature at least three distinct roof lines.

(D) All primary and secondary building entrances, excluding emergency exits and service doors, feature a recessed entry, canopy, awning, or similar sheltering feature of at least 50 square feet.

(E) Other similar architectural features as approved by the Director.

(6) Amenities.

(A) A mixed-use development shall provide a minimum of two amenities.

(B) The amenities below may be used to fulfill the requirements. Each amenity counts as one required amenity towards the requirements; however, multiples of the same amenity do not count towards the requirements. Additionally, to provide flexibility in development design, the Director may approve different amenities that agree with the purpose of this Sec. 9.04.042.

(i) Swimming pool (minimum 850 square foot surface area) with cooling deck (minimum ten feet wide in all areas);

(ii) Jacuzzi or hot tub area (minimum 50 square foot area);

(iii) At least two barbeque grills or one grill per 100 units, whichever is greater, with shaded seating areas, all barbeque grills shall be:

a. Serviced with propane or other gas, and

b. Be built into a structure incorporated into an adjacent amenity (i.e., pool or seating area)

(iv) Ramada(s), arbor(s), and/or trellis(es) covering at least 1,000 square feet of recreation space;
(v) A dog park that is at least 5,000 square feet in area that:
  a. Is enclosed by a minimum five-foot tall vinyl-coated chain link fence;
  b. Uses grass, wood chips, or a combination of the two as surface materials; and
  c. Provides at least one dog waste station that includes a bag dispenser and waste receptacle installed along the perimeter of the enclosure for every 2,500 square feet of the associated dog park.
(vi) Fitness center/weight room (minimum 500 square feet);
(vii) Business center (minimum 500 square feet); (viii)Media room (minimum 500 square feet).
(viii) A Plaza with hardscape features at least 3,000 square feet in area that is designed for use by, and to complement, the ground floor mixed-use
(ix) A civic center or other publicly accessible facility (e.g., reading room)

SECTION 8. ZONING LANDSCAPING CHANGES

Revise 9.04.045 Landscaping to read:

(1) Residential Development.
  (A) Generally.
    (i) Applicants are required to plant the amount established in Table 27: Residential Planting Requirements per lot prior to obtaining a certificate of occupancy.
    (ii) Existing quality trees of at least three-inch caliper size located on the lot shall count to meet this standard if appropriate tree protection measures have been followed.
  (B) Requirements.
    (i) Trees selected from the canopy tree list in this Section shall be planted on all single-family and two-family lots.
    (ii) At least one of the trees must be placed in the front yard of the lot. A street tree shall be considered a front yard tree.
    (iii) For all residential properties, common areas, and open space lots, applicants are required to plant one canopy tree per 40 linear feet of street frontage. Trees may be grouped or clustered to facilitate site design.
    (iv) The following minimum standards apply as established in Table 27: Residential Planting Requirements. An applicant shall choose one of three planting options. An applicant may plant the required canopy trees, ornamental trees, or a combination of canopy and ornamental trees specified in Table 27: Residential Planting Requirements. If a street tree agreement is in place then those trees will count towards the totals in Table 27:Residential Planting Requirements. Street trees may be canopy trees. To accommodate modified Mixed-Density Residential types the requirement shall follow the following standards:
      a. Garden Homes: One canopy tree per unit for homes not fronting on the street. Street fronting units shall utilize the street tree to meet the yard tree requirement.
      b. Two-Family Dwelling: One tree per two attached Two-Family units shall satisfy the Two-Family front yard planting requirement.
      c. Cottage Homes: One canopy tree or one ornamental tree for every two units.
      d. Single-Family Attached: One Canopy Tree for every two Single-Family Attached units.
    (v) Minor modifications: The Director of Development Services or his/her designee is authorized to administratively approve modifications to the landscaping requirements necessitated by conflicting requirements for public or franchise utilities or drainage improvements.

Revise 9.04.045.d.12 to read:

~~No tree shall be plated closer than four feet to a right-of-way line nor closer than eight feet to a public utility line (water or sewer), unless no other alternative is available. Further, a landscaping area in which trees are to be provided shall not conflict with a utility easement, unless no alternative is available.~~ Tree planting in proximity to right-of-way shall be governed by the street tree exhibits included in **Exhibit D** of the Development Agreement.

SECTION 9. ARTICLE 9.05 SIGN ORDINANCE

1. **Section 9.05.018 Detached Signs**

(d) Subdivision Entry Signs

Definition.

(1)

Subdivision Entry Sign. A sign which may be a freestanding monument or attached to a subdivision wall located at the entry of a platted subdivision from a local, collector, or arterial street.

(2) Standards.

Generally. Table 3-7 establishes the standards for subdivision entry signs.

Table 3-7: Subdivision Entry Sign Standards

Sign District → Requirement ↓	**AE**	**SF**	**MR**	**CM**	**MU**	**DT**	**IN**
General							
Allowed?	Y	Y	Y	N	Y	N	Y
Permit Required?	Y	Y	Y	--	Y	--	Y
Number per entrance (max.)	1	2	2	--	2	--	2
Dimensions							
Sign Area (max.)	150 sf	200 sf	150 sf	--	~~150 sf~~ 200 sf	--	150 sf
Sign Height (max).	6 ft	~~6 ft~~ 15 ft	6 ft	--	~~6 ft~~ 15 ft	--	8 ft

Setbacks							
From ROW	5 ft	5 ft	5 ft	--	5 ft	--	5 ft
Features							
Electronic Message Center	N	N	N	--	N	--	N
Changeable Copy	N	N	N	--	N	--	N
Channel Letters	Y	Y	Y	--	Y	--	Y
Internal Illumination	N	N	N	--	N	--	N
External Illumination	Y	Y	Y	--	Y	--	Y
Halo Illumination	Y	Y	Y	--	Y	--	Y
Additional Information							
Key	Y = yes, a permit is required or the feature is allowed | N = no/ not allowed | NR = the sign type or characteristic is allowed for nonresidential uses only | sf = square feet | ft = feet | "-" = the standard does not apply						
Sign District Summary	AE = AG district and ETJ | SF = SF-20.0- SF-6.0 districts | MR = MD and MF districts | CM = C-1 and C-2 districts |MU = MU district | DT = DT district | IN = I-1 and I-2 districts						

(B) Number and Location

(i) Two (2) subdivision entry signs may be located at the intersection of a collector or arterial street and an entry street or private driveway into a subdivision. ~~The signs shall be configured as follows.~~

a. ~~Two (2) signs with one (1) sign face each located on opposite sides of the entry street private driveway;~~

~~b. One (1) sign with two (2) faces located within a landscaped areas dividing two (2) one-way entry streets or private driveways;~~

~~c. One (1) sign located on one (1) side of the entry street or private driveway; or~~

~~d. One (1) sign located on an archway above the entry street or private driveway~~

(ii) Subdivision entrances from a right-of-way greater than 60 feet shall require signage. Secondary entrance connecting to other neighborhoods may be allowed but are not required.

(C) Design and Installation.

(i) Subdivision entry signs shall be constructed with stone, brick, concrete, metal, routed wood planks or beams, or similar durable, weatherproof materials.

(ii) All subdivision entry signs shall be landscaped around the base of the sign in an area equal to four square feet for each square foot of sign areas. In case where the location of the sign could not accommodate such landscape areas, the area may be reduced up to 50% at the Directors' discretion.

(iii) When electrical service is provided to a subdivision entry sign, all electrical service shall be underground

SECTION 11. DEFINITIONS

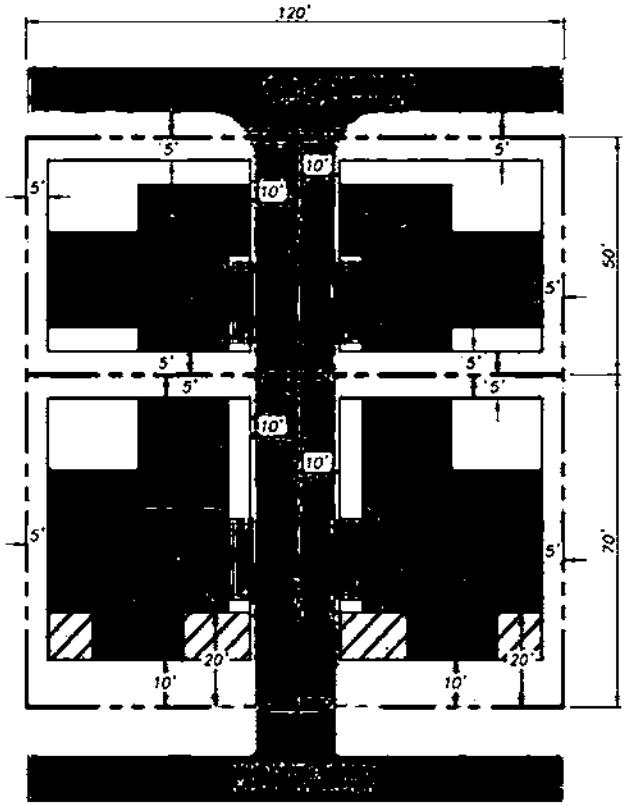
Sec. 9.04.081 Land Use Terms

Agritainment:

Events and activities that allow for education, culinary experiences, recreation, entertainment, and tourism that is in conjunction with on-going agricultural activities on-site (examples include corn mazes, hayrides, classes, food festivals and petting zoos).

Garden Homes:

A configuration of single family detached units that are in a cluster of 4-6 units with a shared access easement driveway and a minimum of 2 homes facing the street. See conceptual example figure with approximate dimensions and attributes.



Garden Home Unit:

A configuration of single family detached units, on a shared lot, that are in a cluster of 4-6 units with a shared access easement driveway and a minimum of 2 homes facing the street. See conceptual example figure above with approximate dimensions and attributes except that for a Garden Home Unit it would be a single shared lot.

Mini-Warehouse/Public Storage:

~~A facility used for storage of goods and/or materials with separate access to individual storage units by persons renting the individual units.~~

A building containing separate, individual, self-storage units of 500 square feet or less for rent or lease.

The conduct of sales, business, or any activity other than storage or ancillary goods and services (e.g., insurance, moving boxes, tape or other equipment) shall be prohibited within any individual storage unit.

Shared Workspace:

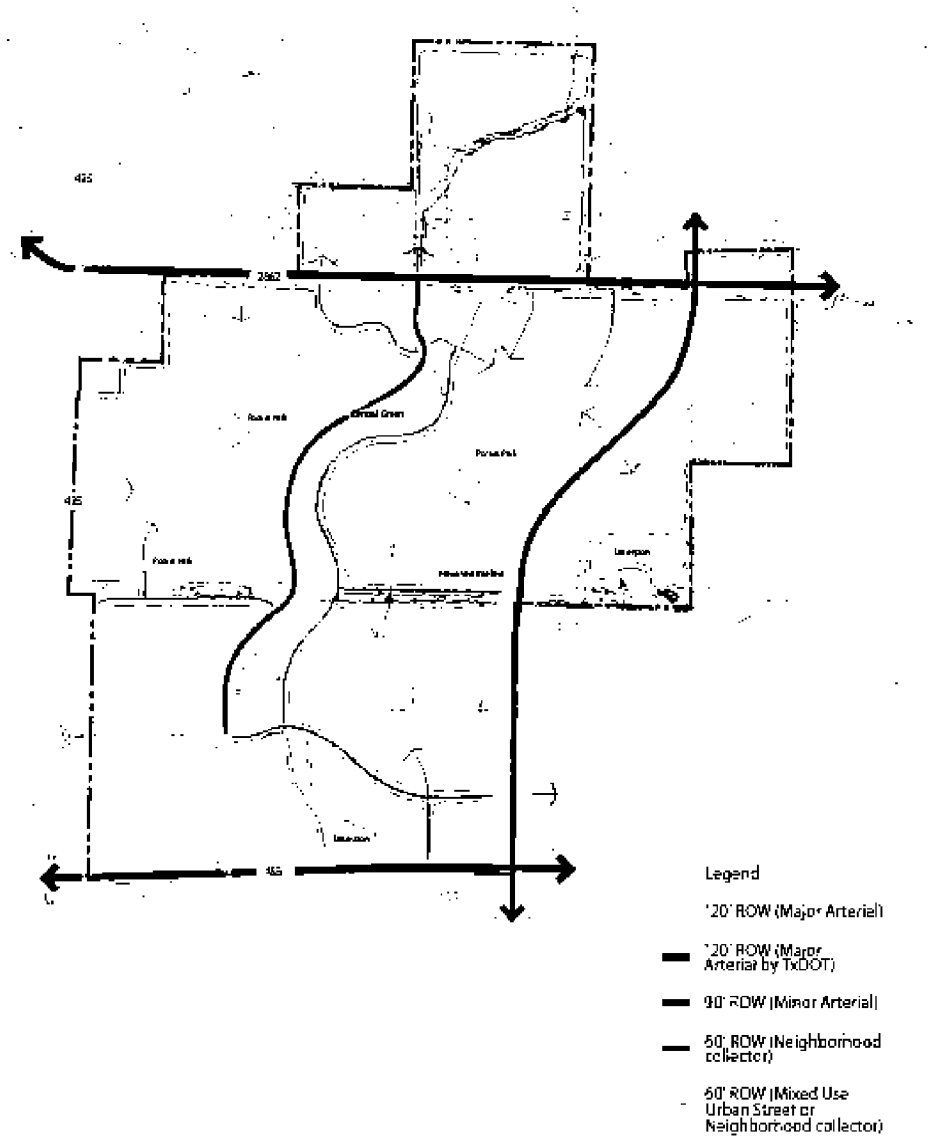
An accessory commercial use that is a shared work area that may be in an enclosed building and/or outdoor spaces intended as an amenity to support small-scale employment, hobbies, or crafts in proximity to residential uses.

Cottage Home Unit:

A configuration of single family detached units, on a shared lot, with the same architectural style as the Cottage Home Residential District.

SECTION 11. ATTACHMENTS

A. Attachment Road Network and Street Sections



TBG Sherley Farms

Anna, Texas

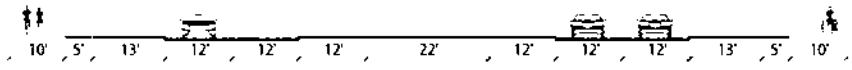
04/25/24

street section map

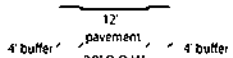
TBG
2001 Bryan St Suite 1450
Dallas Texas 75201

[214] 744 0757 tbgpartners.com

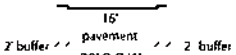
0 800' 1600'



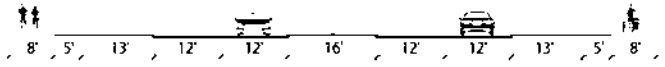
46' median refuge
120' R.O.W.
Major Arterial



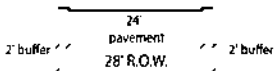
Residential Alley



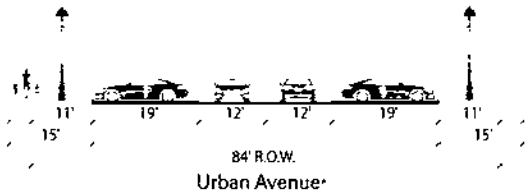
Commercial Alley



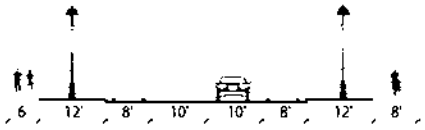
90' R.O.W.
Minor Arterial



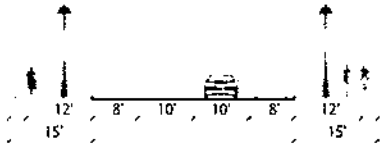
Mews Alley



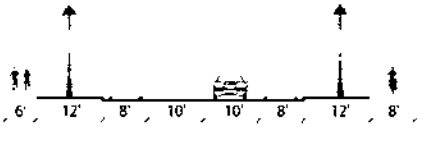
84' R.O.W.
Urban Avenue



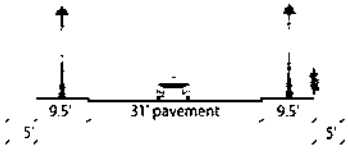
60' R.O.W.
Neighborhood Collector



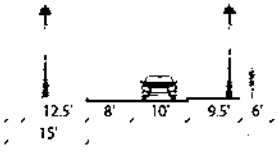
60' R.O.W.
Mixed Use Urban Street



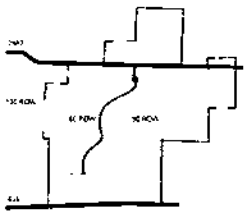
60' R.O.W.
Neighborhood Collector



50' R.O.W.
Neighborhood Street



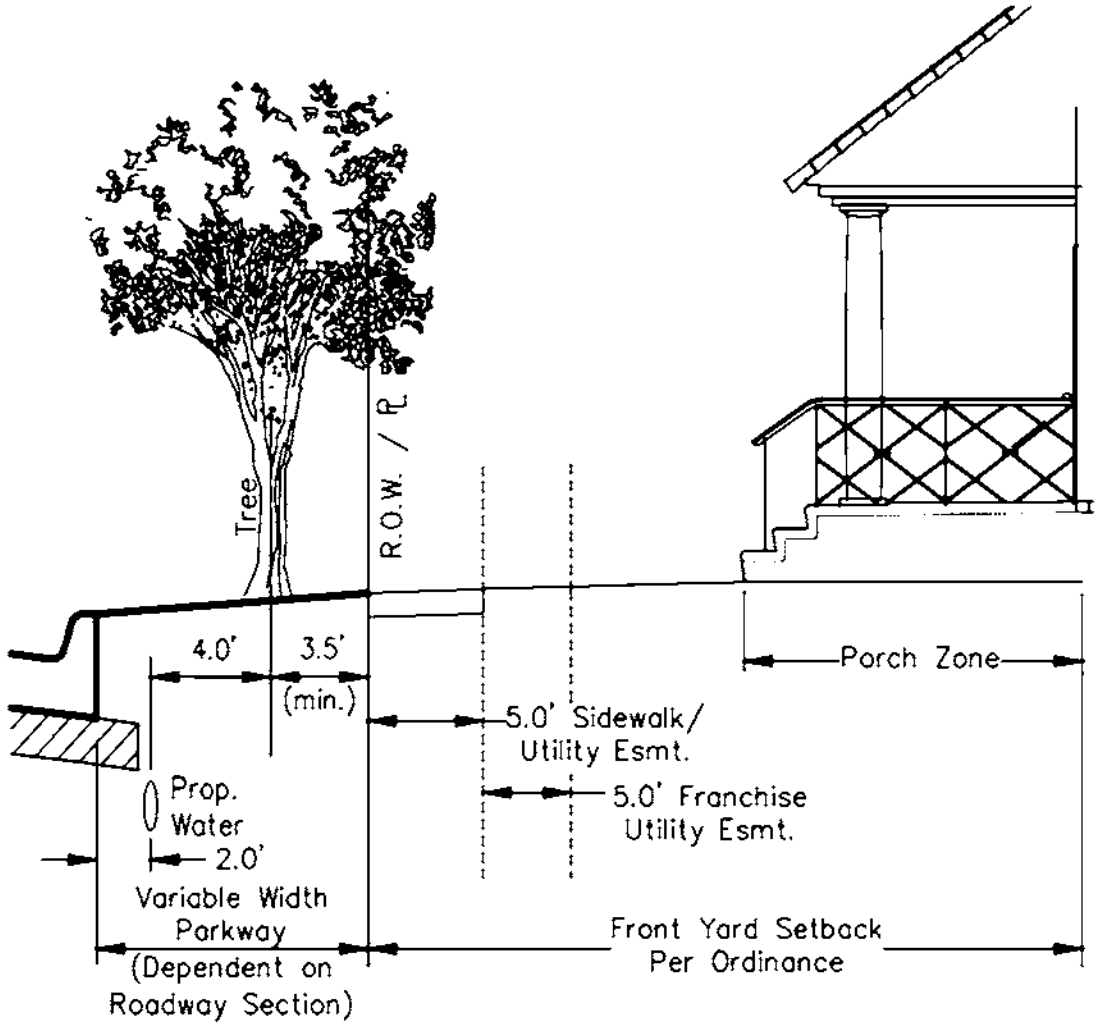
40' R.O.W.
Urban Oneway Court



TBG sherley farms street sections

Anna, Texas
03/11/2024

B. Street Tree Details



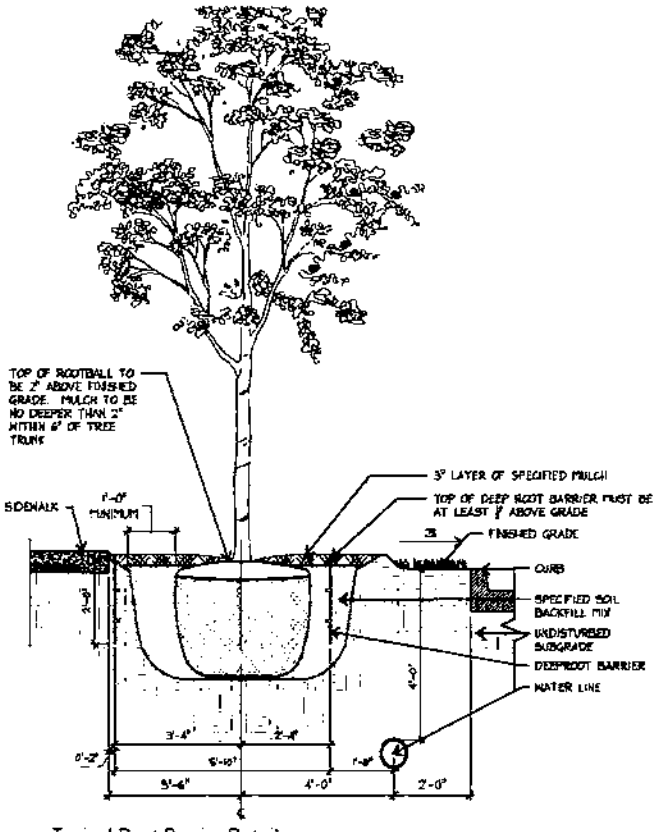
Note:
1. See typical root barrier detail for specifics on root barrier layout.
2. Street tree location shall comply with all City of Anna visibility requirements.

STREET TREE LAYOUT DETAIL

(N.T.S.)

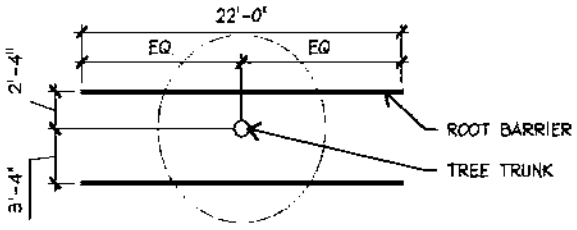
PAGE 1 OF 1

SPIARS ENGINEERING & SURVEYING



1 Typical Root Barrier Detail

PLAN/SECTION



PLAN VIEW

NOT TO SCALE

Surround Style Planting with Deeproot Universal Barriers

When erecting the Surround style planting application you will have the greatest success by following these simple steps as illustrated below

A. Prepare the prefd planting hole as illustrated below. This is based upon the combination of desired barrier diameter and depth. Consider if drainage devices or amendments are needed to extract any adverse soil or planting conditions in the backfill area

B. Assemble the appropriate number of DeepRoot Universal barrier panels. The vertical root deflecting ribs on the panel must face inward, toward the root ball. This is very important, otherwise the roots will become girdled by traveling around the smooth outlet surface.

C. Next place the barrier in the center of the planting hole, keeping in mind that the double top edge of the barrier should be positioned approximately 1/2" (13mm) above grade. This helps retard potential root overgrowth. Failing to position the top edge above grade can allow root overgrowth which can lead to unwanted hardscapes.

D. Backfill and compact with soil inside the barrier to the level where the bottom of the root ball will be when positioned correctly with the crown of the root ball approximately 1" (25mm) above grade.

E. Remove the tree from its container, or cut away the top portion of burlap and position in the center of the barrier. Complete the backfill of the soil. Eliminate voids to maximize the shape of the barrier and compact the backfill every 4"-6" (10cm-15cm). Roots will dry quickly if left exposed to the elements so keep exposure of the roots to a minimum.

F. If staking or guying is required we recommend using the soft, safe and economical alternative to traditional wire and hose. ArborTie (see www.deeproot.com for details)

G. If the tree(s) will be subject to maintenance work such as lawn mowing or weed trimming we strongly recommend the installation of ArborGard® Tree Trunk Protectors which are placed around the base of young trees to protect them from damage by weed trimmers, lawn mowers and weed rockets (See www.deeproot.com)

H. Water and follow proper tree maintenance practices

Trees do require care and nurturing after planting. Consult with your local supplier for proper care procedures for the species you are planting. The planting instructions given here are by no means a comprehensive guide. Rather they are general guidelines to planting still. DeepRoot Partners and a survey of current planting methods. Conditions will vary however and it is recommended that an Arborist be consulted before planting.

For additional information please visit our website at www.deeproot.com

For information regarding distributors please call 1 800 ILV ROOT (458.7668) For help with drainage or other difficult installation questions please call DeepRoot Technical Support at: 1 800 ROOT TEK (766.8835)

Exhibit E

Authorized Improvements and Budgeted Costs

Exhibit E - Authorized Improvements and Budgeted Costs

10/7/2024

Sherley Farms PID
Anna, Texas
Collin County

2,578 Lots
Typical Lot Size Varies

Prepared for

Tellus Group LLC

Prepared by

SPIARS
ENGINEERING & SURVEYING

Job #23.288

765 Custer Road, Suite 100
Plano, Texas 75075
Ph. 972.422.0077, Fax 972.422.0075
TBPE# F-2121

Exhibit E - Authorized Improvements and Budgeted Costs

Development Phase	Lot Count	PID Direct Costs			
		Cost Per Lot	Residential	Box Culvert & Detention	Total PID Direct
Phase 1	423	$52,063	$20,884,308	$1,138,483	$22,022,792
Phase 2	307	$52,529	$14,945,666	$1,180,672	$16,126,338
Phase 3	419	$48,737	$20,241,658	$179,200	$20,420,858
Phase 4	316	$62,172	$18,171,352	$1,475,072	$19,646,424
Phase 5	421	$53,579	$21,332,215	$1,224,704	$22,556,919
Phase 6	494	$47,777	$22,608,500	$993,536	$23,602,036
Phase 7	198	$71,503	$14,157,684	$0	$14,157,684
TOTAL	2578	**$53,737**	**$132,341,384**	**$6,191,667**	**$138,533,051**

Notes:
1. This summary table only shows PID eligible costs.
2. It is assumed that only Direct PID costs will be reimbursed. Items that would be classified as Major Improvements have been excluded.
3. Turn lanes, collector paving, box culverts, and detention costs have been included. It is assumed that they will be categorized as direct costs.

Phase 1 Sherley Farms: Anna, Texas

Total Number of Lots: 423 **Based on Lot Count and Centerlines**

100's: 0 **TH: 0** **40's: 82** **50's: 171** **60's: 137** **70's: 33**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$231,360.00	23,136	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$232,650.00	423	Lot	$550.00
Excavation	$380,700.00	423	Lot	$4,500.00
Rock Surcharge	$860,310.00	1	LS	$860,310.00
Water	$2,679,120.00	22,326	LF	$120.00
Storm Sewer	$3,701,760.00	23,136	LF	$160.00
Sanitary Sewer	$2,544,960.00	23,136	LF	$110.00
Paving (Residential)	$5,581,500.00	22,326	LF	$250.00
Paving (Collector)	$243,000.00	810	LF	$300.00
Paving (Mews Alley)	$321,400.00	1,607	LF	$200.00
Paving (Alley)	$0.00	0	LF	$100.00
Turn Lanes (City)	$200,000.00	5	EA	$40,000.00
Turn Lanes (TXDOT)	$0.00	0	EA	$200,000.00
Signage (Includes CBUs)	$231,360.00	23,136	LF	$10.00
Subtotal Hard Costs	$17,223,120.00			
On-Site Contingency (10%)	$1,722,312.00			
Total Hard Costs	$18,945,432.00		Lot	$44,788.26
SOFT COSTS				
Preliminary Engineering	$63,450.00	423	Lot	$150.00
Engineering, Construction Staking, Administrative	$1,015,200.00	423	Lot	$2,400.00
Survey (Topo, tree, boundary, easements, etc.)	$38,990.00	1	LS	$38,990.00
Soil Testing - Final Geotech	$83,550.00	111	Acre	$750.00
Re-Staking	$21,150.00	423	Lot	$50.00
Flood Study	$50,000.00	1	LS	$50,000.00
Environmental Studies	$20,000.00	1	LS	$20,000.00
Inspection Fees (4.0%)	$646,536.40	1	LS	$646,536.40
Total Soft Costs	$1,938,876.40		Lot	$4,583.63
RESIDENTIAL PID DIRECT COST	**$20,884,308.40**		**Lot**	**$ 49,371.89**

Phase 2 Sherley Farms: Anna, Texas

Total Number of Lots: 307 **Based on Lot Count and Centerlines**

100's: 0 **TH: 0** **40's: 0** **50's: 134** **60's: 149** **70's: 24**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$171,390.00	17,139	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$168,850.00	307	Lot	$550.00
Excavation	$276,300.00	307	Lot	$4,500.00
Rock Surcharge	$567,060.00	1	LS	$567,060.00
Water	$2,056,680.00	17,139	LF	$120.00
Storm Sewer	$2,742,240.00	17,139	LF	$160.00
Sanitary Sewer	$1,380,940.00	12,554	LF	$110.00
Paving (Residential)	$4,284,750.00	17,139	LF	$250.00
Paving (Collector)	$0.00	0	LF	$300.00
Paving (Mews Alley)	$114,600.00	573	LF	$200.00
Paving (Alley)	$0.00	0	LF	$100.00
Turn Lanes (City)	$0.00	0	EA	$40,000.00
Turn Lanes (TXDOT)	$400,000.00	2	EA	$200,000.00
Signage (Includes CBUs)	$171,390.00	17,139	LF	$10.00
Subtotal Hard Costs	$12,349,200.00			
On-Site Contingency (10%)	$1,234,920.00			
Total Hard Costs	$13,584,120.00		Lot	$44,247.95
SOFT COSTS				
Preliminary Engineering	$46,050.00	307	Lot	$150.00
Engineering, Construction Staking, Administrative	$736,800.00	307	Lot	$2,400.00
Survey (Topo, tree, boundary, easements, etc.)	$28,840.00	1	LS	$28,840.00
Soil Testing - Final Geotech	$61,800.00	82	Acre	$750.00
Re-Staking	$15,350.00	307	Lot	$50.00
Flood Study	$20,000.00	1	LS	$20,000.00
Environmental Studies	$0.00	0	LS	$0.00
Inspection Fees (4.0%)	$452,706.40	1	LS	$452,706.40
Total Soft Costs	$1,361,546.40		Lot	$4,435.00
RESIDENTIAL PID DIRECT COST	**$14,945,666.40**		**Lot**	**$ 48,682.95**

Phase 3 Sherley Farms: Anna, Texas

Total Number of Lots: 419 **Based on Lot Count and Centerlines**

100's: 0 **TH: 0** **40's: 155** **50's: 102** **60's: 162** **70's: 0**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$211,780.00	21,178	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$230,450.00	419	Lot	$550.00
Excavation	$377,100.00	419	Lot	$4,500.00
Rock Surcharge	$772,476.00	1	LS	$772,476.00
Water	$2,252,040.00	18,767	LF	$120.00
Storm Sewer	$3,388,480.00	21,178	LF	$160.00
Sanitary Sewer	$2,329,580.00	21,178	LF	$110.00
Paving (Residential)	$4,691,750.00	18,767	LF	$250.00
Paving (Collector)	$723,300.00	2,411	LF	$300.00
Paving (Mews Alley)	$752,000.00	3,760	LF	$200.00
Paving (Alley)	$163,800.00	1,638	LF	$100.00
Turn Lanes (City)	$0.00	0	EA	$40,000.00
Turn Lanes (TXDOT)	$600,000.00	3	EA	$200,000.00
Signage (Includes CBUs)	$211,780.00	21,178	LF	$10.00
Subtotal Hard Costs	$16,719,536.00			
On-Site Contingency (10%)	$1,671,953.60			
Total Hard Costs	$18,391,489.60		Lot	$43,893.77
SOFT COSTS				
Preliminary Engineering	$62,850.00	419	Lot	$150.00
Engineering, Construction Staking, Administrative	$1,005,600.00	419	Lot	$2,400.00
Survey (topo, tree, boundary, easements, etc.)	$41,160.00	1	LS	$41,160.00
Soil Testing - Final Geotech	$88,200.00	118	Acre	$750.00
Re-Staking	$20,950.00	419	Lot	$50.00
Flood Study	$20,000.00	1	LS	$20,000.00
Environmental Studies	$0.00	0	LS	$0.00
Inspection Fees (4.0%)	$611,408.24	1	LS	$611,408.24
Total Soft Costs	$1,850,168.24		Lot	$4,415.68
RESIDENTIAL PID DIRECT COST	**$20,241,657.84**		**Lot**	**$ 48,309.45**

Phase 4 Sherley Farms: Anna, Texas

Total Number of Lots: 316 **Based on Lot Count and Centerlines**

100's: 0 **TH: 19** **40's: 85** **50's: 71** **60's: 120** **70's: 21**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$202,180.00	20,218	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$173,800.00	316	Lot	$550.00
Excavation	$284,400.00	316	Lot	$4,500.00
Rock Surcharge	$732,786.00	1	LS	$732,786.00
Water	$2,087,640.00	17,397	LF	$120.00
Storm Sewer	$3,234,880.00	20,218	LF	$160.00
Sanitary Sewer	$2,223,980.00	20,218	LF	$110.00
Paving (Residential)	$4,349,250.00	17,397	LF	$250.00
Paving (Collector)	$846,300.00	2,821	LF	$300.00
Paving (Mews Alley)	$564,600.00	2,823	LF	$200.00
Paving (Alley)	$56,300.00	563	LF	$100.00
Turn Lanes (City)	$160,000.00	4	EA	$40,000.00
Turn Lanes (TXDOT)	$0.00	0	EA	$200,000.00
Signage (Includes CBUs)	$202,180.00	20,218	LF	$10.00
Subtotal Hard Costs	$15,133,296.00			
On-Site Contingency (10%)	$1,513,329.60			
Total Hard Costs	$16,646,625.60		Lot	$52,679.19
SOFT COSTS				
Preliminary Engineering	$47,400.00	316	Lot	$150.00
Engineering, Construction Staking, Administrative	$758,400.00	316	Lot	$2,400.00
Survey (Topo, tree, boundary, easements, etc.)	$35,385.00	1	LS	$35,385.00
Soil Testing - Final Geotech	$75,825.00	101	Acre	$750.00
Re-Staking	$15,800.00	316	Lot	$50.00
Flood Study	$20,000.00	1	LS	$20,000.00
Environmental Studies	$0.00	0	LS	$0.00
Inspection Fees (4.0%)	$571,916.64	1	LS	$571,916.64
Total Soft Costs	$1,524,726.64		Lot	$4,825.08
RESIDENTIAL PID DIRECT COST	**$18,171,352.24**		**Lot**	**$ 57,504.28**

Phase 5 Sherley Farms: Anna, Texas

Total Number of Lots: 421 **Based on Lot Count and Centerlines**

100's: 0 **TH: 0** **40's: 173** **50's: 139** **60's: 81** **70's: 28**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$230,850.00	23,085	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$231,550.00	421	Lot	$550.00
Excavation	$378,900.00	421	Lot	$4,500.00
Rock Surcharge	$813,556.50	1	LS	$813,556.50
Water	$2,625,120.00	21,876	LF	$120.00
Storm Sewer	$3,693,600.00	23,085	LF	$160.00
Sanitary Sewer	$2,264,350.00	20,585	LF	$110.00
Paving (Residential)	$5,469,000.00	21,876	LF	$250.00
Paving (Collector)	$362,700.00	1,209	LF	$300.00
Paving (Mews Alley)	$1,087,000.00	5,435	LF	$200.00
Paving (Alley)	$57,600.00	576	LF	$100.00
Turn Lanes (City)	$200,000.00	5	EA	$40,000.00
Turn Lanes (TXDOT)	$0.00	0	EA	$200,000.00
Signage (Includes CBUs)	$230,850.00	23,085	LF	$10.00
Subtotal Hard Costs	$17,660,076.50			
On-Site Contingency (10%)	$1,766,007.65			
Total Hard Costs	$19,426,084.15		Lot	$46,142.72
SOFT COSTS				
Preliminary Engineering	$63,150.00	421	Lot	$150.00
Engineering, Construction Staking, Administrative	$1,010,400.00	421	Lot	$2,400.00
Survey (topo, tree, boundary, easements, etc.)	$40,530.00	1	LS	$40,530.00
Soil Testing - Final Geotech	$86,850.00	116	Acre	$750.00
Re-Staking	$21,050.00	421	Lot	$50.00
Flood Study	$20,000.00	1	LS	$20,000.00
Environmental Studies	$0.00	0	LS	$0.00
Inspection Fees (4.0%)	$664,151.06	1	LS	$664,151.06
Total Soft Costs	$1,906,131.06		Lot	$4,527.63
RESIDENTIAL PID DIRECT COST	**$21,332,215.21**		**Lot**	**$ 50,670.34**

Phase 6 Sherley Farms: Anna, Texas

Total Number of Lots: 494 **Based on Lot Count and Centerlines**

100's: 0 **TH: 101** **40's: 143** **50's: 123** **60's: 91** **70's: 36**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$238,060.00	23,806	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$271,700.00	494	Lot	$550.00
Excavation	$444,600.00	494	Lot	$4,500.00
Rock Surcharge	$795,220.50	1	LS	$795,220.50
Water	$2,195,760.00	18,298	LF	$120.00
Storm Sewer	$3,808,960.00	23,806	LF	$160.00
Sanitary Sewer	$2,299,110.00	20,901	LF	$110.00
Paving (Residential)	$4,574,500.00	18,298	LF	$250.00
Paving (Collector)	$1,652,400.00	5,508	LF	$300.00
Paving (Mews Alley)	$817,600.00	4,088	LF	$200.00
Paving (Alley)	$409,700.00	4,097	LF	$100.00
Turn Lanes (City)	$80,000.00	2	EA	$40,000.00
Turn Lanes (TXDOT)	$800,000.00	4	EA	$200,000.00
Signage (Includes CBUs)	$238,060.00	23,806	LF	$10.00
Subtotal Hard Costs	$18,640,670.50			
On-Site Contingency (10%)	$1,864,067.05			
Total Hard Costs	$20,504,737.55		Lot	$41,507.57
SOFT COSTS				
Preliminary Engineering	$74,100.00	494	Lot	$150.00
Engineering, Construction Staking, Administrative	$1,185,600.00	494	Lot	$2,400.00
Survey (topo, tree, boundary, easements, etc.)	$40,635.00	1	LS	$40,635.00
Soil Testing - Final Geotech	$87,075.00	116	Acre	$750.00
Re-Staking	$24,700.00	494	Lot	$50.00
Flood Study	$20,000.00	1	LS	$20,000.00
Environmental Studies	$0.00	0	LS	$0.00
Inspection Fees (4.0%)	$671,652.42	1	LS	$671,652.42
Total Soft Costs	$2,103,762.42		Lot	$4,258.63
RESIDENTIAL PID DIRECT COST	**$22,608,499.97**		**Lot**	**$ 45,766.19**

Phase 7 Sherley Farms: Anna, Texas

Total Number of Lots: 198 **Based on Lot Count and Centerlines**

100's: 150 **TH: 0** **40's: 0** **50's: 0** **60's: 0** **70's: 48**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$163,040.00	16,304	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$108,900.00	198	Lot	$550.00
Excavation	$178,200.00	198	Lot	$4,500.00
Rock Surcharge	$611,400.00	1	LS	$611,400.00
Water	$1,956,480.00	16,304	LF	$120.00
Storm Sewer	$2,608,640.00	16,304	LF	$160.00
Sanitary Sewer	$1,793,440.00	16,304	LF	$110.00
Paving (Residential)	$4,076,000.00	16,304	LF	$250.00
Paving (Collector)	$0.00	0	LF	$300.00
Paving (Mews Alley)	$0.00	0	LF	$200.00
Paving (Alley)	$0.00	0	LF	$100.00
Turn Lanes (City)	$200,000.00	5	EA	$40,000.00
Turn Lanes (TXDOT)	$0.00	0	EA	$200,000.00
Signage (Includes CBUs)	$163,040.00	16,304	LF	$10.00
Subtotal Hard Costs	$11,874,140.00			
On-Site Contingency (10%)	$1,187,414.00			
Total Hard Costs	$13,061,554.00		Lot	$65,967.44
SOFT COSTS				
Preliminary Engineering	$29,700.00	198	Lot	$150.00
Engineering, Construction Staking, Administrative	$475,200.00	198	Lot	$2,400.00
Survey (topo, tree, boundary, easements, etc.)	$35,945.00	1	LS	$35,945.00
Soil Testing - Final Geotech	$77,025.00	103	Acre	$750.00
Re-Staking	$9,900.00	198	Lot	$50.00
Flood Study	$20,000.00	1	LS	$20,000.00
Environmental Studies	$0.00	0	LS	$0.00
Inspection Fees (4.0%)	$448,360.00	1	LS	$448,360.00
Total Soft Costs	$1,096,130.00		Lot	$5,536.01
RESIDENTIAL PID DIRECT COST	**$14,157,684.00**		**Lot**	**$ 71,503.45**

Sherley Farms: Anna, Texas

Box Culvert & Detention Budget Summary

Quantities by Phase Development Item	5'X5' RCB	9'X8' RCB	6'x6' RCB	7'x6' RCB	8'X6' RCB	8'X7' RCB	Excavation	Headwall	Minor Outfall Structures	Emergency Spillway	Asphalt Removal and Replacement	Trench Safety	Storm Sewer Line Testing and TV Insp.	Phase Total	Construction Contingency 10.00%	Design & Staking 12.00%	Inspection Fees 4.00%	Maintenance Bond 2.00%	Total Cost
Phase 1	0	240	0	0	0	0	130000	2	0	1	0	240	240	$869,440	$88,944	$106,733	$35,578	$17,789	$1,118,483
Phase 2	0	0	0	0	400	0	0	6	0	0	0	400	400	$922,400	$92,240	$110,688	$36,896	$18,448	$1,180,672
Phase 3	0	0	0	0	0	0	30000	0	1	0	0	0	0	$140,000	$14,000	$16,800	$5,600	$2,800	$179,200
Phase 4	400	0	0	0	0	0	150000	2	0	0	1500	400	400	$1,152,400	$115,240	$138,288	$46,096	$23,048	$1,475,072
Phase 5	0	0	200	100	0	0	30000	6	1	0	0	300	300	$956,800	$95,680	$114,816	$38,272	$19,136	$1,224,704
Phase 6	200	0	0	0	0	0	25000	4	2	1	0	200	200	$776,200	$77,620	$93,144	$31,048	$15,524	$993,536
Phase 7	0	0	0	0	0	0	0	0	0	0	0	0	0	$0	$0	$0	$0	$0	$0
Units	LF	LF	LF	LF	LF	LF	CY	EA	SY	SY	SY	LF	LF						
Unit Cost	$500	$1,200	$700	$750	$800	$850	$3	$100,000	$50,000	$100,000	$200	$1	$5						
Total Quantity	600	240	200	100	400	0	335,000	20	4	2	1,500	1,540	1,540						
TOTAL PROJECT COST	$300,000	$288,000	$140,000	$75,000	$320,000	$0	$1,005,000	$2,000,000	$200,000	$200,000	$300,000	$1,540	$7,700	**$4,837,240**	**$483,724**	**$580,469**	**$193,490**	**$96,745**	**$6,191,667**

SPIARS
ENGINEERING & SURVEYING

Sherley Farms - Assumptions

1. Estimate assumes that collector paving and drainage, box culvert, and stormwater detention improvements will be classified as direct improvements.
2. Landscape, amenity, and trail costs excluded from this estimate.
3. Estimate assumes that left turn lanes and/or escrows will be required at all entrances to development.
4. Estimate assumes utilites are stubbed to seller retained parcels and multifamily tract.
5. Estimate assumes that CR 424 will have a 36' B-B setion. Assumes that CR 424 extends across the entire property. This is a reduced section as compared with Anna's Master Thoroughfare Plan.
6. Estimate assumes the following street sections:12' E-E alleys, 27' B-B residential and 36' B-B collector.
7. Estimate reflects all eligible PID direct costs.
8. Drainage design accounts for undeveloped offsite flows. It is assumed adjacent properties will be required to detain when they develop.
9. Assumes no decelaration lanes will be required.
10. Assumes no right turn lanes will be required.
11. Assumes culverts under FM 455 will require a portion of the existing TxDOT road to be demolished and re-installed.

Exhibit F-1

Major Sewer Improvements

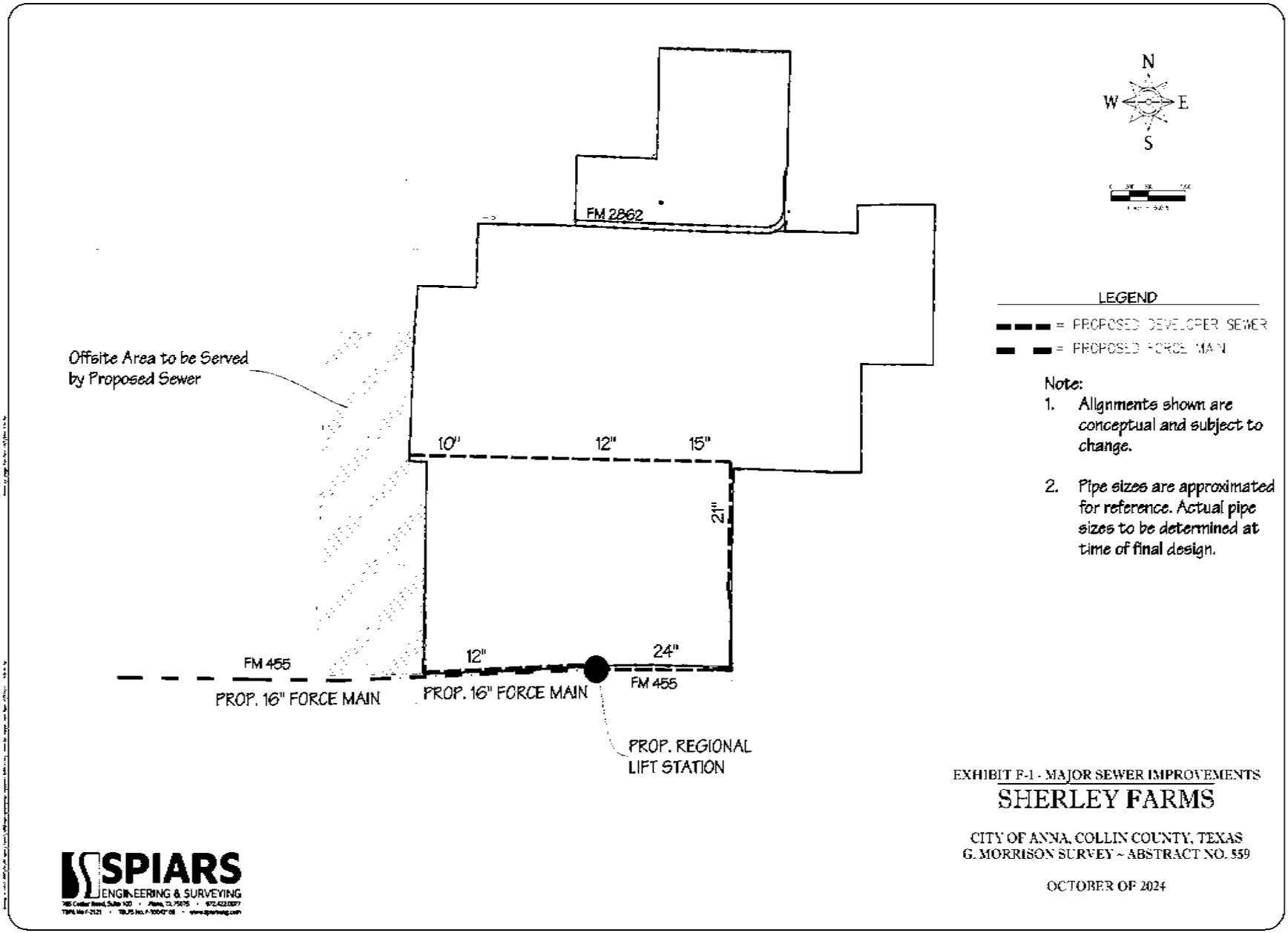

N
W
E
S
FM 2862
Offsite Area to be Served
by Proposed Sewer
10"
12"
15"
21"
FM 455
12"
24"
FM 455
PROP. 16" FORCE MAIN
PROP. 16" FORCE MAIN
PROP. REGIONAL
LIFT STATION
LEGEND
= PROPOSED DEVELOPER SEWER
= PROPOSED FORCE MAIN
Note:
1. Alignments shown are conceptual and subject to change.
2. Pipe sizes are approximated for reference. Actual pipe sizes to be determined at time of final design.
EXHIBIT F-1 - MAJOR SEWER IMPROVEMENTS
SHERLEY FARMS
CITY OF ANNA, COLLIN COUNTY, TEXAS
G. MORRISON SURVEY ~ ABSTRACT NO. 559
OCTOBER OF 2024
SPIARS
ENGINEERING & SURVEYING

Exhibit F-2

City Constructed Sewer Improvements

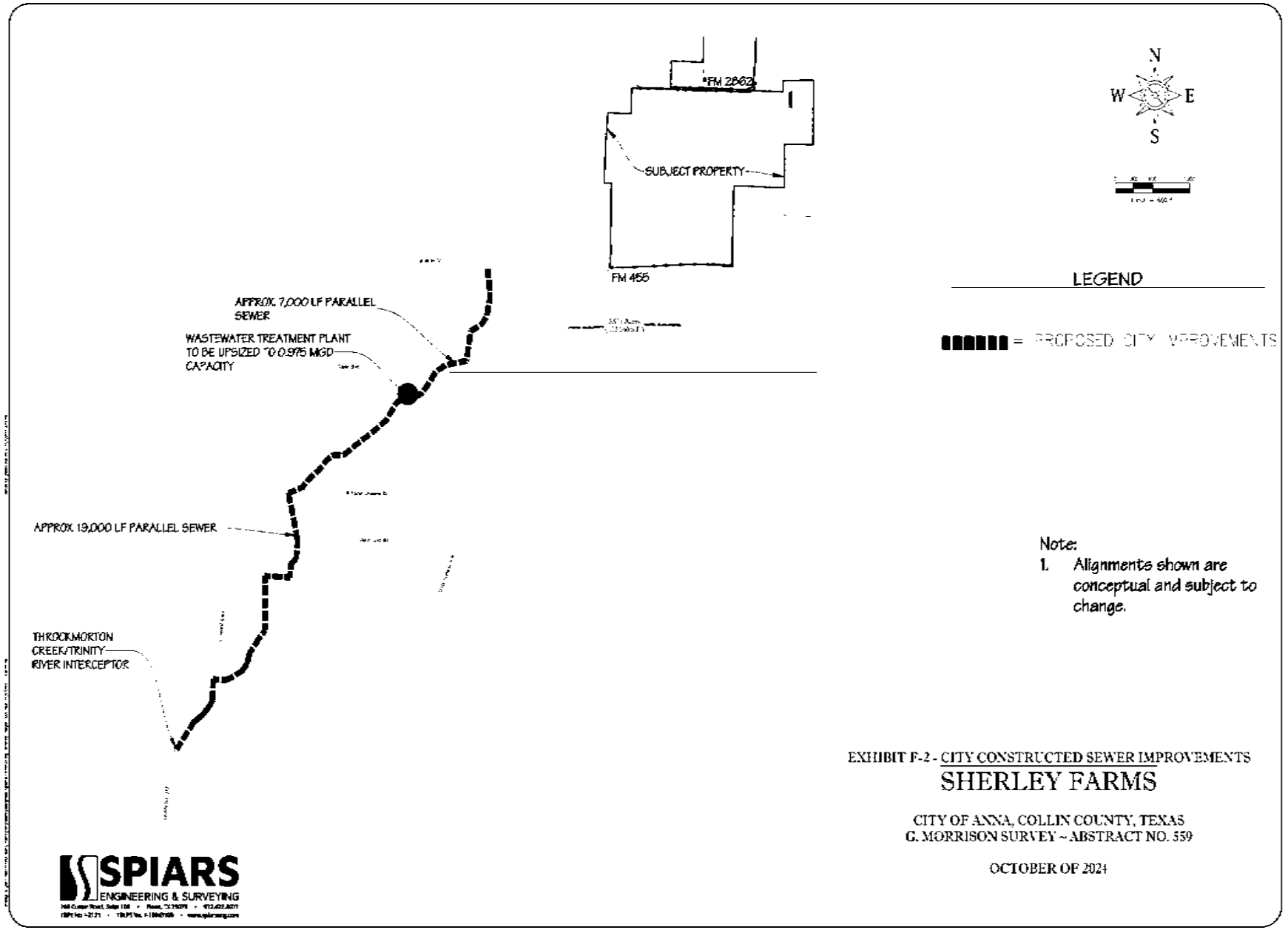

FM 2862
SUBJECT PROPERTY
FM 456
N
W
E
S
LEGEND
= PROPOSED CITY IMPROVEMENTS
APPROX. 7,000 LF PARALLEL SEWER
WASTEWATER TREATMENT PLANT TO BE UPSIZED TO 0.975 MGD CAPACITY
APPROX. 19,000 LF PARALLEL SEWER
THROCKMORTON CREEK/TRINITY RIVER INTERCEPTOR
Note:
1. Alignments shown are conceptual and subject to change.
EXHIBIT F-2 - CITY CONSTRUCTED SEWER IMPROVEMENTS
SHERLEY FARMS
CITY OF ANNA, COLLIN COUNTY, TEXAS
G. MORRISON SURVEY - ABSTRACT NO. 559
OCTOBER OF 2024
SPIARS
ENGINEERING & SURVEYING

Exhibit F-3

Sewer Improvements Schedule

EXHIBIT F-3
SEWER IMPROVEMENTS SCHEDULE

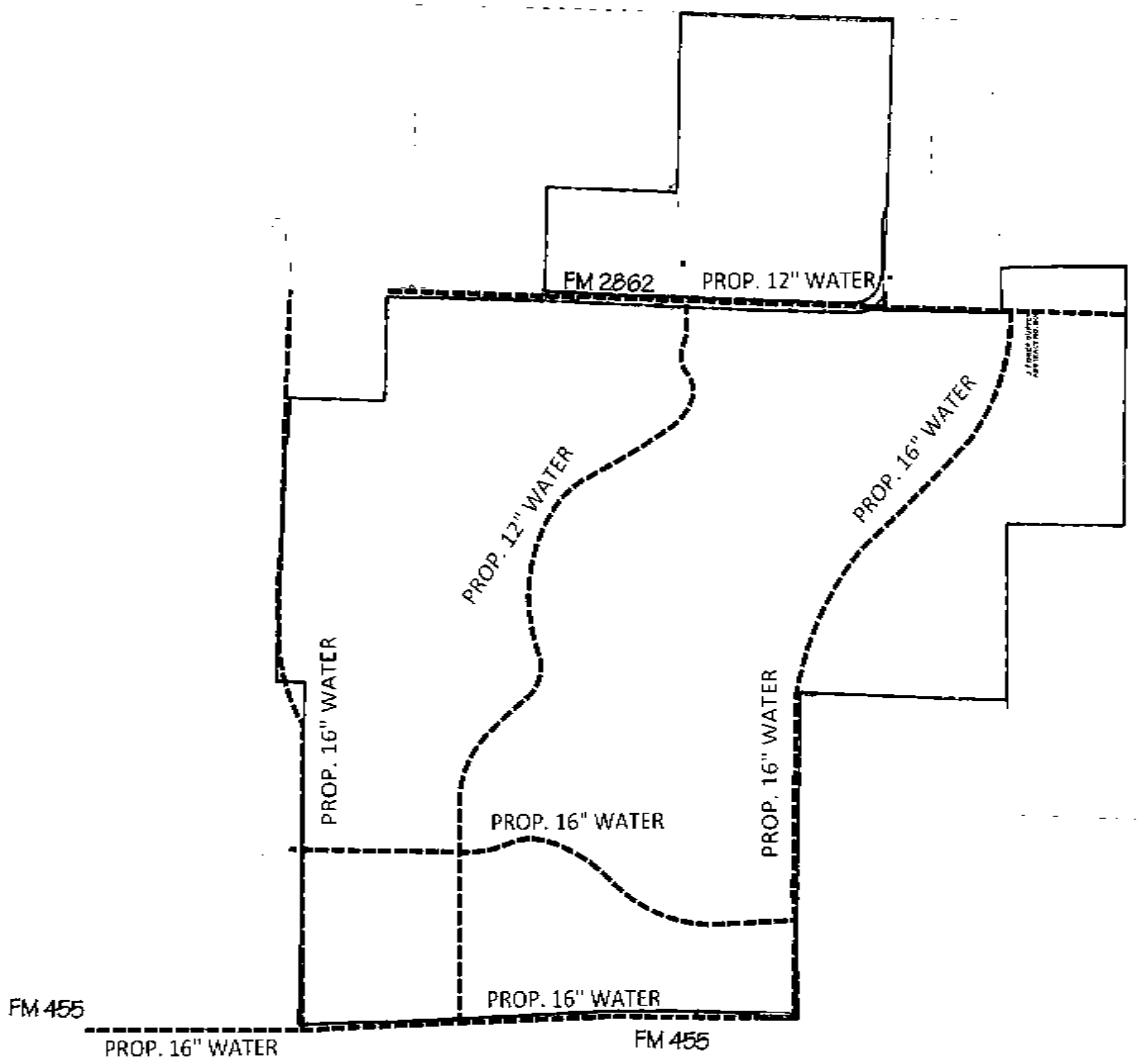
Construction Phase	Segment/Part	Facility Classification	Description	Cost Responsibility *(Design, Construction, Easement Acquisition, and Construction Management)*	Construction Funding	Timing	Equivalent Dwelling Units (EDUs) Construction Completion Timing	Equivalent Dwelling Units (EDUs) Capacity Allocated by City to Developer upon Completion of Phase Improvements
Phase 1	1	Lift Station	Onsite 6.7 MGD Peak Flow Lift Station	Developer	Developer (Reimbursable per Agreement)	Design Start - Preliminary Plat Approval	Prior to 1 EDU	488 (488 Overall)
	2	Force Main	8,000 LF of 16" force main along FM 455	Developer (City to provide condemnation assistance if needed)	Developer (Reimbursable per Agreement)	Design Start - Preliminary Plat Approval		
	3	Onsite Trunk Sewer	5,400 LF (21"-24") Onsite Trunk Sewer to serve Phase 1 of Sherley Farms	Developer	Developer (Reimbursable per Agreement)	Design Start - Preliminary Plat Approval		
Phase 2	4	Onsite Trunk Sewer	2,100 LF (12"-15") Onsite Trunk Sewer to Serve Phase 2 of Sherley Farms	Developer	Developer (Reimbursable per Agreement)	Design Start - Phase 2 Preliminary Plat Approval	Prior to 469 EDUs	469 (957 Overall)
Phase 3	5	Onsite Trunk Sewer	3,100 LF (30"-36") Trunk Sewer From FM 455 to Slayter Creek Treatment Plant	Developer	Developer (Reimbursable per Agreement)	Design & Easement Acquisition - upon approval of this DA	Prior to 958 EDUs	470 (1,427 Overall)
	6	Offsite Trunk Sewer	7,000 LF (18") Trunk Sewer From FM 455 to Slayter Creek Treatment Plant	City	City	Design & Easement Acquisition - upon the effective date of this agreement		
Phase 4	7	Offsite Treatment	Relocate Package Plant From Hurricane Creek Treatment Plant to Slayter Creek Treatment Plant or Install another package plant	City	City	Design - Currently Underway	Prior to 1,428 EDUs	928 (2,355 Overall)
Phase 5	8	Renegotiate Anna/Melissa Sewer Discharge Agreement	City of Anna to negotiate with City of Melissa to obtain increased allowable discharges covering Sherley Farms	City	City	Formal Negotiations to Begin upon the effective date of this agreement	Prior to 2,356 EDUs	1,568 (3923 Overall)
Phase 6	9	Offsite Trunk Sewer	19,000 LF of offsite trunk sewer downstream of Slayter Creek WWTP	City	City	Design - 8 months after the effective date of this agreement		

Notes:

1. Timing is based on initial City draft of deal points.
2. Phasing doesn't necessarily correspond to actual project phasing

Exhibit G

Major Water Improvements



N
W E
S

LEGEND

PROPOSED DEVELOPER WATER

Note:
1. Alignments shown are conceptual and subject to change.

EXHIBIT G - MAJOR WATER IMPROVEMENTS

SHERLEY FARMS

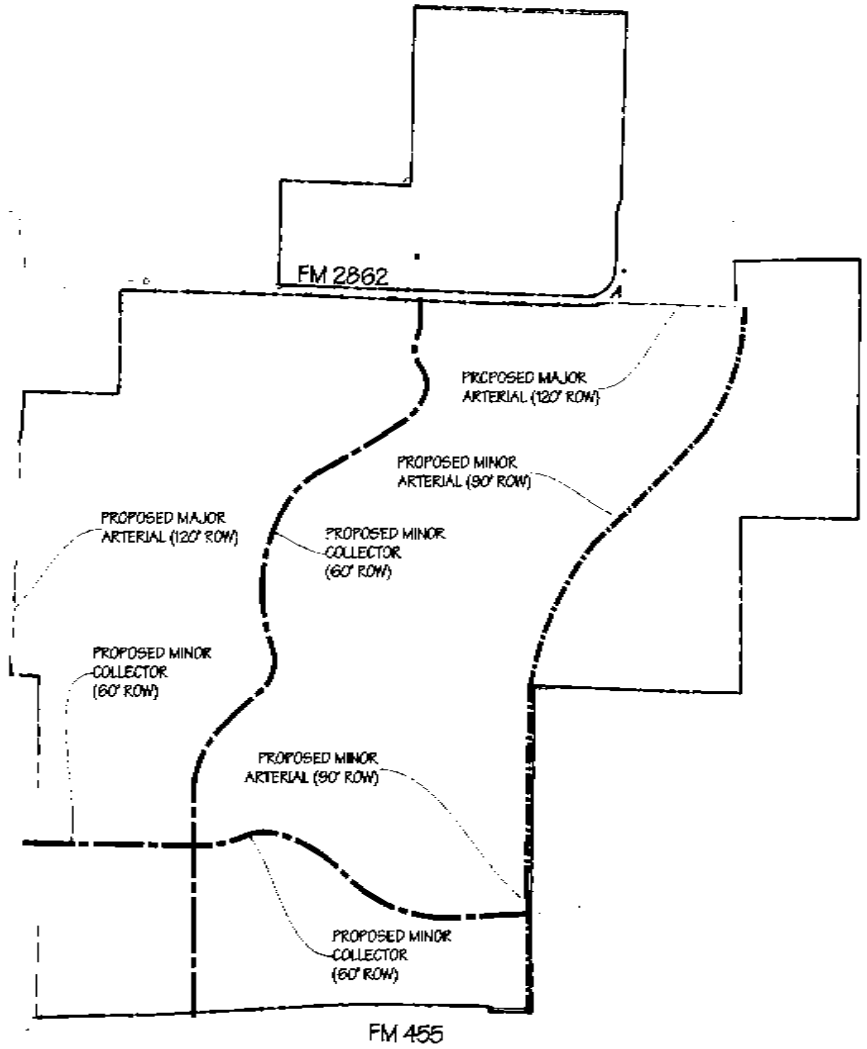
CITY OF ANNA, COLLIN COUNTY, TEXAS
G. MORRISON SURVEY ~ ABSTRACT NO. 559

OCTOBER OF 2024

SPIARS ENGINEERING & SURVEYING

Exhibit H

Major Roadway Improvements



N
W E
S

LEGEND

= PROPOSED MINOR ARTERIAL
= PROPOSED MAJOR ARTERIAL
= PROPOSED MINOR COLLECTOR

Note:
1. Alignments shown are conceptual and subject to change.
2. Developer shall construct 2 Lanes (25' B-B) of shown divided arterials.

SPIARS ENGINEERING & SURVEYING

EXHIBIT H - MAJOR ROADWAY IMPROVEMENTS

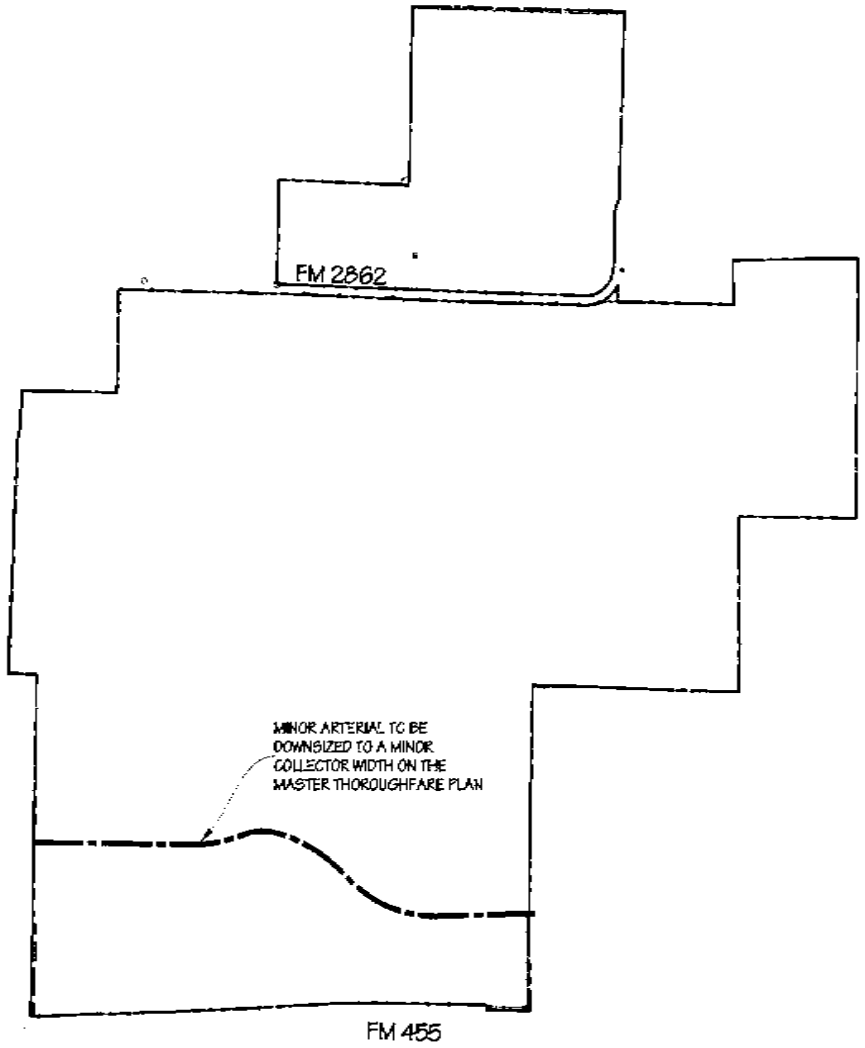
SHERLEY FARMS

CITY OF ANNA, COLLIN COUNTY, TEXAS
G. MORRISON SURVEY - ABSTRACT NO. 559

OCTOBER OF 2024

Exhibit H-1

Proposed Thoroughfare Plan Revision



N
W E
S

Note:
1. Downsizing of the roadway shown to a minor collector width is subject to results of a traffic impact analysis.

EXHIBIT H-1 - THOROUGHFARE REVISION

SHERLEY FARMS

CITY OF ANNA, COLLIN COUNTY, TEXAS
G. MORRISON SURVEY - ABSTRACT NO. 559

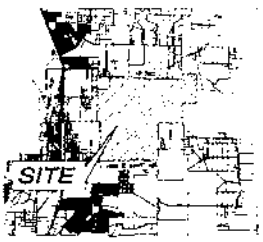
OCTOBER OF 2024

SPIARS
ENGINEERING & SURVEYING

Exhibit I

Conceptual Amenity Depictions





LOCATION MAP / KEY MAP

EXHIBIT I - CONCEPTUAL AMENITY DEPICTIONS

SHERLEY FARMS

CITY OF ANNA, COLLIN COUNTY, TEXAS
G. MORRISON SURVEY ~ ABSTRACT NO. 559

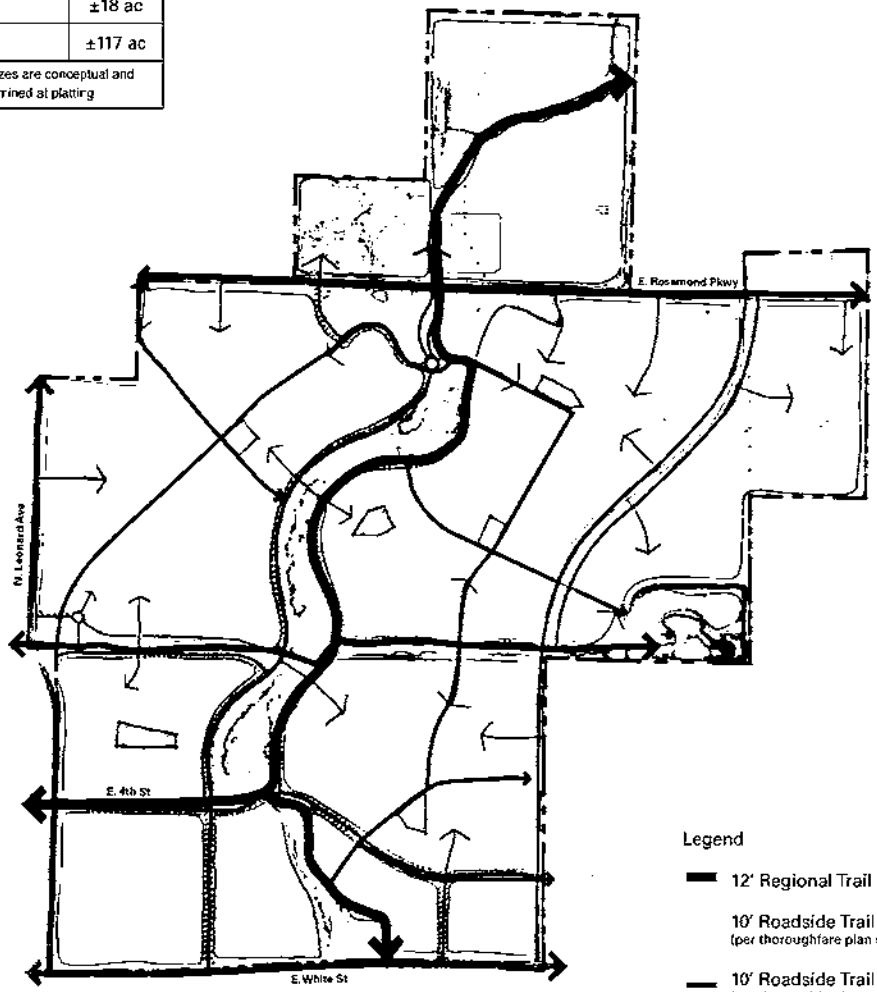
NOVEMBER OF 2024

Exhibit J

Trail and Open Space Improvements

Public Open Space Summary	
Central Green	±74 ac
Pocket Parks	±10 ac
Landscaped Drainage Areas	±15 ac
Miscellaneous	±18 ac
Total	±117 ac

Note: Pocket Park locations and sizes are conceptual and final location and size will be determined at platting

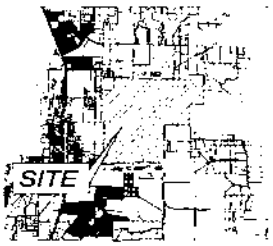


Legend

- 12' Regional Trail
- 10' Roadside Trail (per thoroughfare plan street sections)
- 10' Roadside Trail (per thoroughfare)
- 8' Community Trail
- 6' Neighborhood Trail

Note:
Precise regional trail alignment is contingent on site conditions and land ownership

0 800' 1600'



LOCATION MAP / KEY MAP

The information shown is based on the best information available and is subject to change without notice.

EXHIBIT J - TRAILS AND OPEN SPACE IMPROVEMENTS

SHERLEY FARMS

CITY OF ANNA, COLLIN COUNTY, TEXAS
G. MORRISON SURVEY ~ ABSTRACT NO. 559

DECEMBER OF 2024

Exhibit K

PID Bonds Financial Summary

City of Anna, Texas For illustration purposes only

Sherley Farms Public Improvement District

PROPOSED DEVELOPMENT PLAN

TOTAL SHERLEY FARMS IMPROVEMENT DISTRICT

Category	No. of Units	*Expected* Finished Lot Unit Value	*Expected* Build Out Unit Value	*Expected* Finished Lots Value	*Expected* Build Out Value
Townhomes (Tellus)	120	$ 62,500	$ 250,000	$ 7,500,000	$ 30,000,000
SF 40' (Tellus)	638	96,000	384,000	61,248,000	244,992,000
SF 50' (Tellus)	740	120,000	480,000	88,800,000	355,200,000
SF 60' (Tellus)	740	144,000	576,000	106,560,000	426,240,000
SF 70' (Tellus)	190	168,000	672,000	31,920,000	127,680,000
SF 1/2 ac. (Tellus)	150	264,000	1,056,000	39,600,000	158,400,000
Townhomes (Sherley Partners)	80	75,000	300,000	6,000,000	24,000,000
Cottage Homes (Sherley Partners)	55	62,500	250,000	3,437,500	13,750,000
SF (Sherley Partners)	7	250,000	1,000,000	1,750,000	7,000,000
MF (Sherley Partners)	400	12,500	200,000	5,000,000	80,000,000
Retail/COMM (Sherley Partners)	260,000	25.36	329.62	6,592,308	85,700,000
				$ 358,407,808	$ 1,552,962,000
Townhomes Unit Weighted Average				*$67,500*	*$270,000*
Single Family Unit Weighted Average				*$133,825*	*$535,299*

Notes:

Information provided by the Developers on 9/25/2024 and 10/1/2024. Subject to change.

City of Anna, Texas For illustration purposes only
Sherley Farms Public Improvement District
PROJECT DEBT CAPACITY SUMMARY

	SINGLE-FAMILY SUBZONE PID BONDS[1]	COMMERCIAL SUBZONE PID BONDS[2]	TOTAL
SOURCES OF FUNDS			
Estimated Par Amount of Bonds	$ 235,343,000	$ 9,273,000	$ 244,616,000
Total Sources of Funds	$ 235,343,000	$ 9,273,000	$ 244,616,000
USES OF FUNDS			
Project Fund (Bond Proceeds PID Projects)	$ 193,911,752	$ 7,660,047	$ 201,571,799
Capitalized Interest Fund[3]	-	-	-
Debt Service Reserve Fund[4]	17,896,948	685,653	18,582,601
Financing Costs & Admin Fees[5]	23,534,300	927,300	24,461,600
Total Uses of Funds	$ 235,343,000	$ 9,273,000	$ 244,616,000
Expected Value-to-Lien per Parcel at Bond Issuance	1.47x [6]	1.25x [7]	1.47x
Assumed Bond Interest Rate[8]	6.10%	6.10%	6.10%
Average Annual Installment as Tax Rate Equivalent	$1.3500	$0.4777	
Less: TIRZ Adjustment as Tax Rate Equivalent[9]	($0.2536)	($0.2536)	
Net Average Annual Installment as Tax Rate Equivalent	$1.0964	$0.2241	
Term of Bonds	30 years	30 years	30 years
City TIRZ Participation Rate as % of Tax Rate	50%	50%	50%
Number of Benefited Units	2,720	400 MF Units 260,000 COMM Sq Ft	
PID Assessment per Benefited Unit	$86,523	$11,193 per MF Unit $18.45 per COMM Sq Ft	
Project Funds per Benefited Unit	$71,291	$9,246 per MF Unit $15.24 per COMM Sq Ft	
City PID Fee per SF Unit	($3,400)	$0	
Net Project Funds per Benefited Unit	$67,891	$9,246 per MF Unit $15 per MF Unit	

Notes:
(1) Single-Family Subzone includes all parcels (incl. Townhomes and Cottages) except Multi-Family and Retail/Commercial.
(2) Commercial Subzone only includes Multi-family and Retail/Commercial Parcels. Does not include townhomes and cottages.
(3) Assumes no use of capitalized interest, subject to change. Use of Cap-I reduces project funds generated thorugh bond proceeds.
(4) Assumes to be the max annual debt service payment. Not to exceed the IRS' three-prong test.
(5) For illustration and discussion purposes only; subject to change. Assumes 10% of par amount.
(6) Assumes no appraisal discounts for illustration purposes only; subject to change.
(7) Assumes no appraisal discounts for illustration purposes only; subject to change. Assumed to be a minimum of 1.25:1 ratio.
(8) For illustration purposes only; subject to change at any time.
(9) Including TIRZ admin expense.

***Projected* Tax Statement - Single-Family Subzone**

	2024 Tax Rate	Tax Levy on $270,000 Avg. Townhome	Tax Levy on $535,299 Avg. SF Home	Tax Levy on $250,000 Cottage Home
City of Anna	$ 0.5072	$ 1,369.44	$ 2,715.04	$ 1,268.00
Collin County	0.1493	403.23	799.43	373.36
Collin County Community College District	0.0812	219.29	434.77	203.05
Anna Independent School District	1.2580	3,396.60	6,734.06	3,145.00
Total Tax Rate	**$ 1.9958**	**$ 5,388.56**	**$ 10,683.30**	**$ 4,989.41**
GROSS Avg. Annual Installment as a Tax Rate Equivalent/Levy[1]	$ 1.3500	$ 3,644.89	$ 7,226.32	$ 3,374.90
Total GROSS Overlapping Tax Rate Equivalent/Levy plus Special Assessment	**$ 3.3457**	**$ 9,033.45**	**$ 17,909.62**	**$ 8,364.31**
Projected TIRZ Credit as Tax Rate Equivalent/Levy [2]	$ (0.2536)	$ (684.72)	$ (1,357.52)	$ (634.00)
Total Overlapping Tax Rate Equivalent/Levy *after Projected TIRZ Credit*	**$ 3.0921**	**$ 8,348.73**	**$ 16,552.11**	**$ 7,730.31**
Net Avg. Annual Installment as Tax Rate Equivalent/Levy	*$ 1.0964*	*$ 2,960.17*	*$ 5,868.81*	*$ 2,740.90*

(1) Inclusive of principal, interest, additonal interest and admin levies. Not to exceed $1.35 per Development Agreement.
(2) TIRZ credit calculation as a tax rate equivalent includes the budgeted TIRZ Admin Expense.

City of Anna, Texas — **For illustration purposes only**

Sherley Farms Public Improvement District

PROJECTED TAX STATEMENT - COMMERCIAL SUBZONE

***Projected* Tax Statement - Commercial Subzone**

	2024 Tax Rate	Tax Levy on $200,000 MF Unit	Tax Levy on Sq. Ft. Retail/COMM
City of Anna	$ 0.5072	$ 1,014.40	$ 1.67
Collin County	0.1493	298.69	0.49
Collin County Community College District	0.0812	162.44	0.27
Anna Independent School District	1.2580	2,516.00	4.15
Total Tax Rate	**$ 1.9958**	**$ 3,991.53**	**$ 6.58**
GROSS Avg. Annual Installment as a Tax Rate Equivalent/Levy[1]	$ 0.4777	$ 955.41	$ 1.57
Total GROSS Overlapping Tax Rate Equivalent/Levy plus Special Assessment	**$ 2.4735**	**$ 4,946.93**	**$ 8.15**
Projected TIRZ Credit as Tax Rate Equivalent/Levy [2]	$ (0.2536)	$ (507.20)	$ (0.84)
Total Overlapping Tax Rate Equivalent/Levy *after Projected TIRZ Credit*	**$ 2.2199**	**$ 4,439.73**	**$ 7.32**
Net Avg. Annual Installment as Tax Rate Equivalent/Levy	*$ 0.2241*	*$ 448.21*	*$ 0.74*

(1) Inclusive of principal, interest, additonal interest and admin levies. Not to exceed $1.35 per Development Agreement.

(2) TIRZ credit calculation as a tax rate equivalent includes the budgeted TIRZ Admin Expense.

City of Anna, Texas — For illustration purposes only

Sherley Farms Public Improvement District

DEBT CAPACITY - 50% CITY TIRZ - SINGLE-FAMILY SUBZONE

Bond Year	Single-Family Subzone Special Assessment Revenue Bonds Principal	Interest[1]	Additional Interest Levy[2]	Administrative Levy[3]	**TOTAL LEVY**	*Total Levy as Tax Rate Equivalent*	Bond Year	GROSS PID LEVY	TIRZ CREDIT	*TIRZ Share as Tax Rate Equivalent*	NET PID LEVY	*Net PID Levy as Tax Rate Equivalent*
1	$ 2,775,000	$ 14,355,923	$ 1,176,715	$ 420,000	**$ 18,727,638**	*$ 1.3500*	1	$ 18,727,638	$ 3,518,096	*$ 0.2536*	$ 15,209,542	*$ 1.0964*
2	2,950,000	14,186,648	1,162,840	428,400	**18,727,888**	*1.3500*	2	18,727,888	3,518,096	*0.2536*	15,209,792	*1.0964*
3	3,136,000	14,006,698	1,148,090	436,968	**18,727,756**	*1.3500*	3	18,727,756	3,518,096	*0.2536*	15,209,660	*1.0964*
4	3,334,000	13,815,402	1,132,410	445,707	**18,727,519**	*1.3500*	4	18,727,519	3,518,096	*0.2536*	15,209,423	*1.0964*
5	3,545,000	13,612,028	1,115,740	454,622	**18,727,390**	*1.3500*	5	18,727,390	3,518,096	*0.2536*	15,209,293	*1.0964*
6	3,770,000	13,395,783	1,098,015	463,714	**18,727,512**	*1.3500*	6	18,727,512	3,518,096	*0.2536*	15,209,416	*1.0964*
7	4,010,000	13,165,813	1,079,165	472,988	**18,727,966**	*1.3500*	7	18,727,966	3,518,096	*0.2536*	15,209,870	*1.0964*
8	4,265,000	12,921,203	1,059,115	482,448	**18,727,766**	*1.3500*	8	18,727,766	3,518,096	*0.2536*	15,209,670	*1.0964*
9	4,537,000	12,661,038	1,037,790	492,097	**18,727,925**	*1.3500*	9	18,727,925	3,518,096	*0.2536*	15,209,829	*1.0964*
10	4,826,000	12,384,281	1,015,105	501,939	**18,727,325**	*1.3499*	10	18,727,325	3,518,096	*0.2536*	15,209,228	*1.0963*
11	5,135,000	12,089,895	990,975	511,978	**18,727,848**	*1.3500*	11	18,727,848	3,518,096	*0.2536*	15,209,751	*1.0964*
12	5,463,000	11,776,660	965,300	522,217	**18,727,177**	*1.3499*	12	18,727,177	3,518,096	*0.2536*	15,209,081	*1.0963*
13	5,813,000	11,443,417	937,985	532,662	**18,727,064**	*1.3499*	13	18,727,064	3,518,096	*0.2536*	15,208,967	*1.0963*
14	5,186,000	11,088,824	908,920	543,315	**18,727,059**	*1.3499*	14	18,727,059	3,518,096	*0.2536*	15,208,962	*1.0963*
15	5,584,000	10,711,478	877,990	554,181	**18,727,649**	*1.3500*	15	18,727,649	3,518,096	*0.2536*	15,209,553	*1.0964*
16	7,007,000	10,309,854	845,070	565,265	**18,727,189**	*1.3499*	16	18,727,189	3,518,096	*0.2536*	15,209,092	*1.0963*
17	7,458,000	9,882,427	810,035	576,570	**18,727,032**	*1.3499*	17	18,727,032	3,518,096	*0.2536*	15,208,936	*1.0963*
18	7,939,000	9,427,489	772,745	588,101	**18,727,335**	*1.3499*	18	18,727,335	3,518,096	*0.2536*	15,209,239	*1.0963*
19	8,451,000	8,943,210	733,050	599,863	**18,727,123**	*1.3499*	19	18,727,123	3,518,096	*0.2536*	15,209,027	*1.0963*
20	8,997,000	8,427,699	690,795	611,861	**18,727,355**	*1.3500*	20	18,727,355	3,518,096	*0.2536*	15,209,258	*1.0964*
21	9,579,000	7,878,882	645,810	624,098	**18,727,790**	*1.3500*	21	18,727,790	3,518,096	*0.2536*	15,209,693	*1.0964*
22	10,198,000	7,294,563	597,915	636,580	**18,727,058**	*1.3499*	22	18,727,058	3,518,096	*0.2536*	15,208,961	*1.0963*
23	10,859,000	6,672,485	546,925	649,311	**18,727,721**	*1.3500*	23	18,727,721	3,518,096	*0.2536*	15,209,625	*1.0964*
24	11,563,000	6,010,086	492,630	662,298	**18,728,014**	*1.3500*	24	18,728,014	3,518,096	*0.2536*	15,209,917	*1.0964*
25	12,312,000	5,304,743	434,815	675,544	**18,727,102**	*1.3499*	25	18,727,102	3,518,096	*0.2536*	15,209,005	*1.0963*
26	13,111,000	4,553,711	373,255	689,055	**18,727,021**	*1.3499*	26	18,727,021	3,518,096	*0.2536*	15,208,924	*1.0963*
27	13,963,000	3,753,940	307,700	702,836	**18,727,476**	*1.3500*	27	18,727,476	3,518,096	*0.2536*	15,209,379	*1.0964*
28	14,871,000	2,902,197	237,885	716,892	**18,727,974**	*1.3500*	28	18,727,974	3,518,096	*0.2536*	15,209,878	*1.0964*
29	15,838,000	1,995,066	163,530	731,230	**18,727,826**	*1.3500*	29	18,727,826	3,518,096	*0.2536*	15,209,730	*1.0964*
30	15,868,000	1,028,948	84,340	745,855	**18,727,143**	*1.3499*	30	18,727,143	3,518,096	*0.2536*	15,209,046	*1.0963*
	$ 235,343,000	$ 286,000,391	$ 23,442,655	$ 17,038,593	**$ 561,824,639**			$ 561,824,639	$ 105,542,893		$ 456,281,746	

(1) Assumes an interest rate of 6.10% for discussion purposes only, subject to change.

(2) Calculated at 0.5% of outstanding bonds.

(3) For illustration purposes only, subject to change after input from PID/TIRZ Administrator. Assumes PID and TIRZ administrative expenses for seven PID improvement areas.

City of Anna, Texas — For illustration purposes only

Sherley Farms Public Improvement District

DEBT CAPACITY - 50% CITY TIRZ - COMMERCIAL SUBZONE

Bond Year	Commercial Subzone Special Assessment Revenue Bonds Principal	Interest[1]	Additional Interest Levy[2]	Administrative Levy[3]	TOTAL LEVY	*Total Levy as Tax Rate Equivalent*	Bond Year	GROSS PID LEVY	TIRZ CREDIT	*TIRZ Share as Tax Rate Equivalent*	NET PID LEVY	*Net PID Levy as Tax Rate Equivalent*
1	$ 120,000	$ 565,653	$ 46,365	$ 60,000	$ 792,018	$ 0.4780	1	$ 792,018	$ 420,215	$ 0.2536	$ 371,803	$ 0.2244
2	126,000	558,333	45,765	61,200	791,298	0.4775	2	791,298	420,215	0.2536	371,083	0.2239
3	133,000	550,647	45,135	62,424	791,206	0.4775	3	791,206	420,215	0.2536	370,991	0.2239
4	141,000	542,534	44,470	63,672	791,676	0.4778	4	791,676	420,215	0.2536	371,461	0.2242
5	149,000	533,933	43,765	64,946	791,644	0.4778	5	791,644	420,215	0.2536	371,429	0.2242
6	157,000	524,844	43,020	66,245	791,109	0.4774	6	791,109	420,215	0.2536	370,894	0.2238
7	167,000	515,267	42,235	67,570	792,072	0.4780	7	792,072	420,215	0.2536	371,857	0.2244
8	176,000	505,080	41,400	68,921	791,401	0.4776	8	791,401	420,215	0.2536	371,186	0.2240
9	186,000	494,344	40,520	70,300	791,164	0.4775	9	791,164	420,215	0.2536	370,948	0.2239
10	197,000	482,998	39,590	71,706	791,294	0.4775	10	791,294	420,215	0.2536	371,078	0.2239
11	209,000	470,981	38,605	73,140	791,726	0.4778	11	791,726	420,215	0.2536	371,510	0.2242
12	221,000	458,232	37,560	74,602	791,394	0.4776	12	791,394	420,215	0.2536	371,179	0.2240
13	234,000	444,751	36,455	76,095	791,301	0.4776	13	791,301	420,215	0.2536	371,085	0.2240
14	248,000	430,477	35,285	77,616	791,378	0.4776	14	791,378	420,215	0.2536	371,163	0.2240
15	263,000	415,349	34,045	79,169	791,563	0.4777	15	791,563	420,215	0.2536	371,348	0.2241
16	279,000	399,306	32,730	80,752	791,788	0.4778	16	791,788	420,215	0.2536	371,573	0.2242
17	296,000	382,287	31,335	82,367	791,989	0.4780	17	791,989	420,215	0.2536	371,774	0.2244
18	313,000	364,231	29,855	84,014	791,100	0.4774	18	791,100	420,215	0.2536	370,885	0.2238
19	332,000	345,138	28,290	85,695	791,123	0.4774	19	791,123	420,215	0.2536	370,908	0.2238
20	353,000	324,886	26,630	87,409	791,925	0.4779	20	791,925	420,215	0.2536	371,709	0.2243
21	374,000	303,353	24,865	89,157	791,375	0.4776	21	791,375	420,215	0.2536	371,160	0.2240
22	397,000	280,539	22,995	90,940	791,474	0.4777	22	791,474	420,215	0.2536	371,259	0.2241
23	422,000	256,322	21,010	92,759	792,091	0.4780	23	792,091	420,215	0.2536	371,876	0.2244
24	447,000	230,580	18,900	94,614	791,094	0.4774	24	791,094	420,215	0.2536	370,879	0.2238
25	475,000	203,313	16,665	96,506	791,484	0.4777	25	791,484	420,215	0.2536	371,269	0.2241
26	505,000	174,338	14,290	98,436	792,064	0.4780	26	792,064	420,215	0.2536	371,849	0.2244
27	536,000	143,533	11,765	100,405	791,703	0.4778	27	791,703	420,215	0.2536	371,488	0.2242
28	569,000	110,837	9,085	102,413	791,335	0.4776	28	791,335	420,215	0.2536	371,120	0.2240
29	605,000	76,128	6,240	104,461	791,829	0.4779	29	791,829	420,215	0.2536	371,614	0.2243
30	643,000	39,223	3,215	106,551	791,989	0.4780	30	791,989	420,215	0.2536	371,773	0.2244
	$ 9,273,000	$ 11,127,437	$ 912,085	$ 2,434,085	$ 23,746,607			$ 23,746,607	$ 12,606,456		$ 11,140,151	

(1) Assumes an interest rate of 6.10% for discussion purposes only, subject to change.

(2) Calculated at 0.5% of outstanding bonds.

(3) For illustration purposes only, subject to change after input from PID/TIRZ Administrator. Assumes PID and TIRZ administrative expenses for one PID improvement area.

City of Anna, Texas — *For illustration purposes only*

Sherley Farms Public Improvement District

PROJECT IMPACT ON THE CITY (AD VALOREM PROPERTY TAXES) - 50% TIRZ Scenario

	No. of Units	Average Build Out Unit Value	Average Build Out Total Value	*At 2024 Rate* Gross City Taxes Generated per Unit	*50%* City Taxes Deposited in TIRZ Fund per Unit	Net City Taxes Generated per Unit	*At 2024 Rate* Gross City Taxes Generated at Build Out	*50%* City Taxes Deposited in TIRZ Fund at Build Out	Net City Taxes Generated at Build Out
Proposed Single Family, Townhomes & Cottages	2,720	$510,023	$1,387,262,000	$2,587	($1,293)	$1,293	$7,036,193	($3,518,096)	$3,518,096
Proposed Multi Family	400	$200,000	$80,000,000	$1,014	($507)	$507	$405,760	($202,880)	$202,880
Proposed Retail & Commercial	260,000	$329.62	$85,700,000	$1.67	($0.84)	$0.84	$434,670	($217,335)	$217,335
Total			$1,552,962,000				$7,876,623	($3,938,312)	$3,938,312

	No. of Units	Average Build Out Unit Value	Average Build Out Total Value	*Proposed Non TIRZ* Average PID Assessment Annual Installment per Unit	City Taxes used for PID Bonds Debt Service per Unit	Total Funds for Debt Service and PID/TIRZ Admin per Unit	*Proposed Non TIRZ* Average PID Assessment Annual Installment at Build Out	City Taxes used for PID Bonds Debt Service at Build Out	Total Funds for Debt Service and PID Admin at Build Out
Proposed Single Family, Townhomes & Cottages	2,720	$510,023	$1,387,262,000	$5,592	$1,293	$6,885	$15,209,392	$3,518,096	$18,727,488
Proposed Multi Family	400	$200,000	$80,000,000	$448	$507	$955	$179,282	$202,880	$382,162
Proposed Retail & Commercial	260,000	$330	$85,700,000	$0.74	$0.84	$1.57	$192,056	$217,335	$409,391
Total			$1,552,962,000				$15,580,730	$3,938,312	$19,519,042

Collin County
Honorable Stacey Kemp
Collin County Clerk

Instrument Number: 2024000159039

eRecording - Real Property

AGREEMENT

Recorded On: December 23, 2024 11:23 AM

Number of Pages: 134

" Examined and Charged as Follows: "

Total Recording: $553.00

********** **THIS PAGE IS PART OF THE INSTRUMENT** **********
Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:	
Document Number:	2024000159039
Receipt Number:	20241223000117
Recorded Date/Time:	December 23, 2024 11:23 AM
User:	Patricia B
Station:	cck100

Record and Return To:
CSC

STATE OF TEXAS
COUNTY OF COLLIN

I hereby certify that this Instrument was FILED **In the File Number sequence on the date/time printed hereon, and was duly** RECORDED **in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX

APPENDIX G

FORM OF CFA AGREEMENT

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SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

THIS SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT (this "Agreement"), dated as of February 24, 2026, is by and between the **CITY OF ANNA, TEXAS**, a home-rule municipality of the State of Texas (the "City"), and **TELLUS TEXAS III, 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 Improvement Area #1 Improvements actually paid or incurred for construction and installation of the Improvement Area #1 Improvements in accordance with the Service and Assessment Plan.

"Administrator" means, initially, P3 Works, LLC, or any other individual or entity designated by the City to administer the District.

"Annual Service Plan Update" means the annual update to the Service and Assessment Plan conducted by the Administrator pursuant to the Service and Assessment Plan and approved by ordinance adopted by the City.

"**Assessments**" shall have the meaning given to "Improvement Area #1 Assessments" in the Indenture.

"Authorized Improvements" means improvements authorized by Section 372.003(b) of the Act.

"Bond Ordinance" means the ordinance adopted by the City Council on February 24, 2026 authorizing the issuance of the Bonds pursuant to the Indenture.

"Bonds" means the City's bonds designated "City of Anna, Texas, Special Assessment Revenue Bonds, Series 2026 (Sherley Farms Public Improvement District Improvement Area #1 Project)".

"Budgeted Costs" means the anticipated, agreed upon costs of the Improvement Area #1 Improvements as shown in Exhibit B-1 of the Service and Assessment Plan.

"Certification for Payment" means a certificate, substantially in the form of **Exhibit B** hereto or such other form agreed to by the Developer, the Administrator and the City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, provided no more frequently than once per each month to the City Representative and the Trustee, specifying the amount of work performed and the amount charged for that work, including materials and labor costs, presented to the Trustee to request payment for Actual Costs of Improvement Area #1 Improvements under the Indenture.

"City Inspector" means an individual employed by or an agent of the City whose job is, in part or in whole, to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

"City Manager" means the City Manager of the City, or its designee.

"City Representative" means the City Manager, or any other official or agent of the City later authorized by the City to undertake the action referenced herein.

"Closing Disbursement Request" means the certificate, substantially in the form of **Exhibit A** hereto or such other form agreed to by the Developer, Administrator, and City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amounts to be disbursed for the costs related to the creation of the District.

"Construction Contracts" means the contracts for the construction of an Improvement Area #1 Improvement. "Construction Contract" means any one of the Construction Contracts.

"Costs" means the Budgeted Costs or the Actual Costs of an Improvement Area #1 Improvement as reflected in a Construction Contract, if different 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 Improvement Area #1 Improvement, the Actual Cost, as appropriate, of such Improvement Area #1 Improvement in excess of the Budgeted Cost.

"Cost Underrun" has the meaning assigned such term in Section 4.04 hereof

"Development Agreement" means that certain Development Agreement, effective as of December 17, 2024, among the City, the Developer, and Sherley Partners, Ltd., as amended from time to time.

"District" shall mean the Sherley Farms Public Improvement District created March 25, 2025.

"Final Completion" means completion of an Improvement Area #1 Improvement in compliance with existing City standards for dedication under the City's ordinances and the Development Agreement.

"Improvement Area #1" means the initial improvement area to be developed and generally shown in Appendix A-2 to the Service and Assessment Plan, as specifically depicted and described as the sum of all parcels shown in Exhibit K-2 to the Service and Assessment Plan.

"Improvement Area #1 Improvements" mean the Authorized Improvements which only benefit Improvement Area #1, which are described in Section III.A of the Service and Assessment Plan.

"Improvement Area #1 Bond Improvement Account" means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

"Indenture" means that certain Indenture of Trust between the City and Regions Bank, as trustee, dated as of March 1, 2026 relating to the Bonds.

"Plans" means the plans, specifications, schedules and related construction contracts for the Improvement Area #1 Improvements, respectively, 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, excluding those deposited in other funds in accordance with the Indenture, shall be deposited, and the fund by such name created under the Indenture.

"Service and Assessment Plan" means the Sherley Farms Public Improvement District Service and Assessment Plan adopted by a City ordinance on February 24, 2026 by the City Council, prepared pursuant to the Act.

"Substantial Completion" means the time at which the construction of an Improvement Area #1 Improvement (or specified segment, section or part thereof) has progressed to the point where such Improvement Area #1 Improvement (or a specified segment, section or part thereof) is sufficiently complete in accordance with the Construction Contracts related thereto so that such Improvement Area #1 Improvement (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended.

ARTICLE II
RECITALS

Section 2.01. The District and the Improvement Area #1 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 Improvement Area #1 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 a portion of the Improvement Area #1 Improvements in accordance with the terms and limitations of the Indenture, the Development Agreement, this Agreement, and the Service and Assessment Plan.

(c) All Improvement Area #1 Improvements are eligible to be financed with proceeds of the Bonds and the Assessments to the extent specified herein.

(d) The proceeds from the issuance and sale of the Bonds shall be deposited in accordance with the Indenture.

(e) The Developer will undertake, oversee, or ensure the construction and development of the Improvement Area #1 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 financed in part with the proceeds of the Bonds are the Improvement Area #1 Improvements. The payment of Costs from the proceeds of the Bonds for such Improvement Area #1 Improvements shall be made from the Improvement Area #1 Bond Improvement Account of the Project Fund established under the Indenture.

(c) The City's obligation with respect to the payment of the Costs of the Improvement Area #1 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 Improvement Area #1 Improvements, qualified, however, by the distribution of Cost Underrun monies, as detailed in Section 4.04.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment.

(e) The Developer acknowledges that any lack of availability of amounts in the funds or accounts established in the Indenture to pay the Costs of the Improvement Area #1 Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Improvement Area #1 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 Funds and Accounts. All disbursements from the Improvement Area #1 Bond Improvement Account of the Project Fund shall be made by the City in accordance with provisions of the Development Agreement, the Service and Assessment Plan, this Agreement and the Indenture.

ARTICLE IV
CONSTRUCTION OF THE IMPROVEMENT AREA #1 IMPROVEMENTS

Section 4.01. Duty of Developer to Construct.

(a) All Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Improvement and, upon completion, inspection, and acceptance, convey each such Improvement Area #1 Improvement to the City, in accordance with the terms hereof, even if there are insufficient funds in the Project Fund or other funds or account 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 Improvement Area #1 Improvements required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Improvement Area #1 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 Improvement Area #1 Improvements.

Section 4.04. Remaining Funds After Completion of an Improvement Area #1 Improvement. Upon the Final Completion of any Improvement Area #1 Improvement (or any segment or section thereof) and payment of all outstanding invoices for such Improvement Area #1 Improvement (or segment or section thereof), if the Actual Cost of such Improvement Area #1 Improvement (or segment or section thereof) is less than the Budgeted Cost of such Improvement Area #1 Improvement (a "Cost Underrun"), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Improvement Area #1 Improvement, including Improvement Area #1 Improvements in a different improvement category shown in the Service and Assessment Plan. Any Cost Underrun for any Improvement Area #1 Improvement is available to pay Cost Overruns on any other Improvement Area #1 Improvement. If, upon Final Completion of all Improvement Area #1 Improvements in any improvement category, there are funds remaining in any improvement categories, those funds can then be used to reimburse the Developer for any qualifying costs of Improvement Area #1 Improvements that have not been previously paid.

The Administrator shall confirm that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative shall promptly agree on how to apply such moneys to the costs of other Improvement Area #1 Improvements, subject to the costs described in the Service and Assessment Plan. The use of such moneys shall be included in the next Annual Service Plan Update.

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 Improvement Area #1 Improvements. Developer or its contractors may approve and implement any change orders, even if such change order would increase the Cost of an Improvement Area #1 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 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 the disbursement from the Costs of Issuance Account of the Project Fund or the Improvement Area #1 Bond Improvement 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 A** hereto or otherwise acceptable and agreed to by the City, to be delivered to the City no less than fifteen (15) 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 the disbursement for an Improvement Area #1 Improvement from the Improvement Area #1 Bond 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 B** hereto or otherwise agreed to by the City, to be delivered to the City no later than fifteen (15) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Closing Disbursement Request or a Certification for Payment, as applicable, to the Trustee for disbursement to be made from the Costs of Issuance Account of the Project Fund or the Improvement Area #1 Bond Improvement Account of the Project Fund, as applicable.

Section 5.02. Certification for Payment for an Improvement Area #1 Improvement.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on an Improvement Area #1 Improvement until a Certification for Payment is received from the Developer. Upon receipt of a Certification for Payment substantially in the form of **Exhibit B** 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 Improvement Area #1 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, the Development Agreement, and to verify and approve the Actual Cost of such work specified in such Certification for Payment (collectively, the "Developer Compliance Requirements"). The City Inspector and/or the City Representative shall also conduct such review as is required in his discretion to confirm the matters certified in the Certification for Payment. The Developer agrees to cooperate with the City Inspector 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 fifteen (15) business days of receipt of any Certification for Payment, the City Representative shall either (i) approve and execute the Certification for Payment and forward

the same to the Administrator for approval and delivery to the Trustee for payment to the Developer in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certification for Payment, give written notification to the Developer of the City Representative's disapproval, in whole or in part, of such Certification for Payment, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certification for Payment. If a Certification for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certification for Payment is approved and shall deliver such partially approved Certification for Payment to the Administrator for approval in accordance with Section 5.03 hereof and delivery to the Developer in accordance with Section 5.02(c) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial denial.

(c) If the City Representative denies the Certification for Payment, the denial must be in writing, stating the reason(s) for denial. The denial may be appealed to the City Council by the Developer in writing within thirty (30) days of being denied by the City Representative. Denial 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 City shall direct the Trustee to make such payment from the Project Fund in accordance with Section 5.03 below.

Section 5.03. Payment for Improvement Area #1 Improvement.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the Improvement Area #1 Bond Improvement Account of the Project Fund pursuant to the terms of the Certification for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Improvement Area #1 Improvement, unless a Cost Overrun amount has been approved for a particular Improvement Area #1 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 City shall direct the Trustee to make payment directly to the general contractor or supplier of materials or services or 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 Improvement Area #1 Improvement identified in such request for payment being paid, then the City shall direct the Trustee to hold the payment until work with respect to that Improvement Area #1 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 City shall direct the Trustee to 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 City shall direct the Trustee to 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 Improvement Area #1 Improvement to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Improvement Area #1 Improvement is contested, the Developer shall post or cause delivery of a surety bond in the amount determined by the City or City may decline to accept the Improvement Area #1 Improvements until such mechanics or materialman's lien and/or judgment is satisfied.

ARTICLE VI
OWNERSHIP AND TRANSFER OF IMPROVEMENT AREA #1 IMPROVEMENT

Section 6.01. Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Improvement until the Developer has cured such objections to title to the satisfaction of the City.

Section 6.02. Improvement Area #1 Improvement Constructed on City Land or Developer Land. If the Improvement Area #1 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) of the Improvement Area #1 Improvement. If the Improvement Area #1 Improvement is on land owned by the Developer, the Developer hereby grants to the City an easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance) of the Improvement Area #1 Improvement. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Improvement Area #1 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 Improvement Area #1 Improvement. The provisions for inspection and acceptance of such Improvement Area #1 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 is a limited liability company duly formed, organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to fulfill its obligations in this Agreement and the Development Agreement and to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. The Developer has the power and authority to enter into this Agreement and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Improvements, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certification for Payments.

(f) Financial Records. For a period of two years after completion of the Improvement Area #1 Improvements, the Developer covenants to maintain proper books of record and account for the construction of the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 the 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 inquires 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 Improvement Area #1 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 EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE IMPROVEMENT AREA #1 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 IMPROVEMENT AREA #1 IMPROVEMENTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE IMPROVEMENT AREA #1 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, GRANTEES AND/OR TRUSTEES, REGARDING OR RELATED TO THE IMPROVEMENT AREA #1 IMPROVEMENTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE IMPROVEMENT AREA #1 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 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, THE CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY THE DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY THE 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 THE DEVELOPER'S OBLIGATION TO DEFEND INDEMNIFIED PARTIES OR AS A WAIVER OF THE DEVELOPER'S OBLIGATION TO INDEMNIFY INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. THE 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 THE DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND THE DEVELOPER SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT AND THE EXPRESS NEGLIGENCE TEST, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

Section 7.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Project Fund and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture. Prior to the acceptance of all the Improvement Area #1 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 Improvement Area #1 Improvements is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer is or may be substantially increased or otherwise adversely affected in any manner, or (c) the rights of the Developer is 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 Improvement Area #1 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 Improvement Area #1 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 the 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 event described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such event to the Developer, and the Developer agrees to promptly meet and confer with the City Inspector and other appropriate City staff and consultants as to options available to assure timely completion, subject to the terms of this Agreement, of the Improvement Area #1 Improvements. Such options may include, but not be limited to, the termination of this Agreement by the City. If the City elects to terminate this Agreement, the City shall first notify the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) of the grounds for such termination and allow the Developer a minimum of 45 days to eliminate or to mitigate to the satisfaction of the City the grounds for such termination. Such 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 grounds for termination. If at the end of such period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the satisfaction of the City, the City may then terminate this Agreement. In the event of the termination of this Agreement, the Developer is entitled to payment for work accepted by the City related to an Improvement Area #1 Improvement only as provided for under the terms of the Indenture and this Agreement prior to the termination date of this Agreement. Notwithstanding the foregoing, so long as the Developer has breached any material covenant or defaulted in the performance of any material obligation hereunder, notice of which has been given by the City to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the City may in its discretion cause the Trustee to cease making payments for the Actual Costs of Improvement Area #1 Improvements, provided that the Developer shall receive payment of the Actual Costs of any Improvement Area #1 Improvements that were accepted by the City at the

time of the occurrence of such breach or default by the Developer upon submission of the documents and compliance with the other applicable requirements of this Agreement.

(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 Improvement Area #1 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 Improvement Area #1 Improvements hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer. The City shall have no obligation to perform any work related to an Improvement Area #1 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 refund the Bonds) issued under the Indenture.

Section 8.04. Construction of the Improvement Area #1 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 Improvement Area #1 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 reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty or by other cause beyond the reasonable control of the party (financial inability excepted) ("Force Majeure"), then the specified time for performance shall be extended by the amount of the delay actually so caused. The extension of time to perform allowed by this Section 8.05 shall not apply unless, upon 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 within ten (10) business days 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 Improvement Area #1 Improvements and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, submittal, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received (i) if delivered via a method other than e-mail, when delivered personally or upon the expiration of 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid or (ii) if delivered via e-mail, upon the earlier of receipt of a "delivery receipt" or on the next Business Day after being sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered. Any such notice shall be addressed as follows:

To the City:	City of Anna, Texas Attn: City Manager 120 W. 7th Street Anna, Texas 75409 E-mail: jgrisham@annatexas.gov
With a copy to:	Wolfe, Tidwell & McCoy, LLP Attn: Clark McCoy 2591 Dallas Parkway, Suite 300 Frisco, Texas 75034 E-mail: cmccoy@wtmlaw.net
And to:	McCall, Parkhurst & Horton L.L.P. Attn: Rodolfo Segura Jr 717 North Harwood, Suite 900 Dallas, TX 75201 E-mail: rsegura@mphlegal.com
To Developer:	Tellus Texas III, LLC Attn: Andre Ferrari 5301 Headquarters Dr., Suite 120 Plano, Texas 75024 E-mail: aferrari@tellusgroupllc.com

With a copy to: Greenberg Traurig, LLP
Attn: Drew Slone
2200 Ross Ave., Suite 5200
Dallas, Texas 75201
E-mail: drew.slone@gtlaw.com

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, except pursuant to a collateral assignment to any person or entity providing construction financing to the Developer for an Improvement Area #1 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 Improvement Area #1 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 connection with any consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee's express assumption of all obligations of the Developer hereunder and/or upon any other reasonable factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned. 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. This Agreement may be amended upon agreement of the parties, from time to time in a manner consistent with the Act, the Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be thirty (30) years or upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture. If the Developer defaults under this Agreement or the Development Agreement, this Agreement and the Development Agreement shall not terminate

with respect to the Costs of the Improvement Area #1 Improvements that have been approved by the City pursuant to a Certification for Payment prior to the date of 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 representations and covenants pursuant to 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.

[Execution pages to follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of February 24, 2026.

CITY OF ANNA, TEXAS

By: _____
Pete Cain
Mayor

ATTEST:

_____
Carrie L. Land
City Secretary

(City Seal)

DEVELOPER:

TELLUS TEXAS III, LLC,
a Texas limited liability company

By: Tellus-Anna, LLC, a Texas limited liability company and manager of Tellus Texas III, LLC

By:_____
David Blom, Manager

Exhibit A

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Tellus Texas III, LLC (the "Developer") and requests payment from:

[the Costs of Issuance Account of the Project Fund][the Improvement Area #1 Bond Improvement Account of the Project Fund] (as defined in the Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement) from Regions Bank (the "Trustee") in the amount of _____ DOLLARS ($_____) for costs incurred in the establishment, administration, and operation of the Sherley Farms Public Improvement District (the "District"), as follows:

Closing Costs Description	**Cost**	**PID Allocated Cost**
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.

3. The amount listed for the above itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture (as defined in the Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement) for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

a. X amount to Person or Account Y for Z goods or services.

b. Etc.

I hereby declare that the above representations and warranties are true and correct.

TELLUS TEXAS III, LLC

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the Costs of Issuance Account of the Project Fund or the Improvement Area #1 Bond Improvement Account of the Project Fund, as applicable, 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 Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding and Acquisition Agreement, the Development Agreement, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in an Improvement Area #1 Improvement.

CITY OF ANNA, TEXAS

By: _____

Name: _____
Title: _____
Date: _____

Exhibit B

CERTIFICATION FOR PAYMENT FORM – IMPROVEMENT AREA #1 IMPROVEMENTS

CERTIFICATION FOR PAYMENT NO. _____

The undersigned is a lawfully authorized representative for Tellus Texas III, LLC (the "Developer") and requests payment from the Improvement Area #1 Bond Improvement Account of the Project Fund from Regions Bank (the "Trustee") in the amount of _____ for labor, materials, fees, and/or other general costs related to the construction and installation of the following Improvement Area #1 Improvements related to the Sherley Farms Public Improvement District:

[insert specific Improvement Area #1 Improvement this request is for here]

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement.

In connection with this Certification for 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 herein for the Improvement Area #1 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 Improvement Area #1 Improvement(s) below are a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said Improvement Area #1 Improvement(s) identified above, and such costs are (i) in compliance with the Sherley Farms Public Improvement District Improvement Area #1 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 Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, 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 Improvement Area #1 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 Improvement Area #1 Improvement(s). If this request for payment results in ninety percent (90%) or more of the Budgeted Costs for the Improvement Area #1 Improvement(s) identified above being paid, then the work with respect to the Improvement Area #1 Improvement(s) have been completed and the City has inspected AND accepted the Improvement Area #1 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 Improvement Area #1 Improvement	**Total Cost of Improvement Area #1 Improvement**	**Budgeted Cost of Improvement Area #1 Improvement**	**Amount to be paid from Improvement Area #1 Bond Improvement Account of the Project Fund**

Attached hereto, are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments or Actual Costs incurred.

Pursuant to the Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, after receiving this Payment Request, the City is authorized to inspect the Improvement Area #1 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.

TELLUS TEXAS III, LLC

By:_____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certification for Payment. After reviewing the Certification for Payment, the City approves the Certification for Payment and shall include said payments in the City 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 Sherley Farms Public Improvement District Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Development Agreement, the Service and Assessment Plan, any other agreement between the parties or that there is a defect in the Improvement Area #1 Improvements.

CITY OF ANNA, TEXAS

By: _____
Name: _____
Title: _____
Date: _____

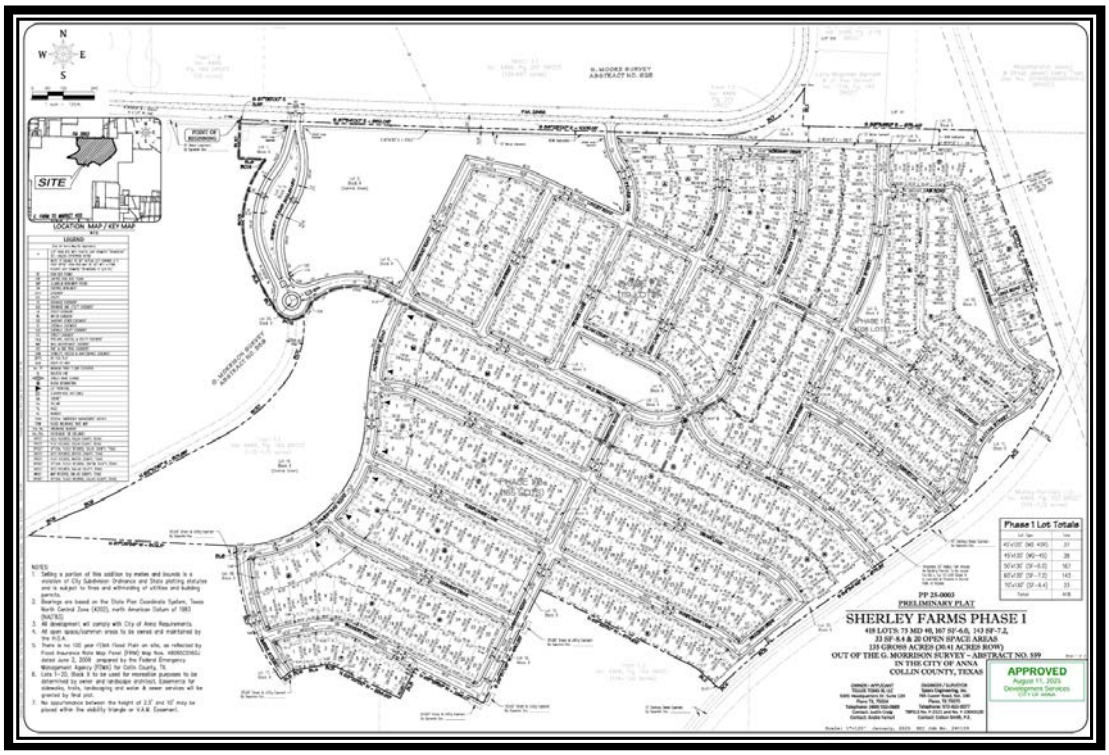
APPENDIX H

APPRAISAL

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APPRAISAL REPORT

PROJECT # A25-0925-07



SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1
135 ACRES CONTAINING 418 PROSPECTIVE RESIDENTIAL LOTS
ANNA, COLLIN COUNTY, TX 75409

FOR:

FMSBONDS, INC.
5 COWBOYS WAY, SUITE 300-25
75409, FRISCO, TEXAS 75034

EFFECTIVE DATE OF APPRAISAL:
DECEMBER 1, 2026 (DATE OF SUBSTANTIAL COMPLETION) FOR 418 RESIDENTIAL LOTS

PREPARED BY:
JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,
LESLIE TOLLIVER, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER, AND
BRANDON LAWSON, APPRAISER TRAINEE
OF:

PEYCO SOUTHWEST REALTY, INC.
1703 NORTH PEYCO DRIVE
ARLINGTON, TEXAS 76001

February 6, 2026

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
Sherley Farms Public Improvement District Improvement Area #1,
Anna, 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 418 residential lots located in Sherley Farms Public Improvement District Improvement Area #1 (referred to as Sherley Farms PID IA #1). Sherley Farms PID IA #1 has a total of 135-acres consisting of the following:

Prospective Market Value "Upon Completion" as of **December 1, 2026 for 418 detached residential improved lots on approximately 135 acres. The improved lots are as follows:**

- **76 lots with 45-foot frontages,**
- **166 lots with 50-foot frontages,**
- **143 lots with 60-front footages, and**
- **33 lots with 70-front footages**

The client for the assignment is FMSbonds, Inc. The intended users are FMSbonds, Inc. and the City of Anna. 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 Anna 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 Sherley Farms PID IA #1.

At Substantial Completion, which is forecast for December 1, 2026, the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots within Sherley Farms PID IA #1. The Sherley Farms PID IA #1 comprises 135 acres. Development of the subject property is governed by a Development Agreement, dated December 17, 2024, between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD, of which the Development Agreement allows single-family residential development at the subject property.

The Sherley Farms PID IA #1 is zoned Zone 1 by the City of Anna via Ordinance No. 1137-2025-02, signed February 25, 2025. The Zone 1 zoning in the City of Anna is broken down into various zoning categories, such as Planned Development/Agricultural (AG)/ Mixed Use (MU)/ Industrial- 1 (1- 1) (PD/AG/MU/1-1); however, our subject property (Sherley Farms PID IA #1) only encompasses single-family. The subject must adhere to the City of Anna's Zoning ordinances. Each of the lots are located in Anna Independent School District (ISD).

Per the developer (Tellus Texas III, LLC), Sherley Farms PID IA #1 is comprised of a total of approximately 135 acres of land with a final estimated build-out of 76 detached single-family residential 45-foot frontage (FF) lots, 166 detached single-family residential 50-FF lots, 143 detached single-family residential 60-FF lots, and 33 detached single-family residential 70-FF lots totaling 418 improved residential lots located in Anna, Collin County, Texas. The subject property of this assignment - Sherley Farms PID IA #1 - will be developed in one phase.

Within IA #1, each of the 45-FF lot types will have an average of 5,400-square feet (SF), each of the 50-FF lot types will have an average of 6,500-SF, each of the 60-FF lot types will have an average of 7,800-SF, and each of the 70-FF lot types will have an average of 9,100-SF in size. The average lot depth for the 45-FF lots will be 120' and the average lot depth for the 50-FF, 60-FF, and 70-FF lots of the subject property will be 130' in depth. The four lot types may have different market values with identical characteristics; however, the homebuilders and developer reflect different market values in their purchase contracts. We have considered any difference in market value based on lot depth is negligible, 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 Sherley Farms PID IA #1 are as follows:

Sherley Farms PID IA #1						
Area Type	**Size (Acres)**	**45' Lot Type**	**50' Lot Type**	**60' Lot Type**	**70' Lot Type**	**Total Lots Appraised**
IA #1	*135*	*76*	*166*	*143*	*33*	*418*
Total	135	**76**	**166**	**143**	**33**	**418**

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 prospective Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by the engineering plans published by Spiars Engineering & Surveying Inc. as of July 2025, for 418 improved residential lots in Sherley Farms PID IA #1.
- All information relative to the property located within Sherley Farms PID IA #1 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Tellus Texas III, LLC (Owner/Developer), Spiars Engineering & Surveying Inc. (Professional Engineers and Surveyor), the City of Anna, and the Collin Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected completion date of December 1, 2026; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **hypothetical conditions** that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

- No Hypothetical Conditions are used in this report.

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 Substantial Completion Date is as follows:

SHERLEY FARMS PID IA #1, ANNA, COLLIN COUNTY, TX 75409					
Total Lots	**Feet Frontage (FF)**	**Retail Price/Lot**	**Effective Date**	**Price/FF ($/FF)**	**Total Retail Value ($)**
76	45 FF	$120,600	December 1, 2026	$2680/FF	$9,165,600
166	50 FF	$132,000	December 1, 2026	$2640/FF	$21,912,000
143	60 FF	$155,400	December 1, 2026	$2590/FF	$22,222,200
33	70 FF	$179,900	December 1, 2026	$2570/FF	$5,936,700
418					***$59,236,500***
Amenity Fee Reimbursement				$4,500/per lot	$1,575,000
Marketing Fee Reimbursement				$1,500/per lot	$627,000
Farm Amenity Fee Reimbursement				$1,500/per lot	$627,000
Total Retail Lot Value					**$62,065,500**

After considering discount cash flows, our final value conclusion "Upon Completion" is shown below:

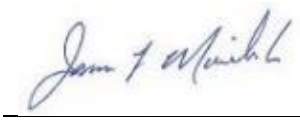
INCOME APPROACH VALUE INDICATION	
Fee Simple Interest, Complete December 1, 2026	
Sherley Farms PID ***418 Improved Lots in Improvement Area #1***	***$59,372,000 ($142,000/Lot)***

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusion. Should you have any questions, please contact our office.

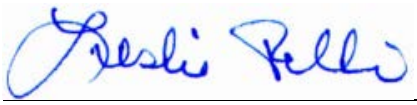
Respectfully submitted,

Peyco Southwest Realty

APPRAISERS SIGNATURES ON THE FOLLOWING PAGE



James L. Maibach, CPM
TX-1323658-CG
State Certified General Real Estate Appraiser



Leslie Tolliver
TX-1381494-CG
State Certified General Real Estate Appraiser
Candidate for Designation, Appraisal Institute

Brandon Lawson

Brandon Lawson
TX-1343865-T
Appraiser Trainee
Associate Member, Appraisal Institute

Contents

EXECUTIVE SUMMARY 8

CERTIFICATION 9

SCOPE OF WORK 10

VALUATION METHODOLOGY 11

REAL ESTATE TAXES 18

MARKET OVERVIEW 19

REGIONAL ANALYSIS 42

CITY OF ANNA OVERVIEW 45

NEIGHBORHOOD ANALYSIS 46

ABSORPTION ANALYSIS 55

SUBJECT PROPERTY ANALYSIS 62

PROPERTY PHOTOGRAPHS 75

HIGHEST AND BEST USE 76

VALUATION – IMPROVEMENT AREA #1 78

COST APPROACH: RESIDENTIAL LOTS IN SHERLEY FARMS PID IA #1 79

INCOME (SUBDIVISION DEVELOPMENT) APPROACH – IMPROVED RESIDENTIAL LOTS 97
DISCOUNT CASH FLOW ANALYSIS 139
RECONCILIATION AND FINAL VALUE CONCLUSION 147

ADDENDA 150

ENGAGMENT LETTER 151
ASSUMPTIONS AND LIMITING CONDITIONS 158
EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS 161
ENVIRONMENTAL ASSUMPTIONS 162
DEFINITIONS 163
JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER 166
LESLIE TOLLIVER - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER 168
BRANDON LAWSON – APPRAISER TRAINEE 170

EXECUTIVE SUMMARY

Property Name	**Sherley Farms PID; Improvement Area #1**
Property Type	Master-Planned Community
Location	South side of Houston Street
City, County, State, Zip	Anna, Collin County, TX 75409
Legal Description (Collin CAD)	ABS A0559 GUINN MORRISON SURVEY, SHEET 3, TRACT 42, 134.7761 ACRES
Owner of Record	Tellus Texas III, LLC
Census Tract	0302.07
Tax ID – Collin Central Appraisal District	2937949
Total Land Area	135-AC - Total Land Area (Per Developer)
Total Lots	76 45-FF Width Lots in Improvement Area #1 166 50-FF Width Lots in Improvement Area #1 143 60-FF Width Lots in Improvement Area #1 33 70-FF Width Lots in Improvement Area #1
Topography	Gently Sloping
FEMA Flood Zones	Unshaded Zone X (outside the floodplain)
FEMA Panel	48085C0160J
FEMA Map Date	6/2/2009
Utilities	
Water	City of Anna
Sewer	City of Anna
Electric	Oncor
Natural Gas	Atmos
Zoning (City of Anna)	Zone 1
Future Land Use	Single-Family Residential Subdivision
Highest & Best Use	Single-Family Residential Subdivision
Final Value Conclusion	**$59,372,000 ($142,000/Lot) Effective Date of December 1, 2026, for 418 Improved Residential Lots in Improvement Area #1 on 135 Acres**
Exposure Period	6-12 Months
Marketing Period	6-12 Months
Date of Inspection	October 13, 2025
Date of Valuation	December 1, 2026
Report Date	February 6, 2026

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.

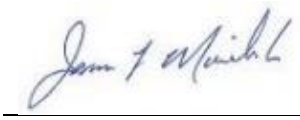
(6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

(7) Brandon Lawson has inspected the subject property. James L. Maibach and Leslie Tolliver have not physically viewed the subject property. The values herein were developed and reported by James L. Maibach, Leslie Tolliver, and Brandon Lawson.

(8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.

(9) None of the signatories have previously performed services as an appraiser or in any other capacity, other than that specifically stated, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.

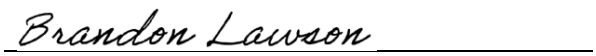
(10) James L. Maibach is not a member of the Appraisal Institute. Leslie Tolliver is a Candidate for Designation and Brandon Lawson is an Associate Member of the Appraisal Institute. As of the date of this report, Leslie Tolliver has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute, and Brandon Lawson has completed the Standards and Ethics Education Requirements for Associate Members. The use of this report is subject to the requirements of the Appraisal Institute relating to review by their duly authorized representatives.



James L. Maibach, CPM
TX-1323658-CG
State Certified General Real Estate Appraiser



Leslie Tolliver
TX-1381494-CG
State Certified General Real Estate Appraiser
Candidate for Designation, Appraisal Institute



Brandon Lawson
TX-1343865-T
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:

- Determine the *prospective market value* with a substantial completion date of December 1, 2026 for the Fee Simple interest of 418 improved single-family residential lots in Sherley Farms PID IA #1 as such:
  - **76 lots with 45-foot frontages,**
  - **166 lots with 50-foot frontages,**
  - **143 lots with 60-front footages, and**
  - **33 lots with 70-front footages**

The definition of market value[1] 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

1 The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property.

Property Identification
The property has been identified using the following sources:

- Public records – Collin Central Appraisal District (CCAD)
- Legal description
- Deed Records –Collin County
- Sherley Farms PID IA #1 Plat Maps by Spiars Engineering & Surveying Inc., Professional Engineers

Type and Extent of Data Researched
The following information was reviewed in preparing this report:

- Public record data
  - Flood plain maps
  - Topographic maps
  - Demographics – CoStar, ESRI, and US Census Bureau
  - Market Conditions Data – S&P Case Schiller, CoreLogic, NTREIS, JLL, CBRE, Integra, CoStar, etc.
  - Information provided by the client
  - Plat Maps from Spiars Engineering & Surveying Inc., Professional Engineers
  - Estimated development costs provided by Spiars Engineering & Surveying Inc., the Professional Engineers
  - Conversations with developers and homebuilders in DFW market
  - Development Agreement for Sherley Farms PID IA #1 between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD dated December 17, 2024.
  - City of Anna Zoning Ordinance No. 1137-2025-02, signed February 25, 2025.

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:

- 418 Improved Single-Family Residential Lots (45-FF, 50-FF, 60-FF, and 70-FF) in IA #1

Improved Detached Single-Family Residential Lots in Sherley Farms PID IA #1 (418 Improved Residential Lots)

Cost Approach
The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built

project and is typically used when finished lots make up a substantial portion of the entire project. The subject property is one phase of the development, and the development cost were provided to the appraisers, therefore, *the Cost Approach is appropriate and thus was utilized* for the 418 Improved Residential Lots in Sherley Farms PID IA #1.

Income (Subdivision Development) Approach

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 418 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 Sherley Farms PID IA #1 is summarized on the following page:

Approach	***Applicability to Subject***	***Use in Assignment***
Cost Approach	*Appropriate in the IA #1 Portion of the Subject Property Since it is One Phase Among the Entire Development*	*Utilized*
Income (Subdivision Development) Approach	*Appropriate in Determining Residential Subdivision Value*	*Utilized*
Sales Comparison Approach	*Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 45-FF, 50-FF, 60- FF, and the 70-FF Lots*	*Partially Utilized*

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 135 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Leslie Tolliver is a State Certified General Real Estate Appraiser who has assisted in the analysis and appraisal of numerous properties similar to the subject. Brandon Lawson is an Appraiser Trainee and has 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 Anna, 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 Anna 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 Anna 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 **February 6, 2026.** The initial draft of this appraisal report was completed on November 19, 2025**.**

EFFECTIVE DATE OF THE APPRAISAL

The descriptions, analyses, and conclusions of this report for the designated Market Values of the subject property are applicable as of **December 1, 2026,** which is the expected date of Substantial Completion. Brandon Lawson

inspected the subject property on **October 13, 2025**. James L. Maibach and Leslie Tolliver 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, and any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value were included in the valuation process.

ENVIRONMENTAL CONDITIONS
No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain the status of the property regarding asbestos and other hazardous materials.

HISTORY OF SUBJECT PROPERTY
The subject property is currently owned by Tellus Texas III, LLC. The subject property consists of one parcel, which was deeded to Tellus Texas III, LLC on December 27, 2024 from Sherley Partners LTD and TT Sherley LLC Partner. Tellus Texas III, LLC purchased 200 acres of land, including the 135 acres of land in Improvement Area #1, at a purchase price of $10,733,053 ($53,665/AC; $1.23/SF). The purchase price is within market rates at the time of purchase and this sale appears to be arms-length. The subject property has no other transfers in the prior three years.

We are unaware of any other attempts to sell the subject property, as of the report date, except for the contracts for the improved lots between the developer and the homebuilder.

LEGAL DESCRIPTION
The subject property includes one tract of land known as follows:

- ABS A0559 GUINN MORRISON SURVEY, SHEET 3, TRACT 42, 134.7761 ACRES

PENDING TRANSACTIONS TO BUILDERS

The land within the development is owned by Tellus Texas III, LLC and being developed by Tellus Texas III, LLC. The subject property has nine executed sales contracts. The first sales contract is between the Owner, Tellus Texas III, LLC, and Perry Homes, LLC (Purchaser) dated May 16, 2025, to purchase a total of 39 fully developed single-family residential lots. Per the purchase contract, Perry Homes, LLC is to purchase 39 of the 45-FF lots at $119,250 each. In addition to the Basic Price, Perry Homes, LLC agrees to pay an additional $1,500 Marketing Fee per lot, $4,500 Amenity Fee per lot, and $1,500 Farm Amenity Fee per lot and an additional consideration at six percent (6%) per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are within market rates.

The second sales contract is between the Owner, Tellus Texas III, LLC, and Scott Felder Homes, LLC; dba Olivia Clarke Homes (Purchaser) dated June 18, 2025, to purchase a total of 38 fully developed single-family residential lots. Per the purchase contract, Scott Felder Homes, LLC; dba Olivia Clarke Homes is to purchase 38 of the 45-FF lots at $119,250 each. In addition to the Basic Price, Scott Felder Homes, LLC; dba Olivia Clarke Homes agrees to pay an additional $1,500 Marketing Fee per lot, $4,500 Amenity Fee per lot, and $1,500 Farm Amenity Fee per lot and an additional consideration at six percent (6%) per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are within market rates.

The third sales contract is between the Owner, Tellus Texas III, LLC, and Brightland Homes, LTD (Purchaser) dated July 7, 2025, to purchase a total of 82 fully developed single-family residential lots. Per the purchase contract, Brightland Homes, LTD is to purchase 82 of the 50-FF lots at $132,500 each. In addition to the Basic Price, Brightland Homes, LTD agrees to pay an additional $1,500 Marketing Fee per lot, $4,500 Amenity Fee per lot, and $1,500 Farm Amenity Fee per lot and an additional consideration at six percent (6%) per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are within market rates.

The fourth sales contract is between the Owner, Tellus Texas III, LLC, and Scott Felder Homes, LLC; dba Olivia Clarke Homes (Purchaser) dated June 18, 2025, to purchase a total of 41 fully developed single-family residential lots. Per the purchase contract, Scott Felder Homes, LLC; dba Olivia Clarke Homes is to purchase 41 of the 50-FF lots at $132,500 each. In addition to the Basic Price, Scott Felder Homes, LLC; dba Olivia Clarke Homes agrees to pay an additional $1,500 Marketing Fee per lot, $4,500 Amenity Fee per lot, and $1,500 Farm Amenity Fee per lot and an additional consideration at six percent (6%) per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are within market rates.

The fifth sales contract is between the Owner, Tellus Texas III, LLC, and Homebound Technologies, Inc. (Purchaser) dated August 21, 2025, to purchase a total of 42 fully developed single-family residential lots. Per the purchase contract, Homebound Technologies, Inc. is to purchase 42 of the 50-FF lots at $132,500 each. In addition to the Basic Price, Homebound Technologies, Inc. agrees to pay an additional $1,500 Marketing Fee per lot, $4,500 Amenity Fee per lot, and $1,500 Farm Amenity Fee per lot and an additional consideration at six percent (6%) per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are within market rates.

The sixth sales contract is between the Owner, Tellus Texas III, LLC, and Highland Homes-Dallas, LLC (Purchaser) dated April 21, 2025, to purchase a total of 38 fully developed single-family residential lots. Per the purchase contract, Highland Homes-Dallas, LLC is to purchase 38 of the 60-FF lots at $159,000 each. In addition to the Basic Price, Highland Homes-Dallas, LLC agrees to pay an additional $1,500 Marketing Fee per lot, $4,500 Amenity Fee per lot, and $1,500 Farm Amenity Fee per lot and an additional consideration at six percent (6%)

per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are within market rates.

The seventh sales contract is between the Owner, Tellus Texas III, LLC, and Perry Homes, LLC (Purchaser) dated May 13, 2025, to purchase a total of 37 fully developed single-family residential lots. Per the purchase contract, Perry Homes, LLC is to purchase 37 of the 60-FF lots at $159,000 each. In addition to the Basic Price, Perry Homes, LLC agrees to pay an additional $1,500 Marketing Fee per lot, $4,500 Amenity Fee per lot, and $1,500 Farm Amenity Fee per lot and an additional consideration at six percent (6%) per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are within market rates.

The eighth sales contract is between the Owner, Tellus Texas III, LLC, and Bloomfield Homes, LP (Purchaser) dated December 23, 2024, to purchase a total of 68 fully developed single-family residential lots. Per the purchase contract, Bloomfield Homes, LP is to purchase 68 of the 60-FF lots at $96,000 each. In addition to the Basic Price, Bloomfield Homes, LP agrees to pay an additional $1,500 Marketing Fee per lot, $1,500 Amenity Fee per lot and an additional consideration at five percent (5%) per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are lower than market rates.

The ninth sales contract is between the Owner, Tellus Texas III, LLC, and Drees Custom Homes, LP (Purchaser) dated March 28, 2025, to purchase a total of 33 fully developed single-family residential lots. Per the purchase contract, Drees Custom Homes, LP is to purchase 33 of the 70-FF lots at $185,500 each. In addition to the Basic Price, Drees Custom Homes, LP agrees to pay an additional $1,500 Marketing Fee per lot, $4,500 Amenity Fee per lot, and $1,500 Farm Amenity Fee per lot and an additional consideration at six percent (6%) per annum shall be charged on each Lot from the date of the initial closing. The purchase prices are within market rates.

The chart below shows the breakdown of the subject's lots. The Substantial Completion Date for IA #1 is December 1, 2026:

Sherley Farms PID IA #1						
Area Type	**Size (Acres)**	**45' Lot Type**	**50' Lot Type**	**60' Lot Type**	**70' Lot Type**	**Total Lots Appraised**
IA #1	*135*	*76*	*166*	*143*	*33*	*418*
Total	135	**76**	**166**	**143**	**33**	**418**

Purchase and Sales Agreements we were provided by the Owner (Tellus Texas III, LLC), for the 45-FF, 50-FF, 60-FF, and 70-FF lots and the provided takedown schedules were utilized for our analysis. The quarterly takedowns below are projected for the 418 improved residential lots within Sherley Farms PID IA #1.

Projected Quarterly Takedown Summary - Sherley Farms PID IA #1					
Lot Type	*Dec-2026*	*Jan-2027*	*Apr-2027*	*Jul-2027*	**TOTAL**
45-FF	0	39	0	37	**76**
50-FF	63	63	40	0	**166**
60-FF	38	38	38	29	**143**
70-FF	0	17	0	16	**33**
Total	**101**	**157**	**78**	**82**	**418**

As seen in the previous table, sales are expected to begin in December 2026 for all lots sizes. The sellout date for the 45-FF, 60-FF, and 70-FF lots are expected to be sold out during 3Q2027. The 50-FF lots are expected to be sold out during 2Q2027.

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 most recent tax year (2025), are shown in the following table which include taxes due in 2025 to the City of Anna, Collin County, Anna ISD, and Collin College. The current combined tax rate for those entities is **1.995536 per $100 assessed** as shown in the table below:

Property Taxes - 2025	
Entity	**Rate**
City of Anna	0.525073
Collin County	0.149343
Anna ISD	1.239900
Collin College	0.081220
Total	**1.995536**

The current (2025) tax burden for the subject property – which is undeveloped land – is $144,294.14. A table of the property taxes for the subject is shown below:

TAXES (Collin CAD - 2025)						
ID	**Owner**	**Size (AC)**	**Improvement Market Value**	**Land Market Value**	**Assessed Value**	**Estimated Taxes**
2937949	Tellus Texas III, LLC	134.7761	$ 1,052	$ 7,229,794	$7,230,846	$144,294.14
Total Combined:		**134.78**	**$1,052.00**	**$7,229,794**	**$7,230,846**	**$144,294.14**

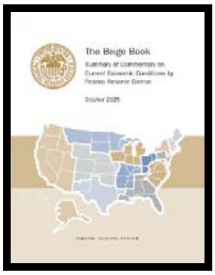
The market value that Collin Central Appraisal District has determined **$7,230,846 which is $53,643/AC or $1.23/SF** – which leads to a tax burden of **$144,294**. When the property is redeveloped into a residential use, there may be rollback taxes due to the municipal entities. We have not considered the effect of rollback taxes herein and that is beyond the scope of work of this report.

When Substantial Construction is complete on the improved lots, the appraised value is expected to increase significantly; however, based on our company's experience as licensed property tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by the appraisal district at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% of the retail value because the tax district does not have reliable information on updated costs and because developers are eligible for an inventory reduction on their lots.

MARKET OVERVIEW

ECONOMIC INDICATORS: BEIGE BOOK

FEDERAL RESERVE BANK (*October 15, 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 changed little on balance since the previous report, with three Districts reporting slight to modest growth in activity, five reporting no change, and four noting a slight softening. Overall consumer spending, particularly on retail goods, inched down in recent weeks, although auto sales were boosted in some Districts by strong demand for electric vehicles ahead of the expiration of a federal tax credit at the end of September. Demand for leisure and hospitality ser vices by international travelers fell further over the reporting period, while demand by domestic consumers was largely unchanged. Nevertheless, spending by higher-income individuals on luxury travel and accommodation was reportedly strong. Several reports highlighted that lower- and middle-income households continued to seek discounts and promotions in the face of rising prices and elevated economic uncertainty. Manufacturing activity varied by District, and most reports noted challenging conditions due to higher tariffs and waning overall demand. Activity in agriculture, energy, and transportation was generally down among reporting Districts. Conditions in the financial services sector and other interest rate-sensitive sectors, such as residential and commercial real estate, were mixed; some reports noted improved business lending in recent weeks due to lower interest rates, while other reports continued to highlight muted activity. The outlook for future economic growth varied by District and sector. Sentiment reportedly improved in a few Districts, with some contacts expecting an uptick in demand over the next 6 to 12 months. How ever, many others continued to expect elevated uncertainty to weigh down activity. One District report highlighted the downside risk to growth from a prolonged government shutdown.

Labor Markets

Employment levels were largely stable in recent weeks, and demand for labor was generally muted across Districts and sectors. In most Districts, more employers reported lowering head counts through layoffs and attrition, with contacts citing weaker demand, elevated economic uncertainty, and, in some cases, increased investment in artificial intelligence technologies. Employers that reported hiring generally noted improved labor availability, and some favored hiring temporary and part-time workers over offering full-time employment opportunities. Nevertheless, labor supply in the hospitality, agriculture, construction, and manufacturing sectors was reportedly strained in several Districts due to recent changes to immigration policies. Wages grew across all reporting Districts, generally at a modest to moderate pace, and labor cost pressures intensified in recent weeks due to outsized increases in employer-sponsored health insurance expenses.

Prices

Prices rose further during the reporting period. Several District reports indicated that input costs increased at a faster pace due to higher import costs and the higher cost of services such as insurance, health care, and technology solutions. Tariff-induced input cost increases were reported across many Districts, but the extent of those higher costs passing through to final prices varied. Some firms facing tariff-induced cost pressures kept their selling prices largely unchanged to pre serve market share and in response to pushback from price-sensitive clients. However, there were also reports of firms in manufacturing and retail trades fully passing higher import costs along to their customers. Waning demand in some markets reportedly pushed prices down for some mate rials, such as steel in the Sixth District and lumber in the Twelfth District.

ELEVENTH DISTRICT
***FEDERAL RESERVE BANK OF DALLAS* – October 15, 2025**

Summary of Economic Activity
Economic activity in the Eleventh District was little changed over the reporting period. Growth in the manufacturing sector slowed to a modest pace, and activity contracted slightly in nonfinancial services. Retail sales fell. Housing market activity remained weak, and drilling activity and oil production were flat. Loan volume and demand rose modestly. Employment fell, and wage growth was modest. Price pressures were elevated in manufacturing, but subdued in the service sector, where firms expected selling price increases to accelerate over the next 12 months. Outlooks worsened with weakening demand, domestic policy uncertainty, and inflation cited as primary concerns going forward.

Labor Markets
Employment fell over the reporting period. Staffing firms reported slow activity as firms remained cautious with hiring and professionals were reluctant to switch positions. Head counts dipped further in the energy sector as companies continued to find ways to complete more wells in less time and with fewer people. Homebuilders and nonprofits noted trimming head counts. Overall, wage growth was modest. Firms expect wage growth to slow to 3.4% over the next 12 months, down from 3.8% over the past 12 months.

Prices
Selling prices increased slightly overall, while rising more sharply in the manufacturing sector due to the widespread impact of tariffs. A computer manufacturer reported that U.S. customs was applying steel and aluminum tariffs to products that do not contain these metals and that challenges to these tariffs were taking time to resolve. A professional and business services firm reported that health-care and business insurance premiums were rising faster than revenues. Ser vice firms expect selling price increases to accelerate over the next 12 months, while manufacturing executives expect price growth to remain steady.

Manufacturing
Factory output growth slowed to a modest pace during the reporting period, and new orders dipped. Output growth abated for most durable goods, with machinery and transportation manufacturing being the bright spots. Among nondurables, food manufacturing continued to see strong gains, while chemical production held steady as trade policy and global oversupply put downward pressure on export demand for basic chemicals. Gulf Coast refineries cited a dip in production levels stemming from seasonality and unplanned outages. Contacts noted that steady global demand amid ongoing refinery closures and unplanned outages in Russia and Iran had propped up margins for refined products over the summer, especially for diesel and jet fuel. Perceptions of broader business conditions worsened in manufacturing as slowing demand, inflation, and domestic policy uncertainty continued to weigh on outlooks.

Retail Sales
Retail sales fell during the reporting period. Building material and garden equipment, furniture, and electronic and appliance stores saw lower sales, while health care and food and beverage retailers reported flat to slight increases in activity. Auto dealers reported weak sales and tighter margins due to higher costs. Overall retail inventories remained steady. Outlooks were pessimistic and tariffs appeared to be one of the primary drivers of uncertainty among contacts.

Nonfinancial Services
Activity in nonfinancial services contracted slightly during the reporting period. A pickup was seen in professional and business services and transportation and warehousing, while health care, information, and leisure and hospitality exhibited weakness. Port traffic and small parcel shipments volumes rose, according to contacts. Airlines reported broad-based increases in passenger demand, highlighting domestic travel as a source of strength. Demand for staffing services was stable, and outlooks were optimistic, attributable to clients having unspent budgets for 2025 as they have

been holding off on hiring for longer than usual. Service sector outlooks worsened, and uncertainty remained a headwind.

Construction and Real Estate
Housing market activity remained weak. Foot traffic and sales continued to be choppy and lack luster despite the recent dip in mortgage rates. Home inventories fell slightly during the reporting period but remained elevated. Builders noted ongoing reliance on marketing and incentives, including discounting and mortgage rate buydowns, to close deals. Home starts slowed further, and vacant developed lot supply was rising. Outlooks remained pessimistic amid sluggish demand and elevated economic uncertainty.

Commercial real estate activity improved. Apartment demand was steady, but elevated supply of new units has made leasing competitive and kept rental rates under pressure. Office leasing improved, and contacts said there appeared to be more signs of stability. Industrial and retail activity remained solid. Outlooks remained cautious. Firms were signing short-term leases because of heightened uncertainty, and investment sales activity continued to be limited.

Financial Services
Loan volume and demand increased in September. Credit tightening continued, but loan pricing declined. Credit standards and terms eased slightly for residential real estate loans while tightening continued for the remaining loan types. Over the next three months, bankers expect to tighten credit standards for all loan types except residential real estate, which are expected to be unchanged. Overall loan performance deteriorated slightly; however, loan performance for commercial real estate sharply improved. Bankers reported stable general business activity. Bankers' outlooks are mixed. Survey respondents expect an acceleration in loan demand and increasing business activity six months from now but a moderate deterioration in loan performance.

Energy
Drilling and well completion activity was flat over the past six weeks. Producers remained concerned about low oil prices, and reiterated that without a material increase in prices, U.S. crude production would erode in 2026. Breakeven costs for wells were rising due to increases in input costs. An oil field service contact noted there were "a lot of rigs stacked in yards waiting to become spare parts." Several firms noted project delays due to low oil prices and an uncertain policy environment, but pipeline contacts were optimistic about their project pipelines crediting regulatory relief and favorable tax policies.

Agriculture
Growing conditions remained favorable overall. Harvest was wrapping up for spring row crops, with production and yields generally coming in strong. Many cotton growers were expecting their best harvest in three to four years, a positive development for them and downstream industries like warehouses, ginning, and transportation. However, cotton and grain prices remain sub-profitable in many cases. A contact said government price support programs and crop insurance were important safety nets in this environment. Cattle prices stayed high, with demand remaining strong and supply continuing to be constrained by the suspension of cattle imports from Mexico in response to the spread of New World screwworm there. Agriculture outlooks are weighed down by the increased likelihood of a La Niña climate pattern this winter, which typically brings warmer, dryer weather.

Community Perspectives
Nonprofits continue to see elevated demand for a broad range of social services. Food and utility assistance remained key needs, while demand for rental and housing assistance increased. One contact noted that evictions were on the rise. Underemployment was an emerging issue. Funding remains a concern for nonprofits, and some are exploring alternate revenue streams. An agriculture nonprofit noted recording live webinars to expand its eLearning offerings and plans to charge a nominal fee for access. Likewise, a large nonprofit organization is selling high-value products on an e-commerce site, allowing it to reach more consumers than their brick-and-mortar stores.

Texas A&M University
Texas Real Estate Research Center
Outlook for the Texas Economy (Excerpts)
Jorge Barro (Updated October 17, 2025)

Summary

Note: Because of the federal government shutdown that started on Oct. 1, 2025, government-provided estimates for the employment situation, inflation, wages, and other statistics were unavailable for this report. These values will be provided again once the data becomes available. Wherever possible, privately-provided estimates will be monitored instead.

Although the federal government shutdown prevented the release of key economic data, the available statistics pointed to mixed implications for the U.S. economy. The August Job Openings and Labor Turnover Survey showed that hiring and job separations both declined by nearly the same amount, keeping job growth implied by the survey slightly positive. The September ADP jobs report, which gained importance in lieu of government-provided estimates, showed a decline of 32,000 private sector jobs. While this indicates a continued decline in jobs growth, it lacks perspective on broad labor market conditions without a read of the unemployment rate.

The government shutdown itself contributes to near-term risk of macroeconomic deceleration that expands with the duration of the shutdown. Moreover, the end of the federal deferred resignation period on Sept. 30, coupled with any additional layoffs in the federal government, could contribute to a jump in the unemployment rate and a corresponding decline in economic activity. Despite these downside factors, several indicators point to a macroeconomic improvement in the coming months. In particular, business survey data shows an improvement in the hiring outlook, which could cause the employment situation and economic activity to rebound.

In response to weakening labor markets, the Federal Reserve reduced its key short-term interest rate by 25 basis points during its September meeting. While this rate reduction was widely anticipated, further rate cuts remain uncertain. In reducing rates in September, the Fed prioritized labor market concerns over persistent inflation, which remains nearly a percentage point above the Fed's 2% target. Mortgage rates and the 10-year Treasury yield both fell in September as borrowing costs fell across capital markets.

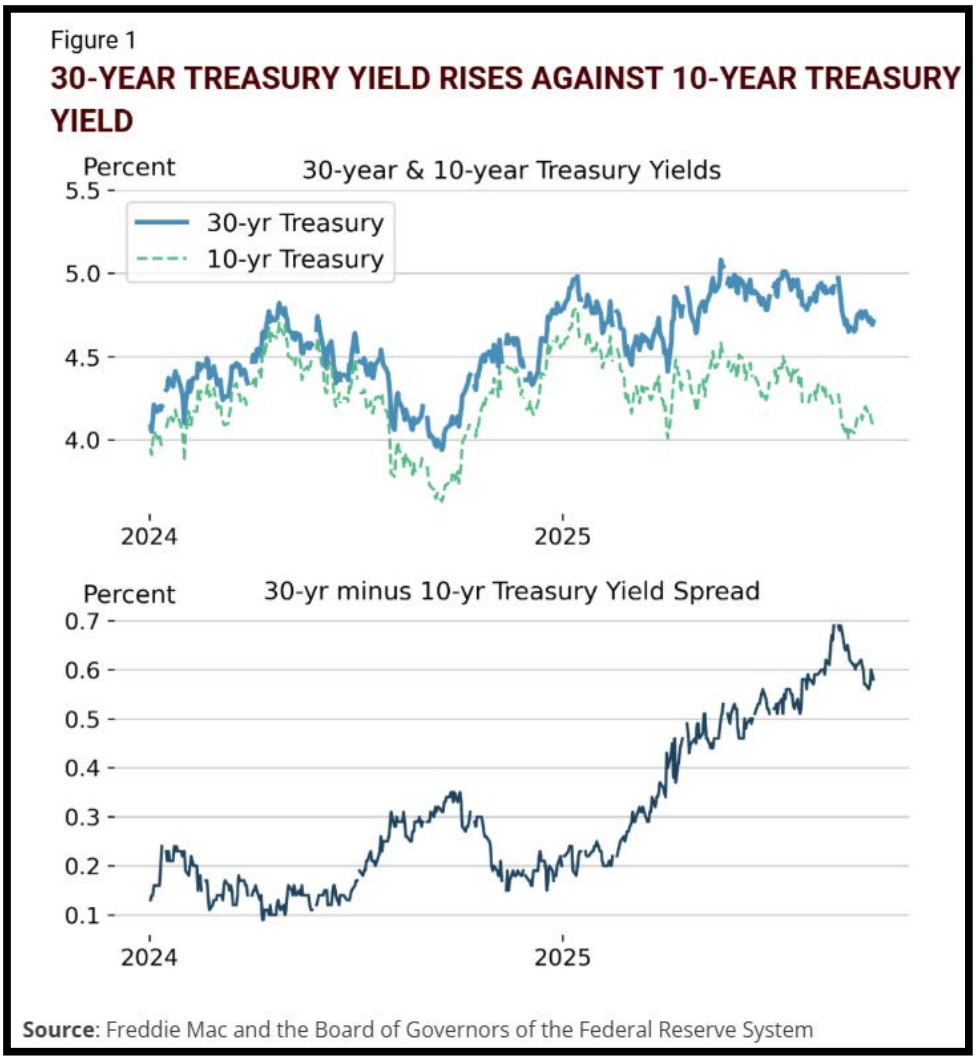
Stories We're Following

Long-Term Treasury Yields

- *The issue: Activity in the long-term Treasury security market offers insights into movements in mortgage rates. While short-term rates are affected by certain factors, including Fed interest rate changes, long-term rates are affected by the long-term macroeconomic outlook, the inflation outlook, and credit risk over the investment horizon. By studying the changes in long-term rates, along with the factors affecting long-term rates, we can understand how those individual factors might impact mortgage rates and other long-term rates.*

- *Updates: Over the past few years, the spread between the 10-year and 30-year Treasury yields has been roughly 10-20 basis points. However, since April of 2025, the spread between these securities has risen sharply, nearly reaching 70 basis points in early September. Differences in inflation expectations implied by the inflation-protected Treasury securities do not account for this difference, leaving other factors, like credit risk, the long-term economic outlook, and other market forces to explain this increase. If federal*

credit risk is driving this increase in the yield spread, then this rise in credit risk is unlikely affecting mortgage rates because of the 10-year Treasury yield's prominence as the benchmark for mortgage rates.



Federal Reserve Policy

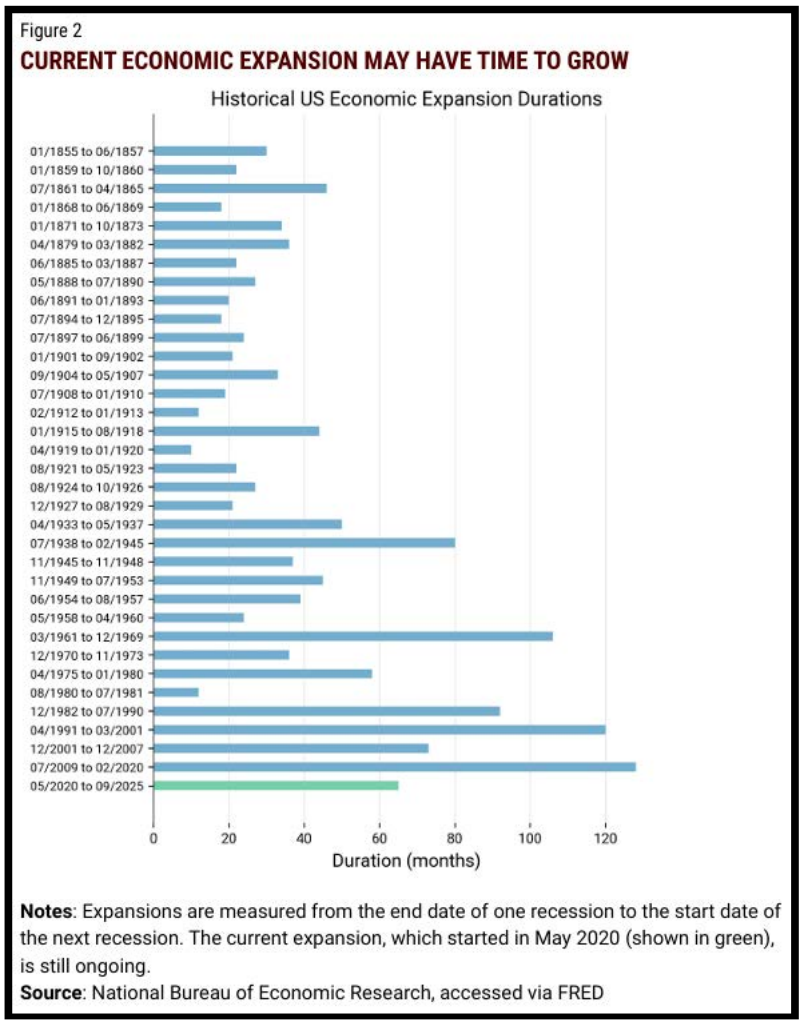
- *The issue: The Fed is tasked with achieving a dual mandate of price stability and full employment. As inflation approaches the Fed's 2% target, the central bank gains support for reducing interest rates to accommodate slowing labor markets. As part of its broader balance sheet operations, the Fed also buys and sells long-term private and public financial assets. Its divestment in mortgage-backed securities has placed upward pressure on mortgage rates, which could continue for as long as the Fed maintains this policy.*

- *Updates: The Fed reduced its target short term rate by 25 basis points in response to a weakening U.S. labor market. Fed Chair Jerome Powell characterized the rate reduction as a risk management exercise, as the possibility of further deterioration in labor markets outweighs the upside risks to inflation. Meanwhile, the Fed left its balance sheet policy unchanged, which could sustain elevated long-term interest rates, relative to short-term interest rates.*

Recession Likelihood

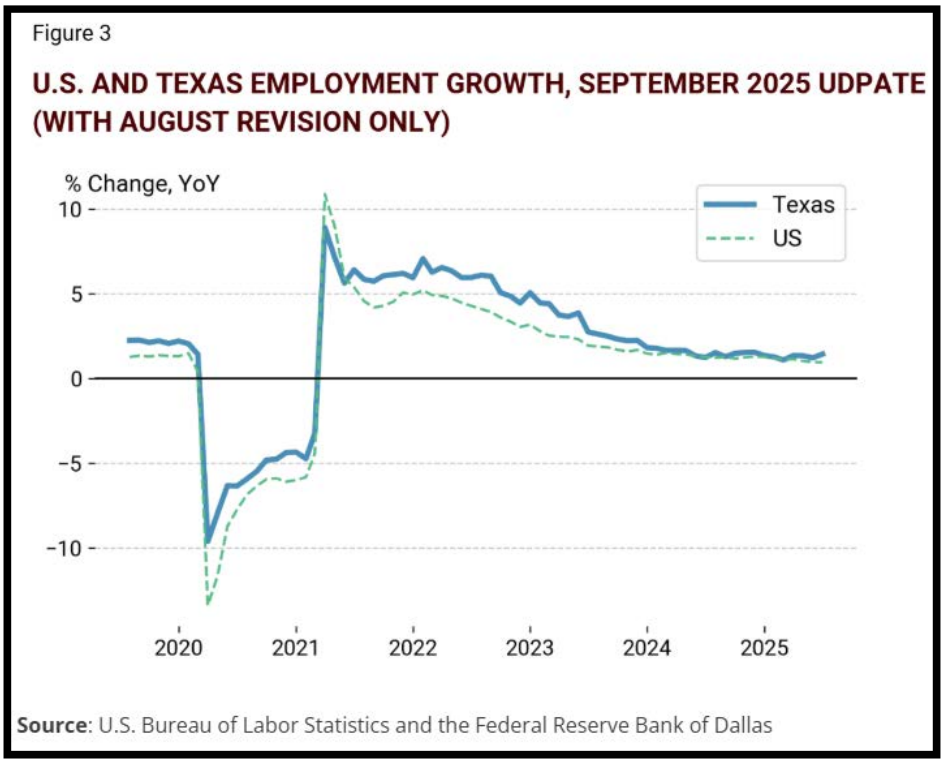
- *The issue: The onset of the global trade war and recent deceleration of the U.S. labor market created concerns that the economy may be entering into a recession. Recessions are broad declines in economic activity typically characterized by a decline in economic growth and a rise in unemployment. They are often triggered by a shock to the economy, such as the global financial crisis in 2008 and 2009 and the COVID-19 pandemic in 2020. Understanding the state of the economy and the nature of economic downturns provides insights into the near-term likelihood of recessions.*

- *Updates: Although recessions can happen at any time, trends in the durations of economic expansions remain one of the best broad-based measures of recession likelihood. At 5.5 years, the current expansion's duration would be short, relative to the trending increase in durations over time. A recession now would make the current expansion the shortest in over four decades. Moreover, although the unemployment rate has been slowly rising, economic growth remains elevated, contradicting the pattern typically seen during a recession. These factors show no clear indication that a recession is likely to happen in the coming months, although it's certainly possible.*



Texas Economic Indicators

Although the availability of employment data was affected by the federal government shutdown, recent downward revisions to Texas employment show that the state-level economy may be operating at a rate closer to the national-level growth rate than previous estimates indicated. Survey data from the Federal Reserve Bank of Dallas showed continued growth in the share of Texas retail and service sector firms expecting to increase employment. The hiring outlook in the Texas manufacturing sector, however, deteriorated, likely due to the decline in oil prices.

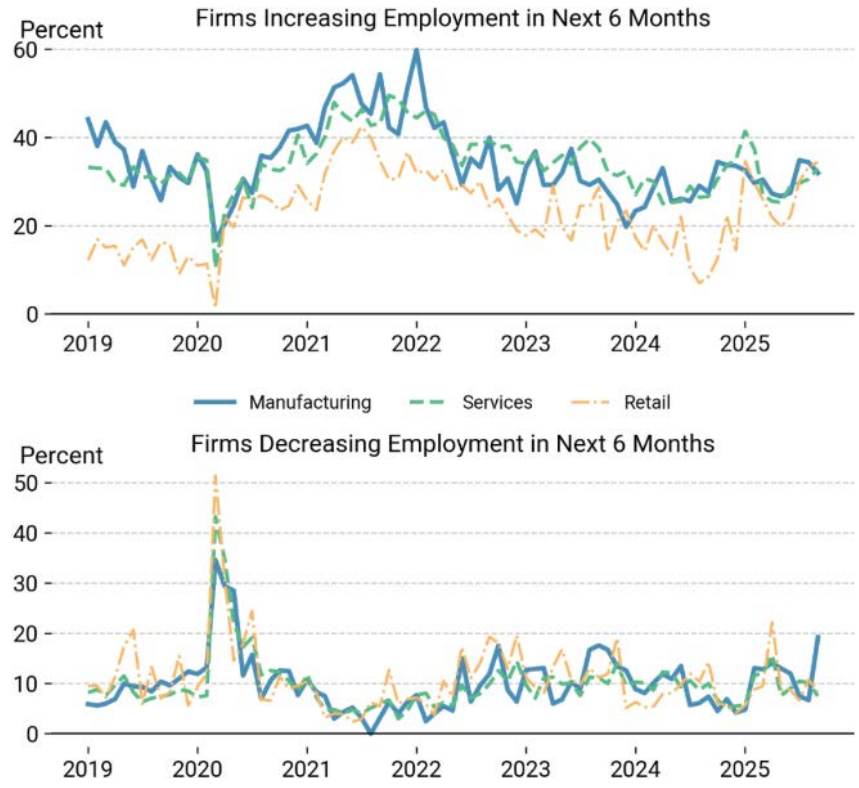


Employment Outlook

The share of Texas firms planning to hire in the next six months continued a strong rebound in the services and retail sectors, while declining in the manufacturing sector (Figure 6). This indicates a broad rebound in business optimism that could lead to a corresponding increase in job growth in the coming months. The number of firms planning to decrease employment rose sharply in the manufacturing sector, while ticking down in the retail sector and remaining mostly flat in the services sector. Overall, the business survey data appears to indicate a labor market improvement in the coming months in the services and retail sectors and a worsening labor market in manufacturing. This employment outlook survey remains a critical indicator of the labor market and economic trajectory.

Figure 6

TEXAS EMPLOYMENT OUTLOOK, SEPTEMBER 2025



Notes: Share of Texas firms planning to increase (top) or decrease (bottom) employment in the next six months, by major sector.
Source: Federal Reserve Bank of Dallas

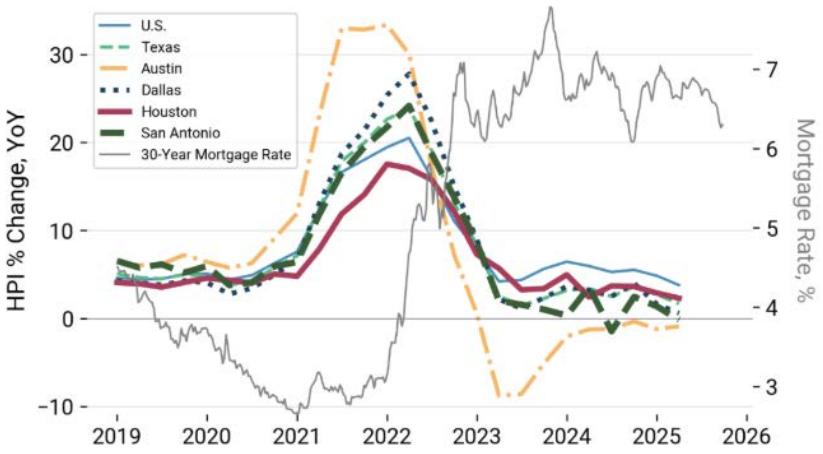
Housing and Mortgage Rates

Mortgage rates continued falling in September but remained elevated, as rates declined 26 basis points from 6.56% to 6.30% (Figure 7). Broad-based housing cost measures across the U.S. continued showing deceleration in the housing market, as heightened mortgage rates and a sustained macroeconomic deceleration continue weighing on housing market activity.

As the Federal Reserve pivots to more accommodative policy in the coming months, short-term rates may continue to decline. Long-term rates on certain financial assets, including mortgages, may depend extensively on several factors, including the inflation outlook, the U.S. macroeconomic outlook, and the Fed's balance sheet policy.

Figure 7

HOUSE PRICE GROWTH AND MORTGAGE RATES THROUGH AUGUST 2025



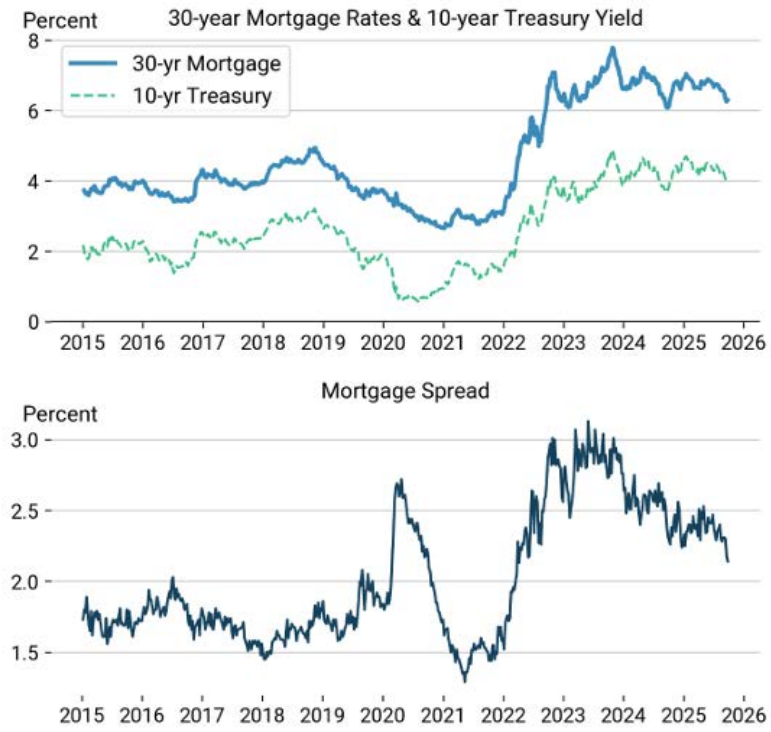
Notes: House price index data is provided through 2Q2025, and mortgage rate data is provided through the end of September.

Source: FHFA and Freddie Mac, accessed via FRED

The mortgage spread (Figure 8)—defined as the premium of mortgage rates over the 10-year Treasury yield—continued to decline, falling 17 basis points in September, from 231 to 214 basis points (i.e., from 2.31% points to 2.14% points). The mortgage spread, which provides useful context of mortgage rates in broader capital markets, remains elevated compared to the historical range of 150-175 basis points. This suggests that as capital markets normalize, mortgage rates could decline by another 50 to 75 basis points, relative to the 10-year Treasury yield.

Figure 8

INTEREST RATES AND THE MORTGAGE SPREAD, SEPTEMBER UPDATE



Notes: The mortgage spread is defined as the 30-year mortgage rate minus 10-year Treasury yield. Its typical range is 1.5 percent to 1.75 percent (150 to 175 basis points).
Source: Freddie Mac, Board of Governors of the Federal Reserve, and author's calculations; data accessed via FRED

TEXAS HOUSING INSIGHT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
Yanling Mayer (October 22, 2025)



Summary
August typically marks the tail end of the peak spring/summer homebuying season, with activity slowing following the surge from April through July. In that regard, this August is no different, posting fewer sales than the prior month. However, year over year (YoY), August sales made another solid monthly gain to widen the lead over last year's levels and outpace national trends.

Despite affordability pressures from elevated mortgage rates, Texas home sales have posted YoY gains for the past three consecutive months. On the supply side, high inventory continues to exert pricing pressure on sellers. This sustained increase in transaction volume suggests that both buyers and sellers are actively adjusting their expectations in response to market dynamics.

Inventory declined in August, reflecting a notable slowdown in new listing activity. A part of a typical seasonal softening, new listings tapered sharply since summer, though they remain in line with last year's pace. However, active inventory is still significantly higher than it was at this time a year ago.

While overall inventory is contracting due to fewer new listings, August saw divergent inventory trends across price tiers. From July to August, inventory in the entry level and more affordable segments (homes under $350,000) continued to expand, reaching a new high for the current market cycle. In contrast, inventory in the higher-priced tier (above $600,000) declined sharply, while the "move-up" market ($350,000-$600,000) saw a modest pullback. These uneven inventory patterns reflect the disproportionate affordability challenges facing many first-time buyers.

Home prices continue to cool broadly through summer, though the pace of the decline varied by region. Statewide, average home prices weakened for a second consecutive month. As the market transitions into fall and winter, continued downward pressure on home prices is expected as sellers grow more motivated.

August Post Another Monthly Gain, Extending Lead Over Prior Year

Table 1

AUGUST 2025 STATE & NATIONAL SALES

	Closed Sales	YoY Change	YTD Change	Median Price	Pending Sales YoY
Texas	30,187	3.5%	1.0%	$335,000	5.4%
U.S.	376,000	(0.8%)	(1.2%)	$422,600	3.8%

Notes: The sales numbers reflect actual sales, not seasonally adjusted.
Source: Texas REALTORS and National Association of REALTORS data (accessed at Haver Analytics)

In August, Texas recorded 30,187 closed home sales—including both new and existing homes—accounting for 8% of all U.S. home sales that month. Year to date (YTD), the state's share stands at 8.4%.

- *August posted the third straight month of sales growth with a 3.5% YoY increase, following gains of 4.1% in July and 7.4% in June. YTD, home sales grew 1%.*
- *Pending home sales in August were up 5.4% YoY, signaling sustained momentum going into the fall.*
- *August's median home prices were $335,000, softening from the previous month ($339,000) and August 2024 (also $339,000).*
- *Nationally, seasonally unadjusted home sales declined 0.8% YoY, with YTD sales trailing 2024 levels by 1.2%. The median home price of existing single-family homes was $422,000, up from $414,200 in August 2024.*
- *(Not shown) Regionally, YoY sales were down 4.4% in the West and 2% in the Northeast, remained flat in the Midwest, and rose 0.6% in the South. Year-to-date, sales were down considerably at 8.3% in the West and 1.4% in the South, while increasing 1% in the Northeast and 0.2% in the Midwest.*

Monthly Market Snapshot: August Sales and Inventory Trends

Table 2

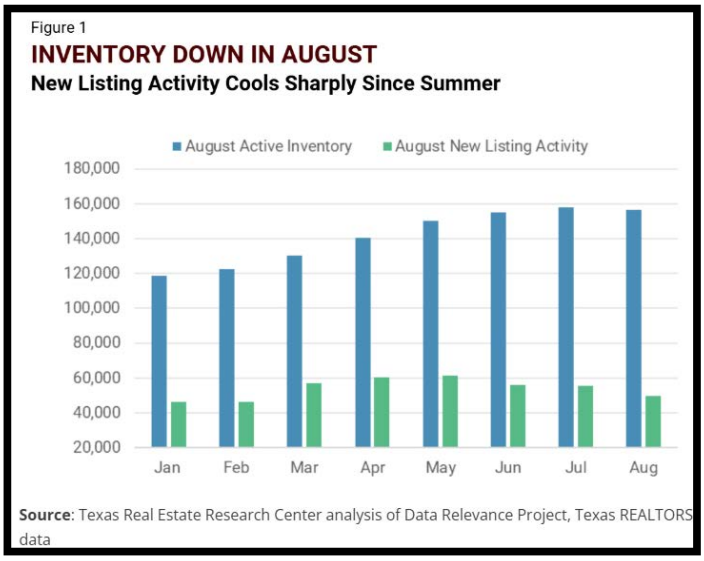
HOUSING MARKET INDICATORS

Sales Activity	Aug-2025	Aug-2024	Aug-2019
Average Days on Market	63	56	54
Turnover Rate	18.6%	22.2%	28.1%
Median Seller Price Cuts	$15,350	$13,000	$6,900
Sale-to-List Price Ratio	0.95	0.96	0.97
Active Inventory	**Aug-2025**	**Aug-2024**	**Aug-2019**
Months' Supply	5.6	4.7	3.7
Average Days on Market	92	84	87

Notes: The turnover rate is calculated as pending sales divided by inventory, where inventory is the average of month-beginning and month-end inventory
Source: Texas Real Estate Research Center analysis of Data Relevance Project and Texas REALTORS data

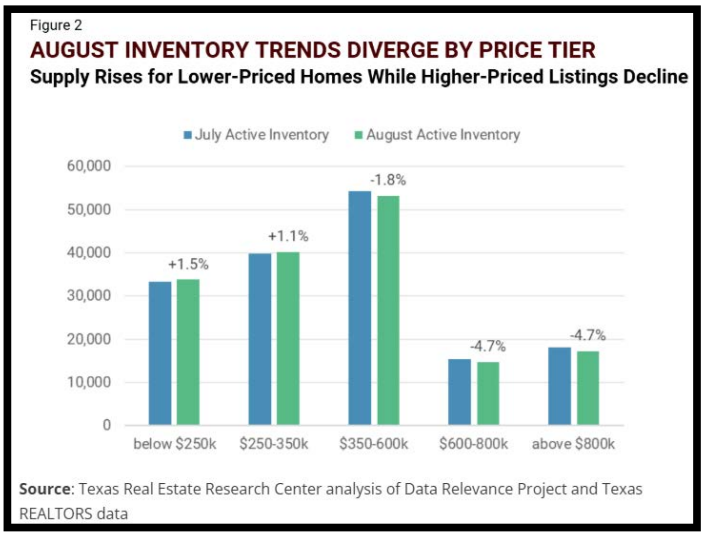
- *In August, homes sold averaged 63 days on the market, resulting in an inventory turnover rate of 18.6%—down from 22.2% a year earlier. Normally, turnover rates hovered around 30% with some seasonal fluctuations.*
- *August's median seller price cut increased to $15,350, up from $14,900 in July and $13,000 a year earlier. As the summer selling season wound down, sellers appeared more motivated to close deals.*
- *The median sale-to-list price ratio was 0.95, indicating homes typically sold for 5% below asking price.*
- *Month-end active inventory in August stood at a 5.6-month supply. In Texas, a three- to four-month supply is generally considered indicative of a more stable and balanced market.*
- *As of August, active listings averaged 92 days on the market, compared to a 63-day average for properties that have sold.*

Active Inventory Falls Amid Marked Slowdown in Lew Listing Activity



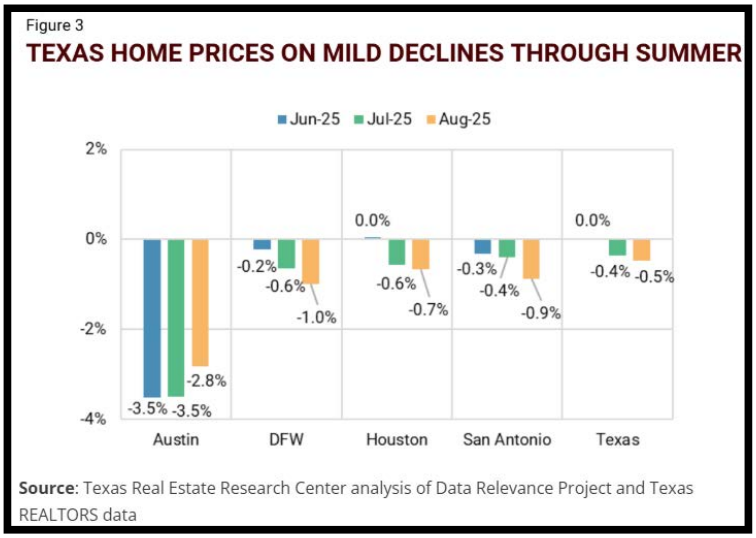
- *Active inventory expanded steadily from January through July, growing by one-third (33.6%) over the period. This sustained inventory growth led to significantly improved supply conditions during the peak spring and summer homebuying season.*
- *Meanwhile, new listings peaked between April and May (around 60,000 units) and have been tapering off through the summer months. By August, new listings declined to just under 50,000, largely reflecting a seasonal softening.*
- *With new listing activity cooling sharply since summer, active inventory fell in August, down 1.1% from July's peak. By month's end, active listings totaled 156,468.*
- *Active inventory remains significantly higher (23.6%) than last August, while new listing activity is roughly in line with August 2024 levels.*

More Expensive Homes Lead August Inventory Decline



- *While overall inventory declined, August saw divergent trends across different price tiers, indicating uneven sales activity.*
- *From July to August, inventory in the lower-priced segments continued to expand, with listings under $250,000 rising by 1.5% and those between $250,000 and $350,000 increasing by 1.1%. This uptick likely reflects persistent affordability pressures facing many first-time homebuyers.*
- *The "move-up" markets—those with a price between $350,000 and $600,000—showed a modest decline of 1.8%. August sales volume was the weakest for this largest price segment, consistent with weak demand and pressures from affordability constraints.*
- *Inventory of the higher-price tiers saw sharp declines, driven by a significant pullback in new listing activity as well as strong buyer demand. Sales activity has been most robust in the highest price range, with homes priced above $800,000 leading in YoY sales gains.*

TRERC HPI: Texas and Regional Home Price Trends



- *Amid ongoing inventory pressures, home prices continue to cool broadly across the Texas housing market, although the pace and intensity of the decline varied by region. Statewide, home prices declined for a second consecutive month in August, following a flat reading in June.*
- *Austin continues to post the largest and most consistent price declines, although easing slightly to 2.8% since June and July. As of August, home prices in the city have dropped 20% from the spring/summer 2022 peak levels.*
- *DFW, Houston, and San Antonio each posted moderate price declines driven by elevated inventory and weak buyer activity. As the market transitions into fall and winter, continued downward pressure on home prices is expected, especially as sellers grow more motivated.*

Local Housing Markets Indicators

Table 3

METRO-LEVEL HOME SALES, AUGUST 2025

Texas Metros	Monthly Sales	Sales YOY%	Sales YTD%	Median Price
Dallas-Fort Worth-Arlington	**8,167**	**0.6%**	**0.6%**	**$387,900**
Sherman-Denison	208	(8.0%)	(2.7%)	$320,000
Rural Area (not in MSAs)	2,346	2.0%	(0.5%)	$255,000
Texas	30,187	3.5%	1.0%	$335,000

Source: Texas Real Estate Research Center analysis of Data Relevance Project and Texas REALTORS data

Table 4

METRO-LEVEL INVENTORY, AUGUST 2025

Texas Metros	Active Listings	Active Listings YoY%	New Listings YoY%	Months' Supply
Dallas-Fort Worth-Arlington	**36,394**	**22.4%**	**(2.2%)**	**4.7**
Sherman-Denison	1,477	23.5%	(7.3%)	7.4
Texas	**156,468**	**23.6%**	**1.0%**	**5.6**

Source: Texas Real Estate Research Center analysis of Data Relevance Project and Texas REALTORS data

Table 5

SINGLE-FAMILY HOUSING PERMITS, AUGUST 2025

Texas Metros	Year-to-Date Units	YoY%, YTD	Permit Unit Value, August	Unit Value YoY%
Dallas-Fort Worth-Arlington	**29,001**	**(13.1%)**	**$304,025**	**(0.8%)**
Sherman-Denison	868	(12.5%)	$301,736	7.1%
Texas	**101,906**	**(8.1%)**	**$293,328**	**(0.2%)**

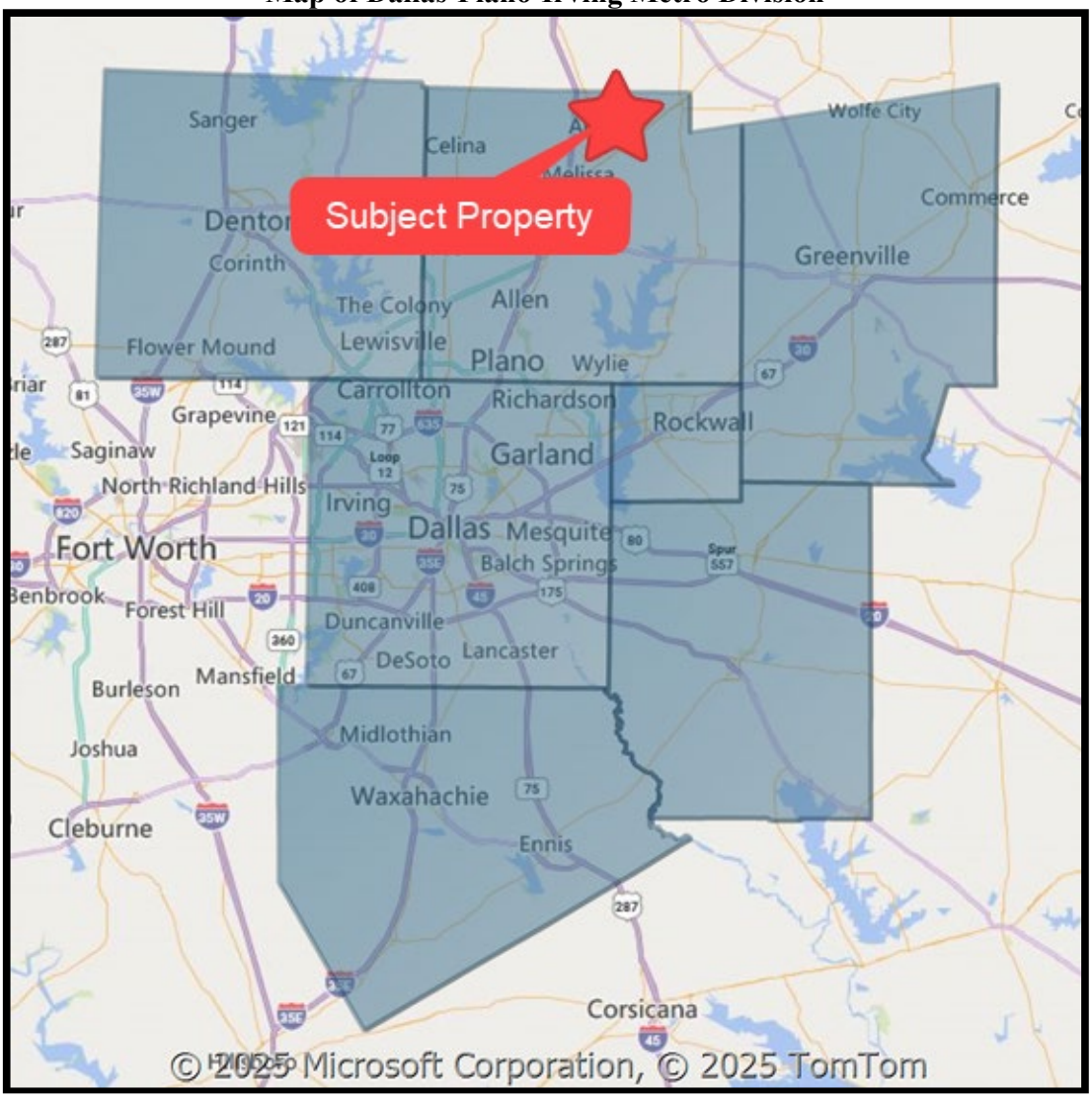
Notes: Permit value is builder estimated construction costs of the residential structure, excluding land acquistion costs.
Source: Survey of New Construction of U.S. Census Bureau

DALLAS – PLANO - IRVING METRO DIVISION QUARTERLY HOUSING REPORT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
(Third Quarter, 2025)

Executive Summary

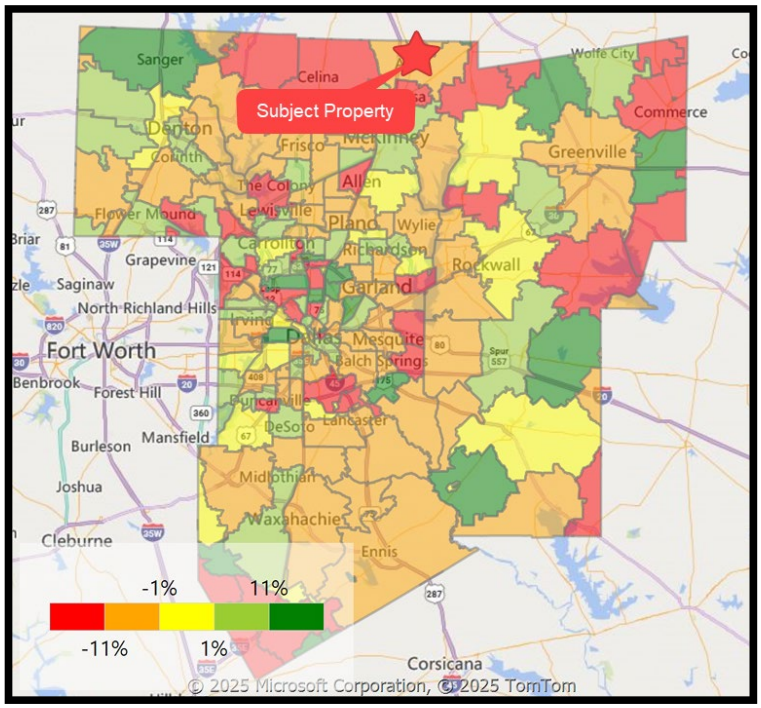
- *Metro area sales volume increased 3.1% to 16,669 transactions. Median price decreased 1.7% year-over-year to $412,928.*
- *2025 Q3 months inventory for all residential properties rose 18% year-over-year to 4.8 months.*
- *Metro area residential property listings increased 23.6% year over-year to 25,075 active listings.*

Map of Dallas-Plano-Irving Metro Division



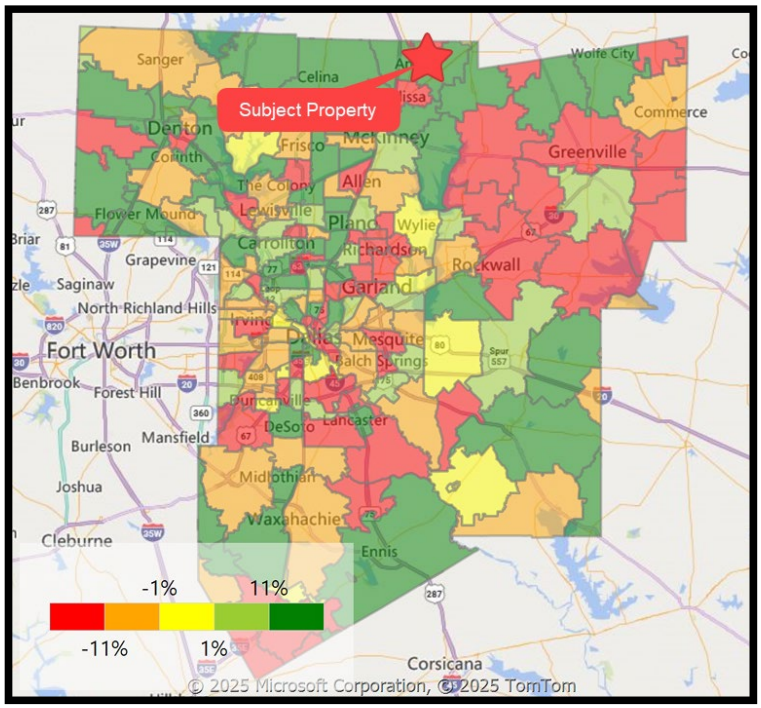
Median Price Change (YoY)

According to TREC, median sale price change year-over-year (YoY) near Sherley Farms PID IA #1 decreased 1% < 11%.

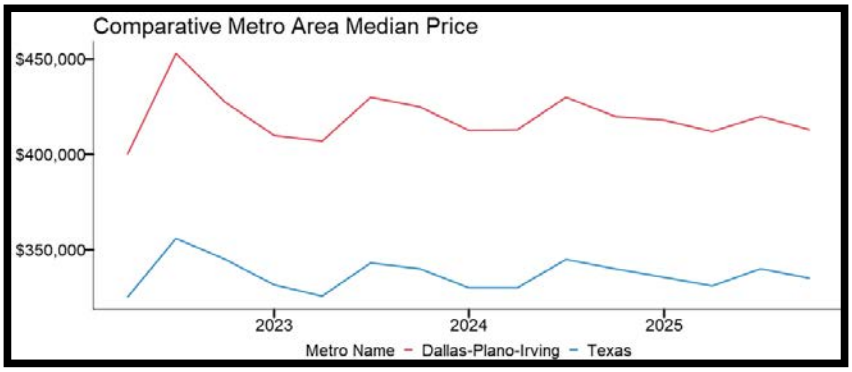


Sales Volume Change (YoY)

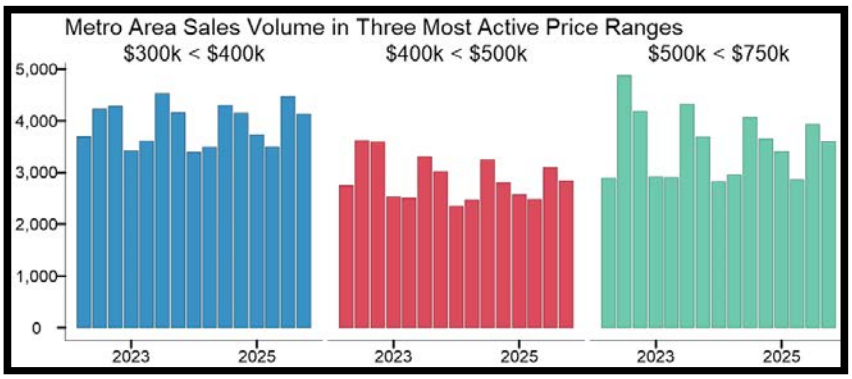
According to TREC, sales volume change year-over-year (YoY) in the subject's area near Sherley Farms PID IA #1 decreased >11%.



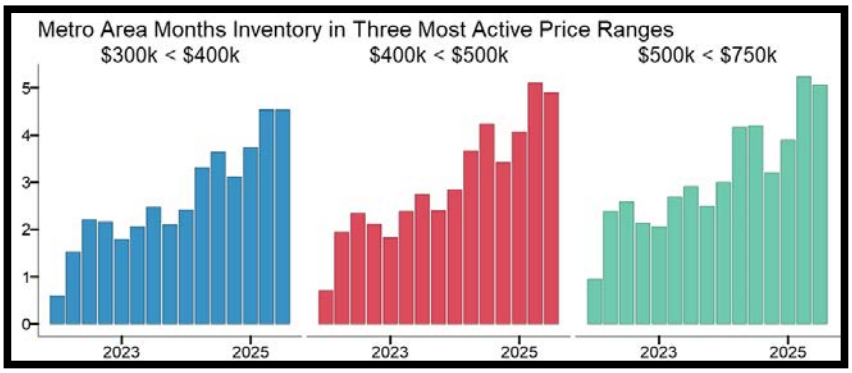
Median price in the Dallas-Plano Irving metro decreased by approximately 1.7% year-over-year, from $420,000 to $412,928. Metro area price exceeded the statewide median price of $335,000 by $77,928 as shown in the following chart:



2025 Q3 total sales volume increased by approximately 3.1% year-over-year, from 16,163 to 16,669. Sales of homes between $300k and $400k dipped from 4,143 to 4,129, while homes between $500k and $750k dipped from 3,651 to 3,599, and homes between $400k and $500k rose from 2,802 to 2,840 as shown in the following graph:



Metro area months inventory increased year-over-year from 4.05 to 4.78 months. Homes between $300k and $400k rose year-over year, from 3.64 to 4.53 months, while homes between $500k and $750k rose year-over-year, from 4.19 to 5.06 months and homes between $400k and $500k rose year-over-year, from 4.24 to 4.9 months as shown in the following graph:



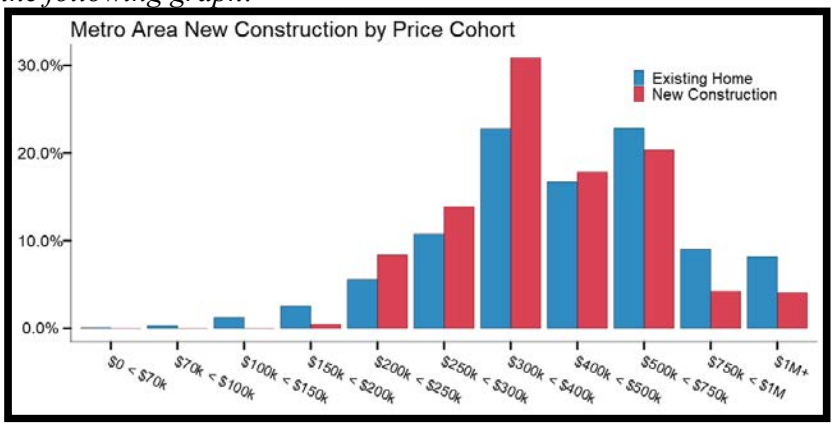
Average days to sell throughout the metro area increased from 82 to 92 days, an increase of 12.2% year over-year. Average days to sell for homes between $300k and $400k increased from 79 to 91 days, a 15.2% increase year-over-year as shown in the following graph:



Homes in the $400s and above fell to 46.4% of single-family new construction sales through the MLS. The second most active price range was homes in the $300s, which fell from 31.9% to 30.9% year-over-year as shown in the following graph:



In the latest quarter, the average price was $479,538 for new homes sold through the MLS, a decrease over last year's figure of $503,758. Average price for existing homes was $559,793, an increase over last year's figure of $554,406 as shown in the following graph:



The following chart shows the housing metrics for Collin County:

Collin County

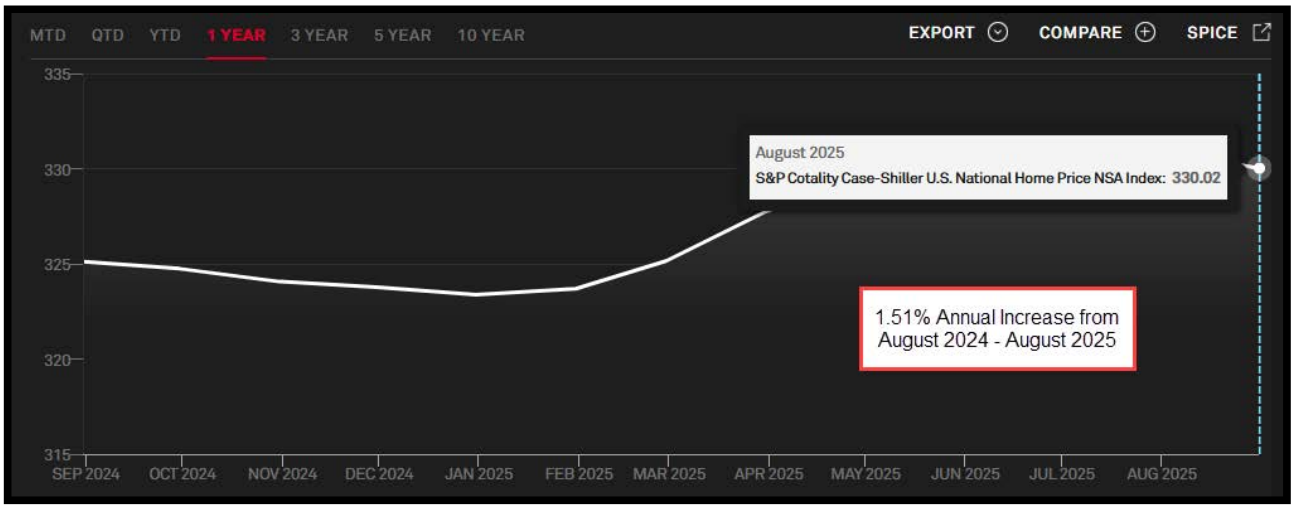
Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
$0 < $70k	3	50%	0%	***	***	***	***	3	4.0	***	***
$70k < $100k	1	100%	0%	***	***	***	***	0	0.0	***	***
$100k < $150k	12	71%	0%	$130,500	-7%	$193.11	15%	12	4.6	668	1982
$150k < $200k	29	7%	1%	$169,250	-10%	$165.13	-4%	25	1.9	1,092	1984
$200k < $250k	164	165%	4%	$232,975	0%	$167.05	-12%	117	2.7	1,397	2025
$250k < $300k	338	51%	7%	$280,549	0%	$172.60	-9%	331	3.6	1,604	2024
$300k < $400k	1,105	17%	24%	$349,990	-1%	$181.10	-7%	1,462	4.4	1,925	2022
$400k < $500k	920	3%	20%	$440,192	-1%	$201.42	-2%	1,315	4.6	2,201	2011
$500k < $750k	1,378	1%	30%	$590,000	-2%	$208.97	-4%	1,980	4.6	2,855	2010
$750k < $1M	435	7%	9%	$840,000	0%	$229.10	-1%	673	5.3	3,743	2014
$1M+	271	-13%	6%	$1,250,000	0%	$294.33	1%	595	6.5	4,420	2013

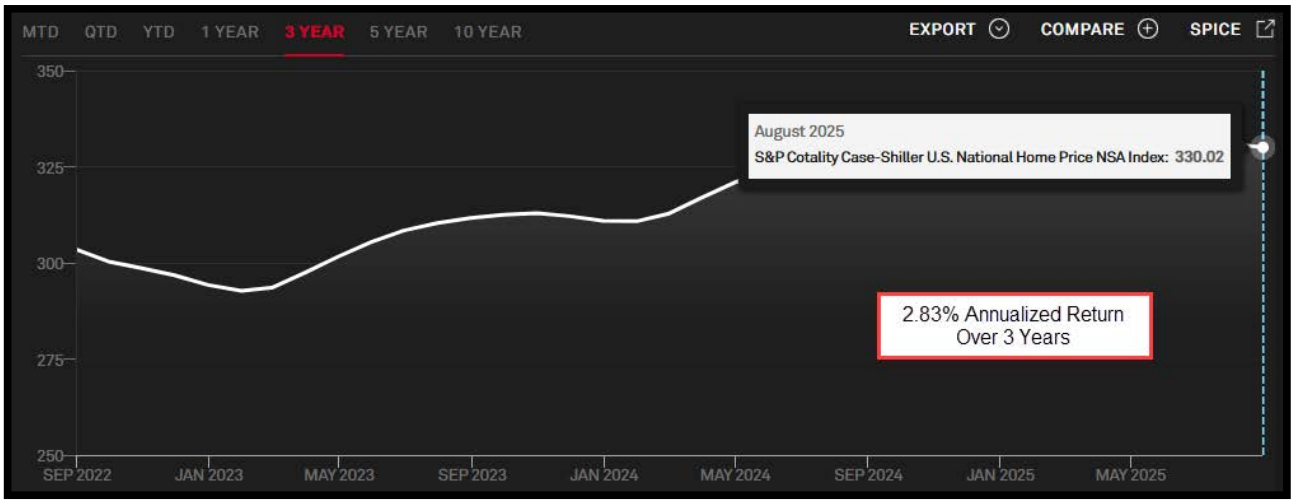
*** Not displayed when fewer than five sales

S&P CORELOGIC CASE-SHILLER INDEX

August 2025

Data reported from the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from end of August 2025 showed that home prices nationally were up 1.51% YoY while the Dallas Metropolitan decreased -1.19% (Dallas Metro). Prices have retreated in mostly the western and northern states; however, the southern region has remained steady compared to the national average.

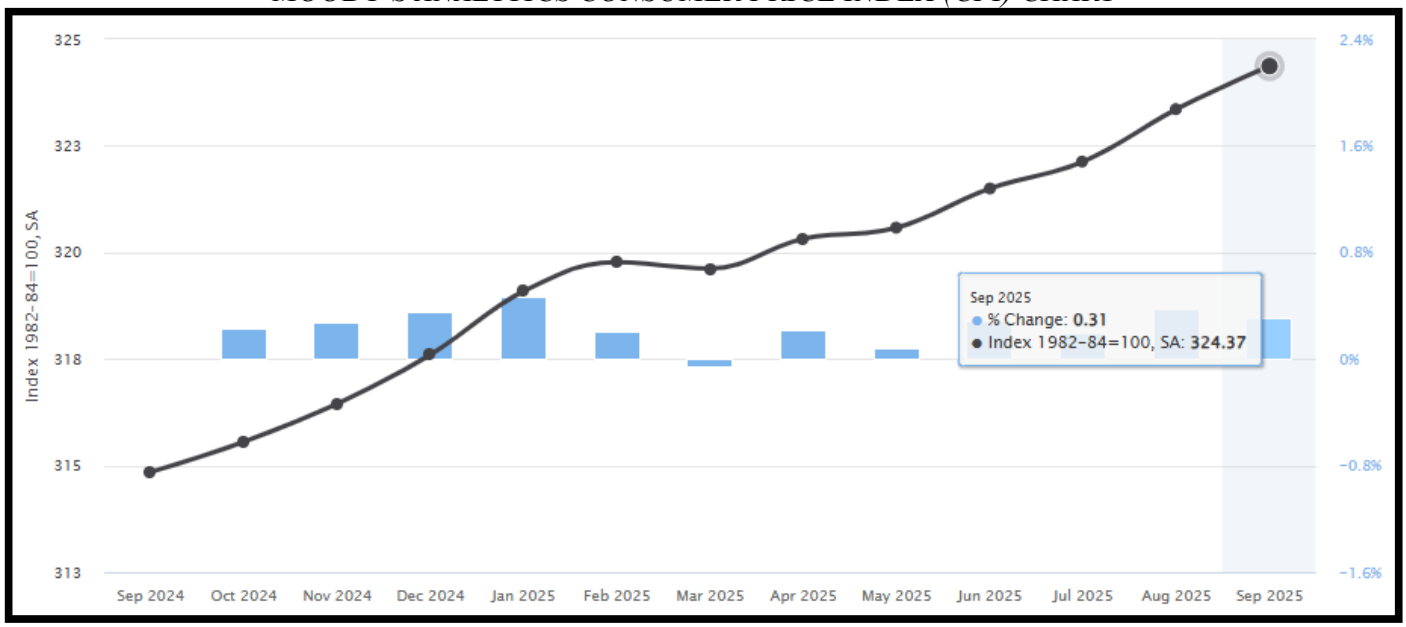




Metropolitan Area	August 2025 Level	August/July Change (%)	July/June Change (%)	1-Year Change (%)
Dallas	296.67	-0.42%	-0.39%	-1.19%
Composite-10	359.59	-0.56%	-0.34%	2.15%
Composite-20	339.99	-0.57%	-0.31%	1.58%
U.S. National	330.02	-0.30%	-0.21%	1.51%

CONSUMER PRICE INDEX (CPI)

MOODY'S ANALYTICS CONSUMER PRICE INDEX (CPI) CHART



The U.S. consumer price index rose 0.3% from August to September. The increase aligned with our expectations and lifted the year-ago rate from 2.9% to 3%. The CPI for food at home rose 0.3% from August to September. Energy prices jumped 1.5%. Excluding food and energy, core CPI rose 0.2%, which lowered the 12-month rate from 3.1% to 3%. This increase was also in line with our forecast. The delayed report—legally mandated to be released in order to calculate next year's cost-of-living adjustments to Social Security payments and other social benefits—is the only key economic data to be released during the federal government shutdown.

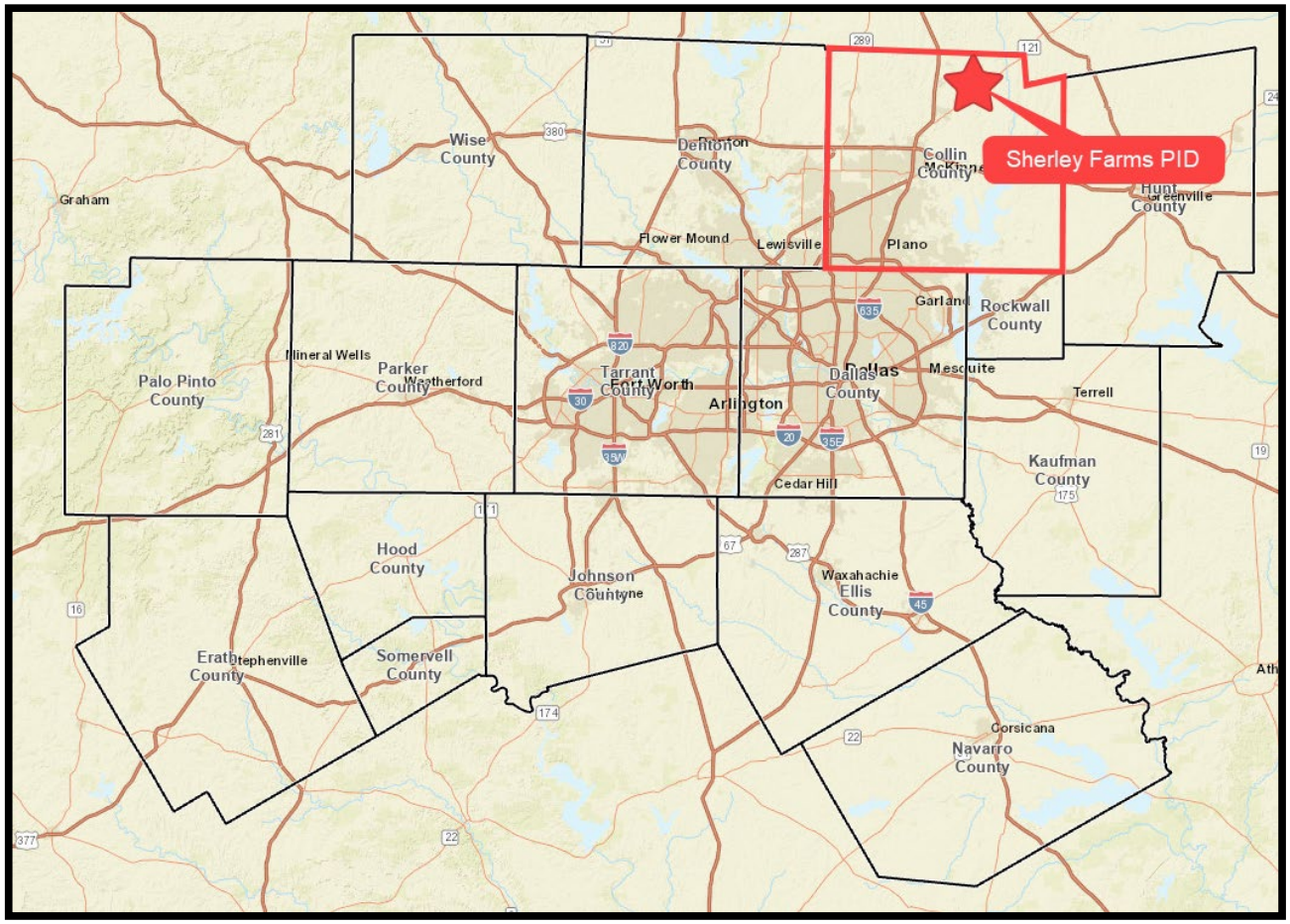
REGIONAL ANALYSIS

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), as of January 1, 2025, the regional population grew by 234,125 last year. Collin County added almost 76,000 new residents, while Dallas County grew by more than 45,000 new residents, followed by Tarrant County (35,746) and Denton County (31,635). The region now has a population of 8,718,500, a growth of more than 886,000 since the 2020 Census. Fort Worth added 32,191 new residents, followed by Dallas (29,510), Celina (15,980), McKinney (11,310), and Princeton (9,838). 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

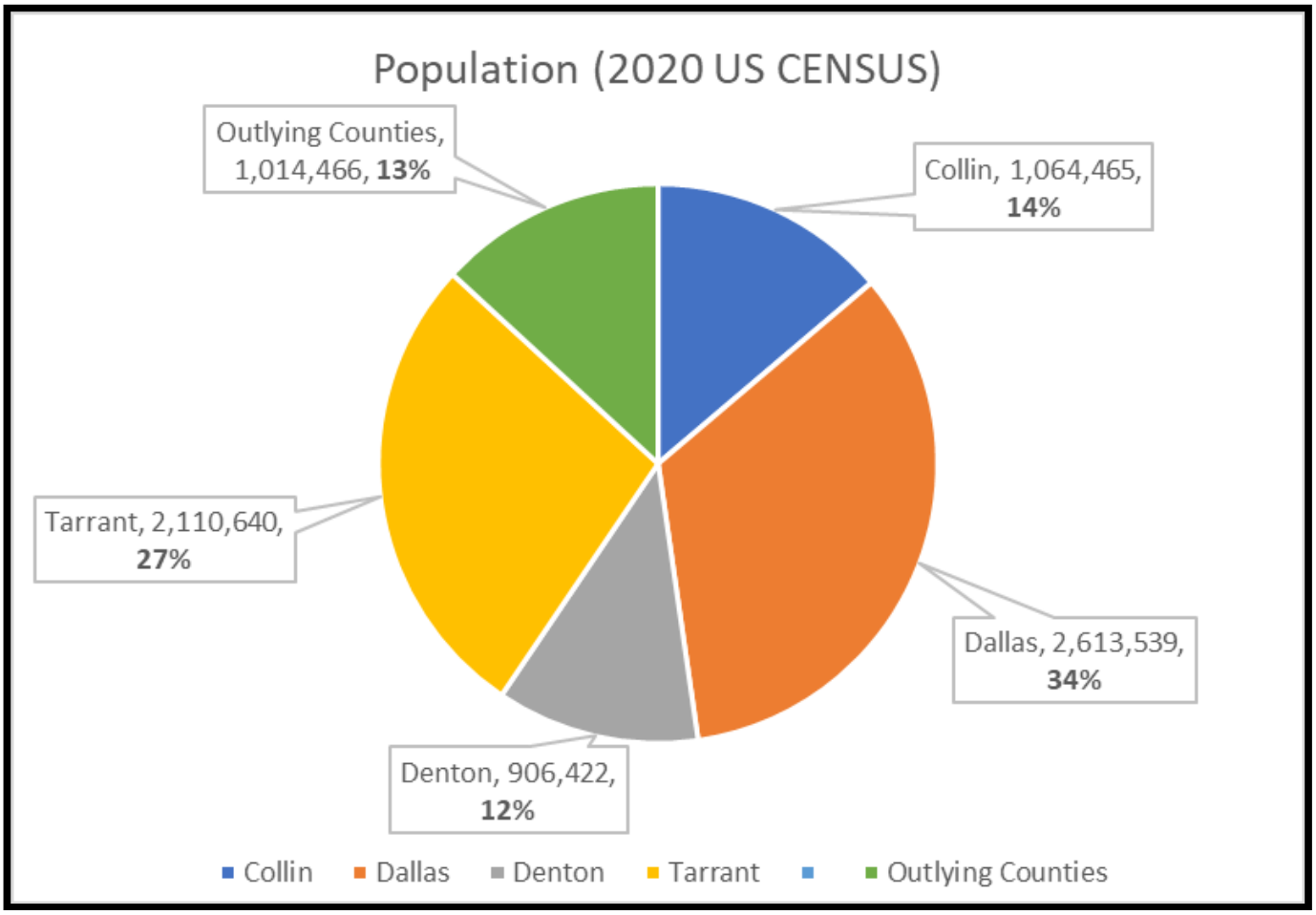
Red Lines Showing Collin County Boundary



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 northeast quadrant of Collin County.

PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX



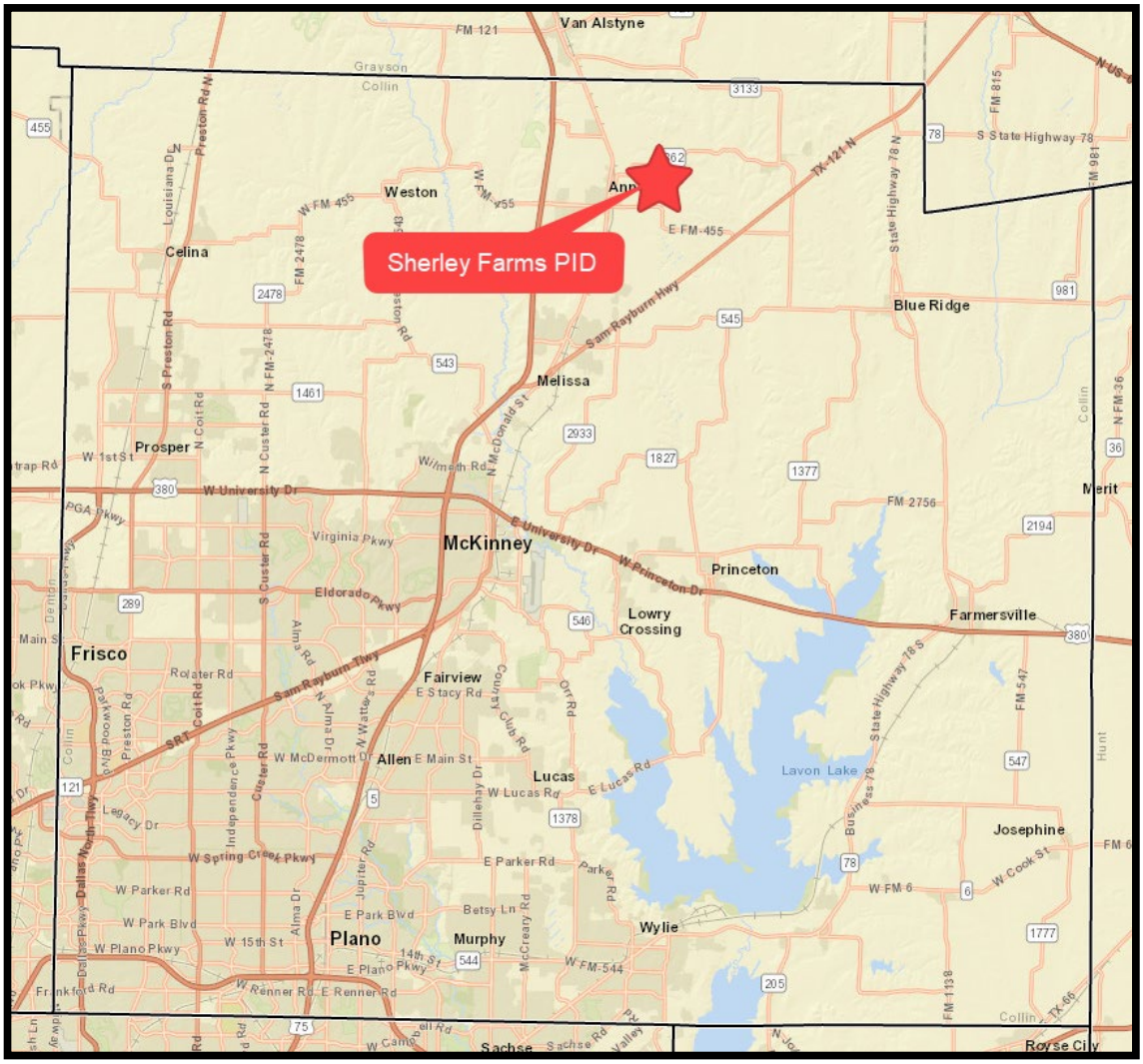
COLLIN COUNTY OVERVIEW

Collin County, Texas continues to be one of the fastest-growing and most economically dynamic regions in the Dallas-Fort Worth Metroplex, with strong fundamentals supporting both residential and commercial real estate demand. Its population growth, infrastructure investment, and corporate relocations have positioned it as a prime target for development and long-term value creation.

As of 2025, Collin County's total property valuation reached $194.06 billion, marking a 4.9% year-over-year increase. The residential market remains robust, with a median single-family home price of $512,063 and over 31,000 homes sold in the past year. Key submarkets like Frisco, McKinney, Allen, and Prosper continue to attract millennial and Gen Z buyers, bolstered by top-tier schools and proximity to employment hubs. Inventory remains tight in high-demand areas, though builder activity along corridors like US-380 and SH-121 is helping to meet demand. The county's mix of luxury and affordable housing, coupled with a high percentage of properties with over 50% equity, reflects both stability and opportunity for investors and lenders.

MAP OF COLLIN COUNTY

Subject Located in northeast Collin County



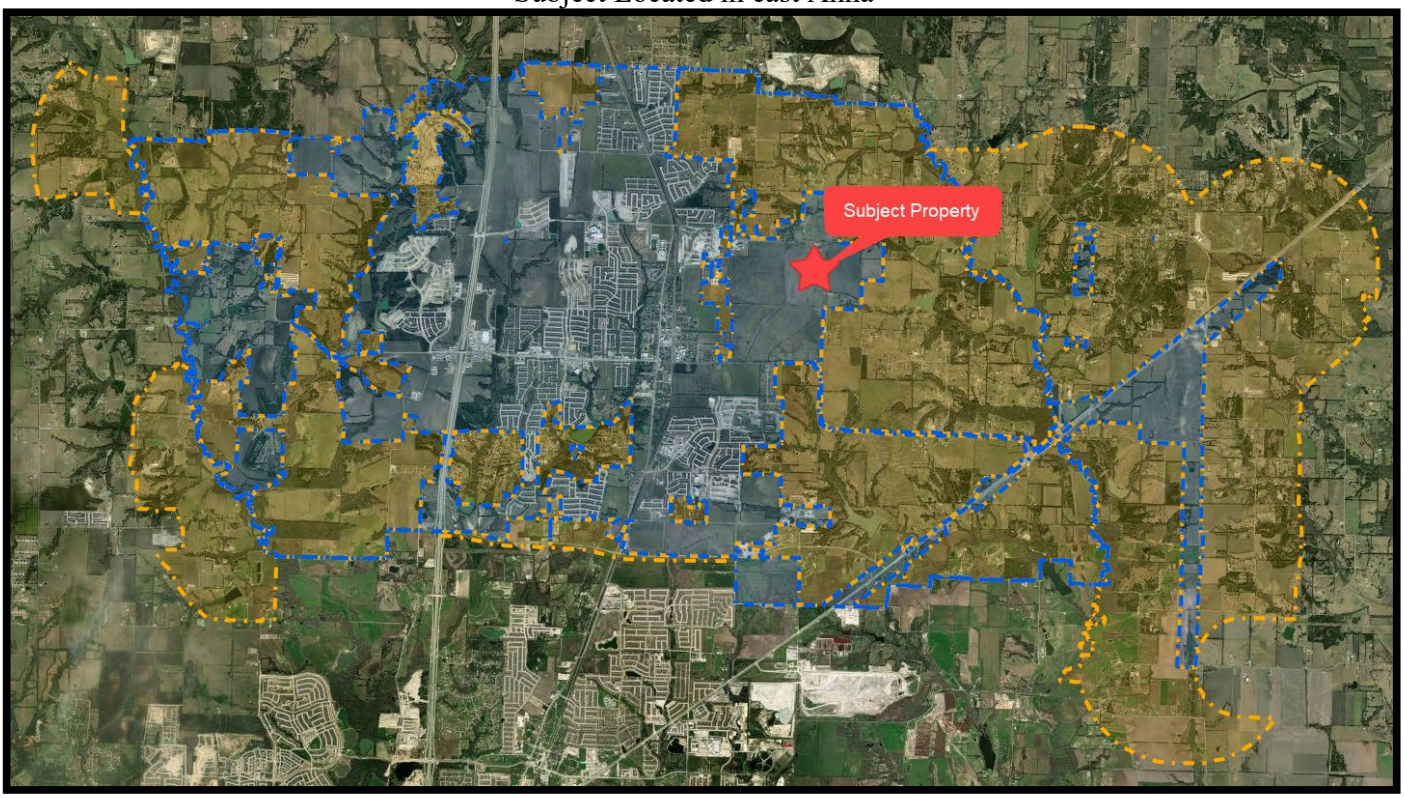
CITY OF ANNA OVERVIEW

Anna, Texas is a rapidly growing suburban city in northern Collin County, marked by strong residential expansion and increasing commercial investment. Its strategic location along U.S. Highway 75, roughly 40 miles north of Dallas, positions it as a key growth corridor within the Dallas-Fort Worth metroplex.

As of 2023, Anna's population surpassed 21,000, reflecting a 12.9% year-over-year increase, with projections nearing 45,000–50,000 by 2030. The city's median household income is approximately $99,375, and the median property value is $312,700, both showing steady annual growth. Anna's development strategy is anchored by two economic development corporations (Type A and B), which support industrial infrastructure and quality-of-life enhancements. Recent commercial additions include Texoma Medical Center ER, Anna Surgery Center, and national retailers like Home Depot, Chick-fil-A, and Texas Roadhouse. Multifamily construction is active, with 9 projects underway and several more planned, signaling a push toward higher density to support retail and service demand.

MAP OF THE CITY OF ANNA

Subject Located in east Anna

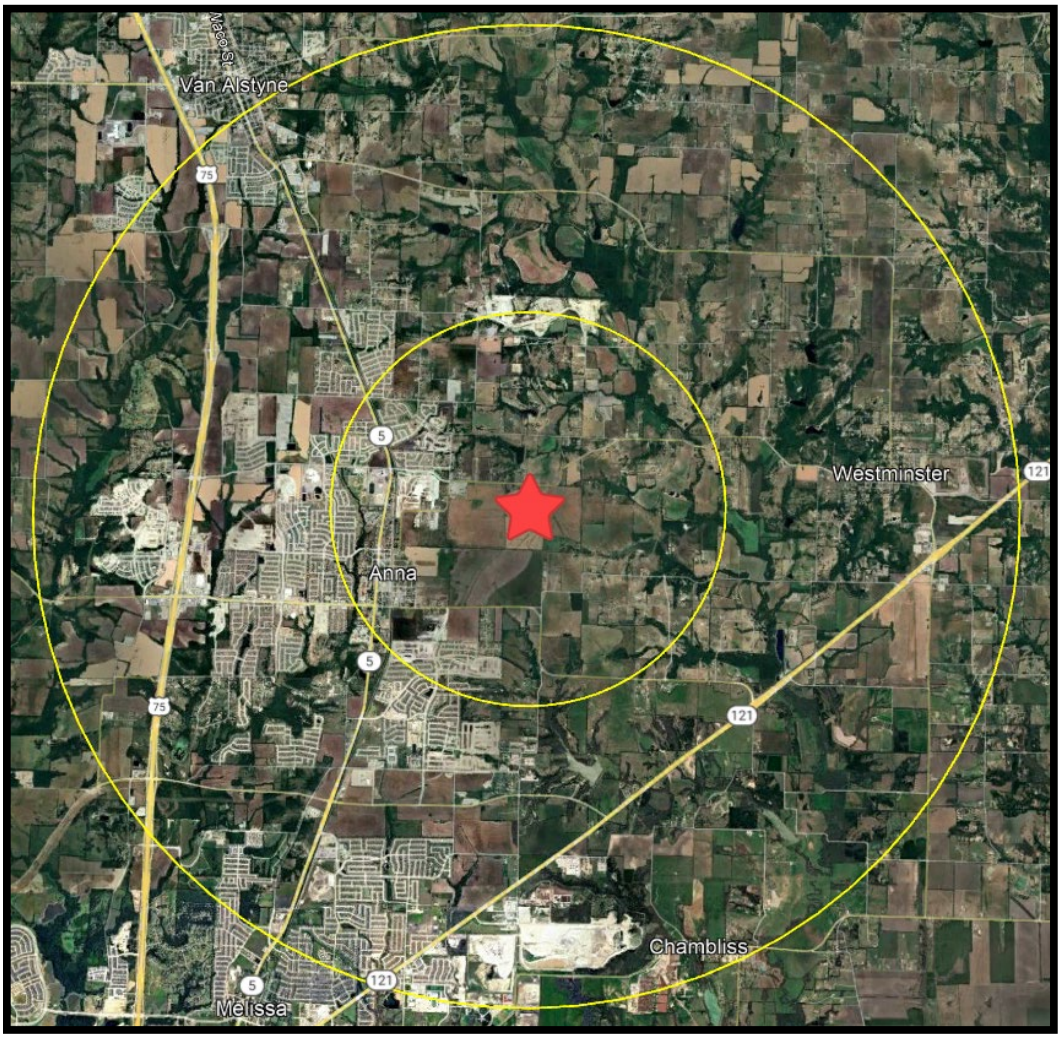


NEIGHBORHOOD ANALYSIS

A neighborhood may be defined as a section of a community or an entire community. It refers to relatively unified areas with definite boundaries which exhibit a fairly high degree of homogeneous uses – basically a group of complimentary land uses that exhibit a greater degree of commonality than the larger area. The boundaries of a neighborhood define the geographical area which exerts influence on the value of the subject property. The Sherley Farms PID IA #1 is located within the City of Anna, Collin County, Texas and is within the Anna ISD.

NEIGHBORHOOD MAP

Geographic radii of 2 and 5 miles indicating the approximate neighborhood boundaries around the Subject



	2 Miles	5 Miles
North	County Road 429	County Road 121
East	Westover Lane	County Road 577
South	East FM Road 455	East Melissa Road
West	West Crossing Boulevard	West FM Road 455

NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 0302.07 with the census report shown on the following page. The census tract report for 0302.07 indicates 14,195 people reside in the tract and income levels are in the middle tier with estimated median family incomes of $117,652. Within census tract 0302.07, approximately 80% of housing units are owner-occupied with 10% being renter-occupied and 10% being vacant. These housing and demographic statistics indicate middle class residents who tend to live in 10-20-year-old single-family homes.

Census Tract 0302.07 Map



Tract 0302.07 Census Report

FFIEC

2025 FFIEC Geocode Census Report

Address: Selected Tract
MSA: 19124 - DALLAS-PLANO-IRVING, TX
State: 48 -
County: 085 - COLLIN COUNTY
Tract Code: 0302.07

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2025 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$117,300
2025 Estimated Tract Median Family Income	$117,652
2020 Tract Median Family Income	$88,580
Tract Median Family Income %	100.30
Tract Population	14195
Owner-Occupied Units	2415
1- to 4- Family Units	2984

Census Income Information

Tract Income Level	Middle
2020 MSA/MD/statewide non-MSA/MD Median Family Income	$88,315
2025 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$117,300
% below Poverty Line	1.07
Tract Median Family Income %	100.30
2020 Tract Median Family Income	$88,580
2025 Estimated Tract Median Family Income	$117,652
2020 Tract Median Household Income	$90,244

Census Population Information

Tract Population	14195
Number of Families	2370
Number of Households	2705

Census Housing Information

Total Housing Units	3009
1- to 4- Family Units	2984
Median House Age (Years)	13
Owner-Occupied Units	2415
Renter Occupied Units	290
Owner Occupied 1- to 4- Family Units	2415
Inside Principal City?	NO
Vacant Units	304

DEMOGRAPHIC SUMMARY

Analytics from CoStar of the area is provided below. Within a 10-mile radius of the subject there are over 87,150 people, which represents a 10.60% annual increase in population since 2020 and highlights growth that has occurred in this portion of the DFW Metroplex. The population growth is expected to continue at a slower pace in the coming years and grow another 4.8% in the next four years. The Median household income in the 10-mile radius is $94,361.

Population	2 miles	5 miles	10 miles
2020 Population	2,650	27,796	61,226
2024 Population	4,139	39,836	87,150
2029 Population Projection	5,225	49,719	108,033
Annual Growth 2020-2024	14.0%	10.8%	10.6%
Annual Growth 2024-2029	5.2%	5.0%	4.8%
Median Age	34	35.2	37
Bachelor's Degree or Higher	31%	35%	35%
U.S. Armed Forces	0	0	0

Income	2 miles	5 miles	10 miles
Avg Household Income	$96,846	$106,679	$120,238
Median Household Income	$67,482	$77,403	$94,361
< $25,000	155	1,126	2,402
$25,000 - 50,000	116	1,885	3,663
$50,000 - 75,000	599	3,201	5,515
$75,000 - 100,000	30	1,337	3,483
$100,000 - 125,000	105	1,702	3,061
$125,000 - 150,000	115	1,052	2,515
$150,000 - 200,000	55	918	3,931
$200,000+	139	1,460	3,985

EMPLOYMENT DATA

A table of the 2, 5, and 10-mile radius employment figures are shown below. The numbers highlight the area's diverse economy with more employees in the area surrounding the subject in service-producing industries and goods-producing industries.

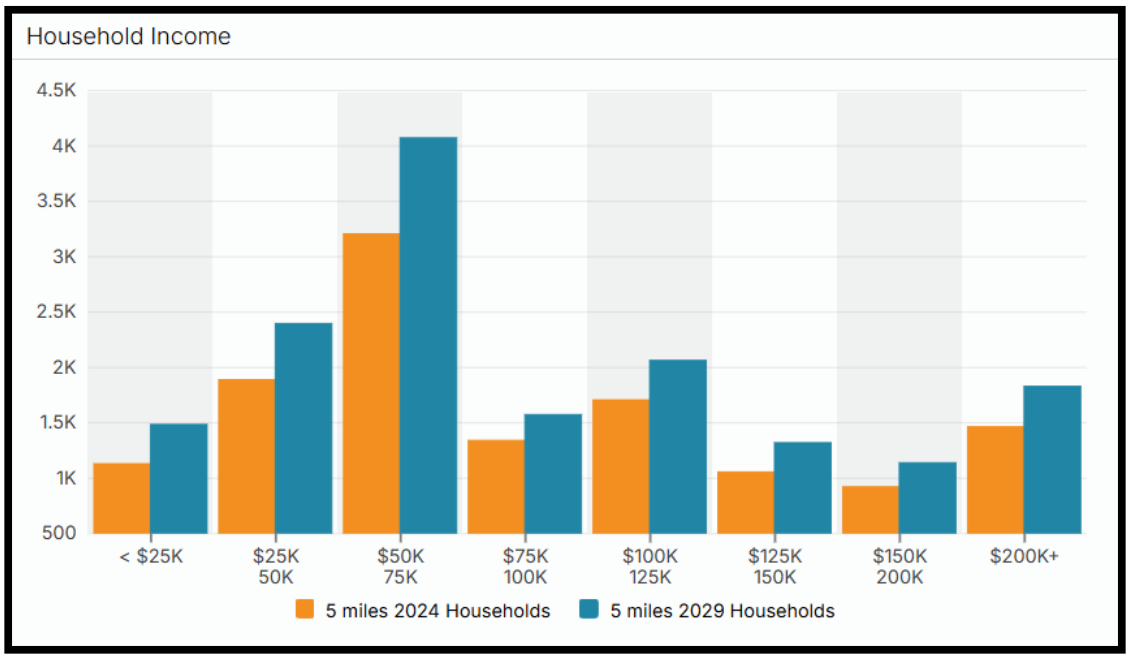
Daytime Employment

Radius	2 miles		5 miles		10 miles	
	Employees	Businesses	Employees	Businesses	Employees	Businesses
Service-Producing Industri...	**362**	**63**	**4,151**	**491**	**9,409**	**1,272**
Trade Transportation & Utili...	51	7	936	74	1,877	196
Information	10	1	25	5	116	16
Financial Activities	34	11	653	71	1,022	166
Professional & Business Se...	36	11	403	76	1,115	209
Education & Health Services	50	7	1,068	122	2,750	306
Leisure & Hospitality	134	14	666	62	1,418	130
Other Services	43	11	295	74	742	211
Public Administration	4	1	105	7	369	38
Goods-Producing Industries	**49**	**12**	**378**	**64**	**1,569**	**235**
Natural Resources & Mining	0	0	6	3	47	17
Construction	36	9	269	47	1,214	175
Manufacturing	13	3	103	14	308	43
Total	**411**	**75**	**4,529**	**555**	**10,978**	**1,507**

CoStar Analytics – Map of Median Household Income

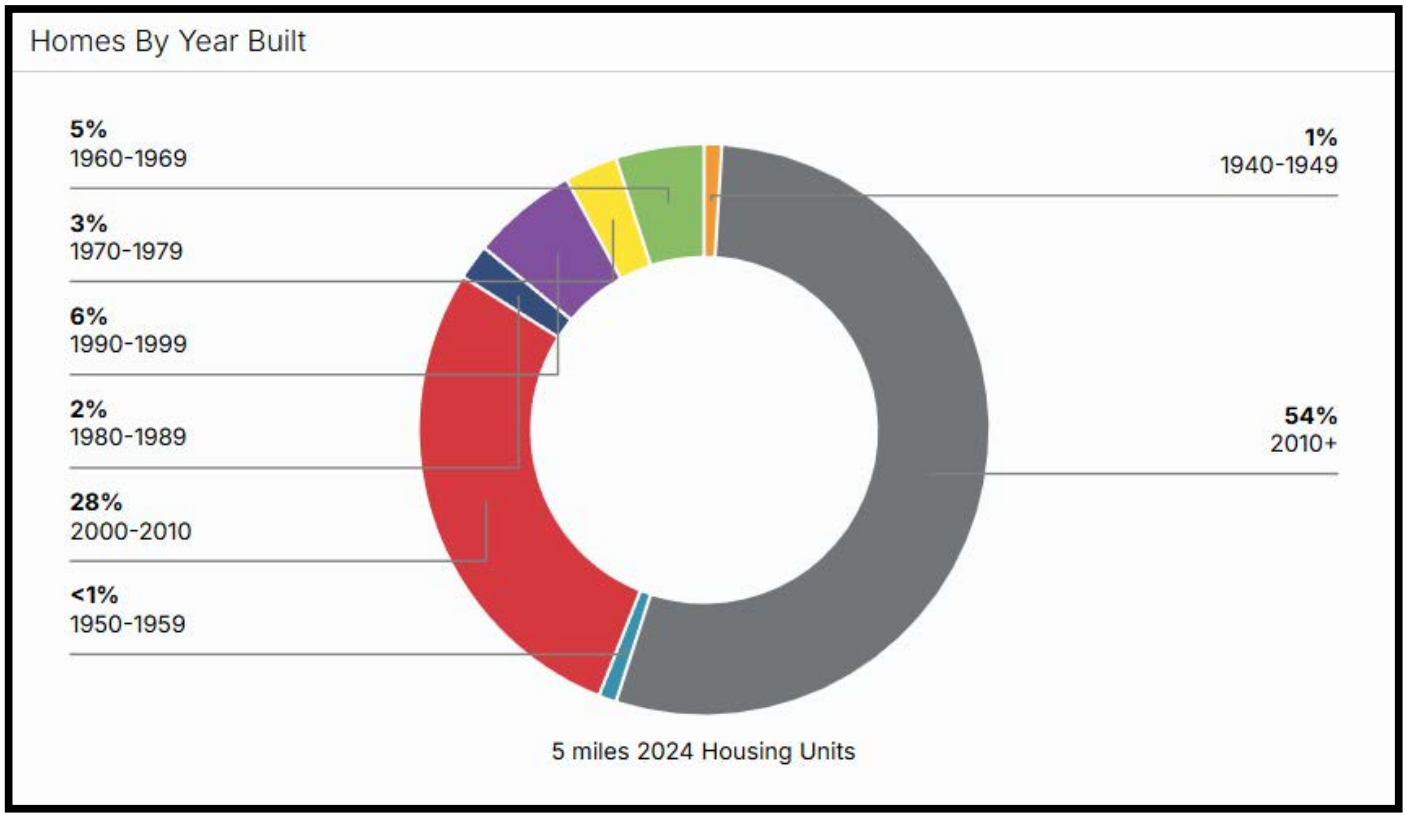
As indicated by the map below, median incomes in the vicinity of the subject property are around $97.8k-$109k. Median incomes in the DFW tend to be higher in suburban areas outside the population centers in Dallas. This is especially true in areas north of Dallas where affluent communities have concentrated for the past few decades.





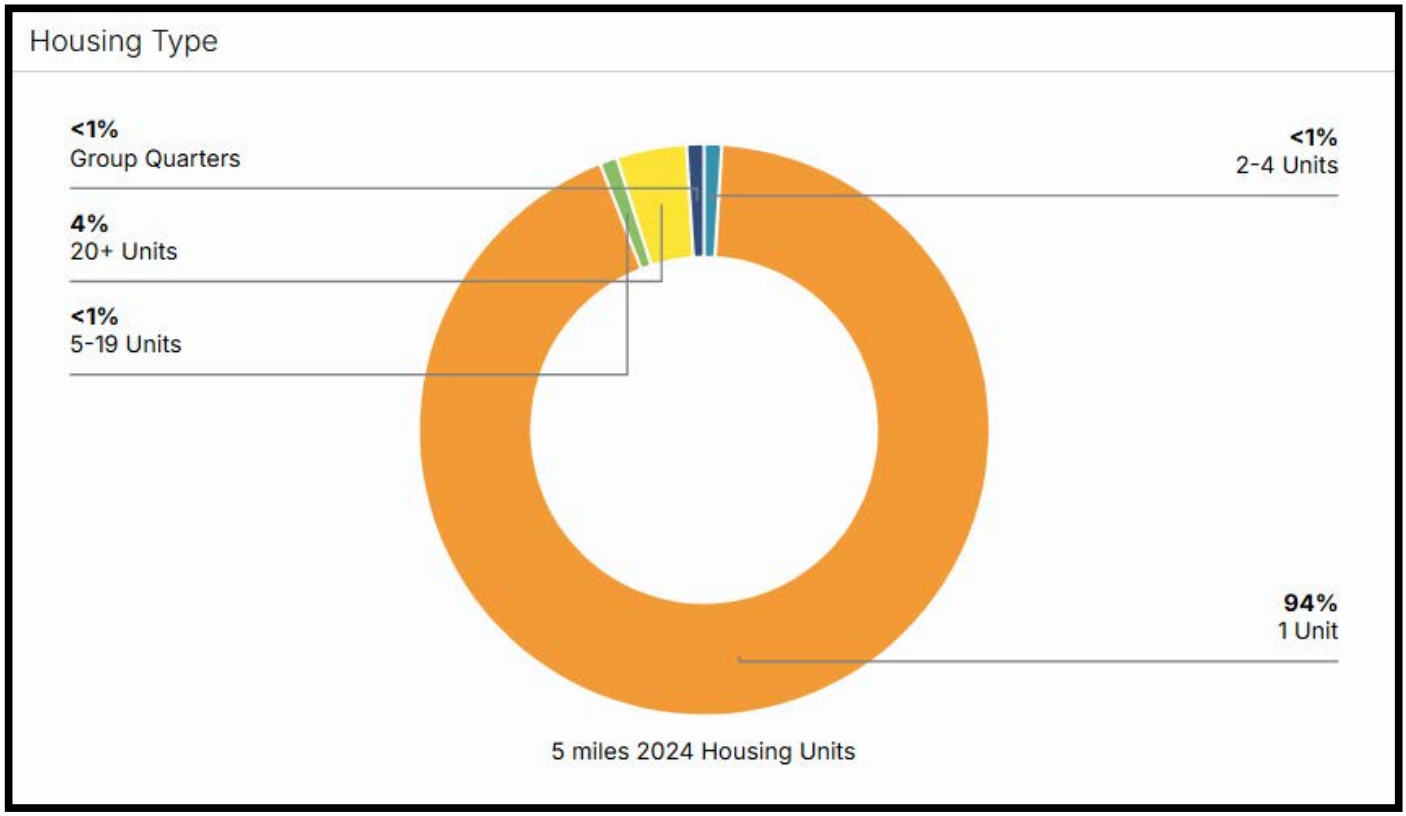
CoStar Analytics – Housing Statistics

Most housing in the area (82%) 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.



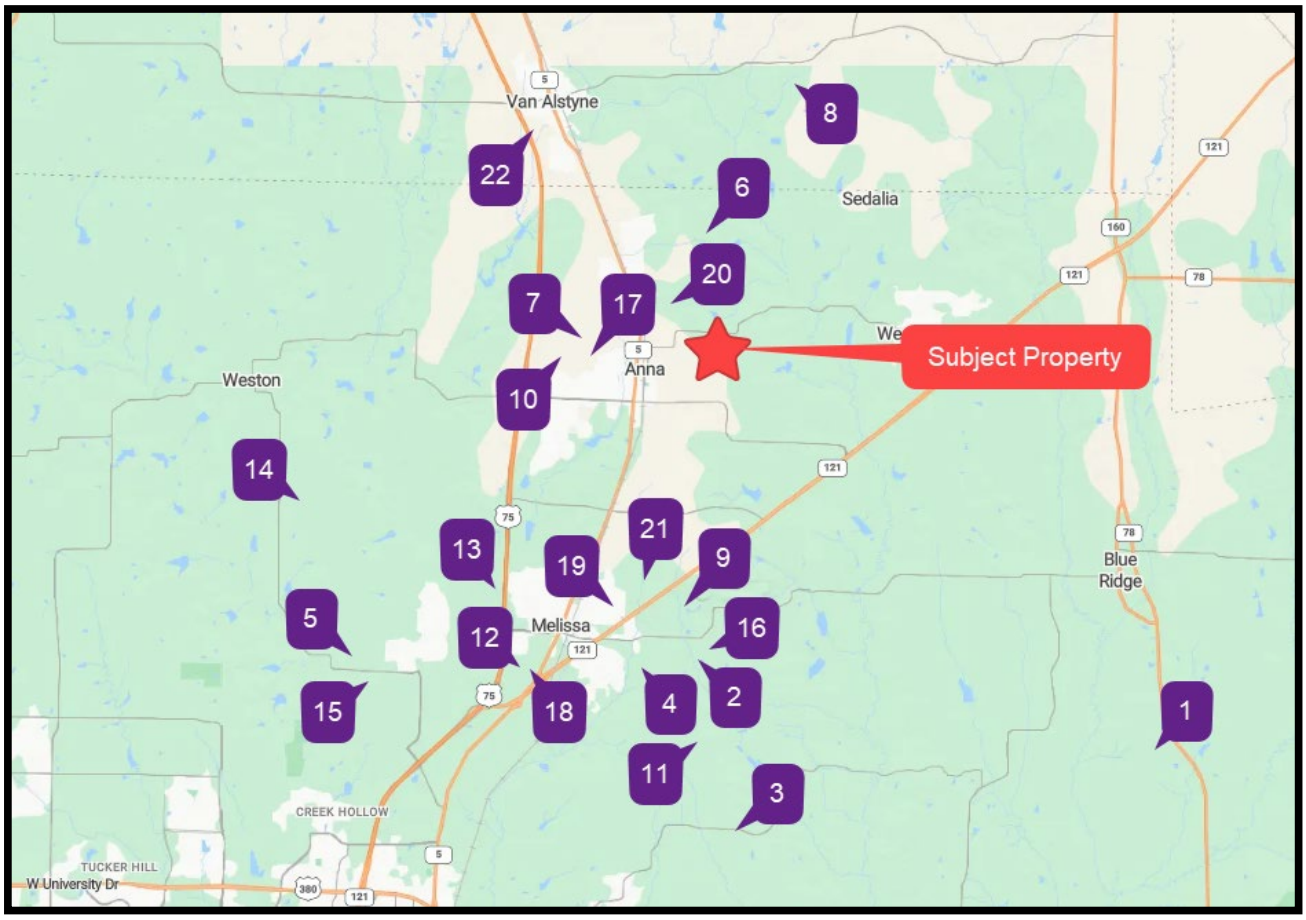
CoStar Analytics – Housing Statistics

In addition, the vast majority (94%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with detached single-family housing that is consistent with the surrounding area.



Map of Notable Nearby Developing Residential Subdivisions

A map of notable built-out, developing, and planning single-family residential subdivision is shown below which highlights the similar and conforming uses around the subject property.



MAP KEY					
1	Creekside Ranch	*9*	Milrany Ranch	*17*	West Crossing
2	Meadow Park	*10*	Meadow Vista	*18*	Legacy Ranch
3	Eastridge	*11*	Millstone	*19*	Liberty
4	Bryant Farms	*12*	Willow Grove	*20*	Grand Estates of Anna
5	Honey Creek	*13*	Stoneridge	*21*	The Dawn
6	Churchill	*14*	Venetian Lagoon	*22*	Tinsley Meadows
7	Anacapri	*15*	Shaded Tree		
8	Blue Hills of Van Alstyne	*16*	Brookfield		

ABSORPTION ANALYSIS

RESIDENTIAL ANALYSIS

The subject property is Sherley Farms PID IA #1 which consists of approximately 135 acres in Collin County being developed into detached single-family lots for residential use. The property is owned and being developed by Tellus Texas III, LLC.

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 Anna. The neighborhood is best described as the area south of Houston Street. The neighborhood is mainly residential and agricultural uses. Approximately 3.5 miles to the west is U.S. Highway 75 which runs north/south and has several community commercial uses.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved, and the City of Anna has experienced this consistent population growth. Low interest rates persisted nationally in 2020 and 2021, and the markets rose significantly, but 2022-2024 through 2025 we have seen higher interest rates as the Fed seeks to combat inflation. Still, with large numbers of immigration from outside DFW from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate in growing communities like Anna is expected to remain strong. Those end-user homebuyers in Sherley Farms PID IA #1 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 $477,000 for the 45-FF lots, $530,000 for the 50-FF Lots, $636,000 for the 60-FF lots and $742,000 for the 70-FF lots.

Demand for vacant developed lots (VDLs) for home builders is currently very high; however, material and labor shortages were well-publicized in 2021 and have continued to ease in late-2022 and in 2023 according to the Texas Real Estate Research Center. Developable residential land in DFW with good access to Dallas is in high demand with developments moving ever further away from the Dallas CBD and highly developed areas north of Dallas where vacant land is scarce after decades of growth. The subject property–Sherley Farms PID IA #1–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.

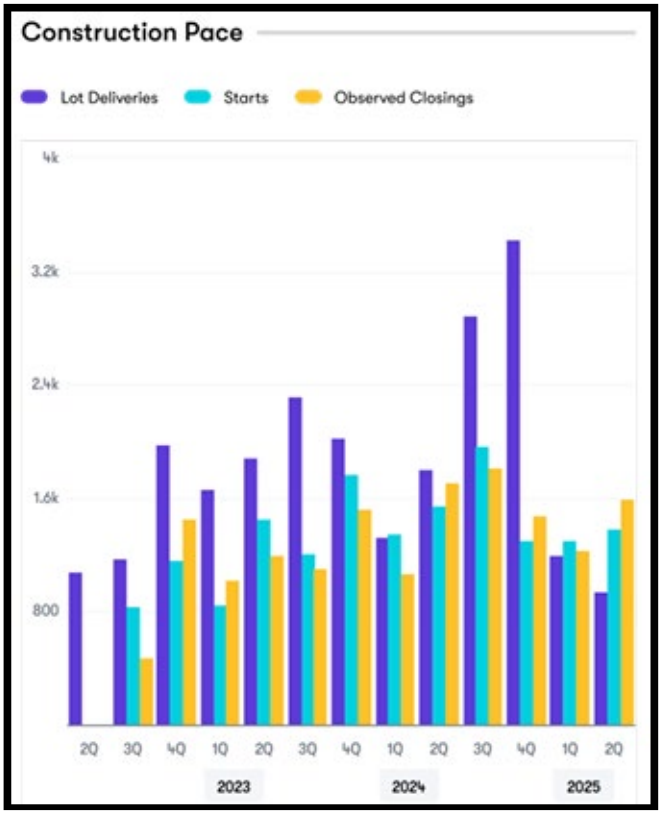
Based on the preceding, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends and current available data. Since the first residential lots are not scheduled to be complete until December 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 40'-65'.

The Construction Pace chart illustrates a cyclical but decelerating trend in residential development activity over the past five quarters. Quarterly vacant developed lot (VDL) deliveries rose from 1,807 in 2Q2024 to a peak of 3,434 in 4Q2024, before declining sharply to 1,200 in 1Q2025 and further to 945 in 2Q2025—a 47.70% year-over-year decrease. Housing starts followed a similar arc, climbing to 1,975 in 3Q2024, then falling to 1,386 in 2Q2025, down 11.00% annually. Observed closings dipped from 1,719 in 2Q2024 to 1,233 in 1Q2025, but rebounded to 1,593 in 2Q2025, resulting in a 7.00% year-over-year decline. These figures suggest that while lot development and builder activity surged in late 2024, the market has since moderated, with builders likely focusing on absorbing existing inventory amid shifting demand conditions.

Construction & Supply

	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	2Q 2025 VS 2Q 2024
Pace						
Quarterly VDL Deliveries	1,807	2,897	3,434	1,200	945	-47.70%
Annual VDL Deliveries	7,479	8,057	9,462	9,338	8,476	13.33%
Quarterly Starts	1,553	1,975	1,305	1,309	1,386	-11.00%
Annual Starts	5,890	6,653	6,185	6,142	5,975	1.00%
Quarterly Observed Closings	1,719	1,816	1,477	1,233	1,593	-7.00%
Annual Observed Closings	5,435	6,140	6,085	6,245	6,119	13.00%

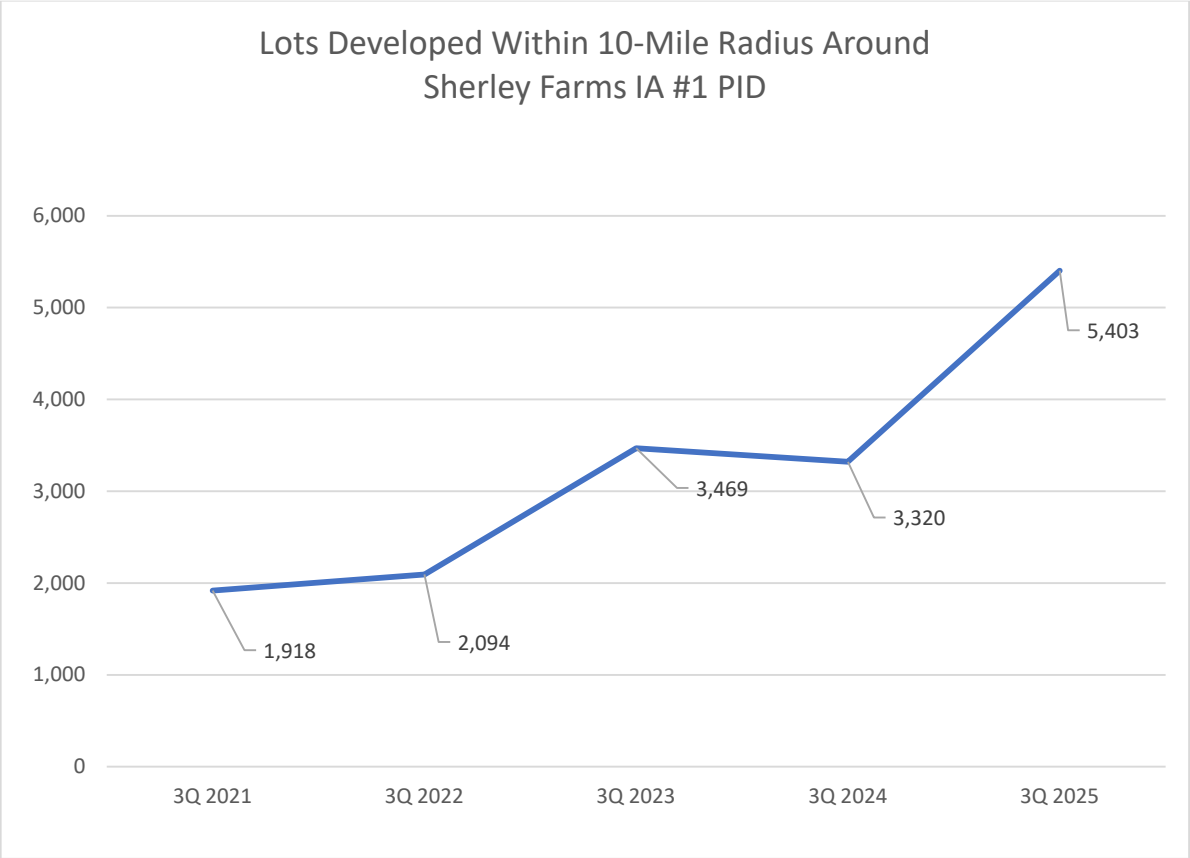


DEFINED SUBMARKET AREA

As shown in the previous chart, the absorption of lots (determined from home construction starts) within the selected area has increased from 3Q2021 to 3Q2025. According to Zonda, the selected area absorbed the following number of 40'-65' lots year-over-year from 3Q 2021 to 3Q 2025:

- 3Q2021 – 1,918 lots absorbed
- 3Q2022 – 2,094 lots absorbed
- 3Q2023 – 3,469 lots absorbed
- 3Q2024 – 3,320 lots absorbed
- 3Q2025 – 5,403 lots absorbed

From 2021-2025, the *annual average* of lots absorbed was 3,241 (16,204÷5). Utilizing the more recent 24-month absorption of lots (3Q2023 to 3Q2025), the annual average of lots absorbed increased to 4,064 (12,192÷3) lots in the area.



COMPETITIVE SUPPLY (LOT INVENTORY)

According to Zonda, the Vacant Developed Lots (VDL) report reflects a steady expansion in inventory over the past five quarters, despite a slowdown in new lot deliveries. VDL counts increased from 7,912 in 2Q2024 to a peak of 10,963 in 4Q2024, before tapering slightly to 10,413 in 2Q2025—representing a 31.61% year-over-year increase. Corresponding months of supply rose from 16.12 to 20.91, a 29.71% gain, indicating that absorption has slowed relative to inventory growth. This upward trend in VDL availability suggests that builders have maintained a strong pipeline of ready-to-build lots, even as quarterly VDL deliveries declined nearly 48% year-over-year. The elevated supply levels position the market to respond quickly to future demand, though the current pace may reflect cautious builder sentiment or a strategic pause in new development activity.



Thus, the total lot supply is considered to be **below** supply level 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 at the current time.* This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.

Having considered the supply of lots in the market, it is now prudent to examine the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption of the subject's proposed lots.

ABSORPTION ANALYSIS – 45', 50', 60' AND 70' 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 3Q2025.

45' Lots

For the 45' lots, we included data for lots within a 10-mile radius and included 40'-50' lots in our analysis. Data on 45' lots is plentiful, so we selected sixteen comparable absorption schedules at nearby communities which are shown below:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Creekside Ranch	40'	113	87	12	15.6	**7.3**
Meadow Park	40'-50'	266	126	12	25.3	**10.5**
Eastridge	40'-50'	705	371	12	22.8	**30.9**
Bryant Farms	40'	8	23	12	4.2	**1.9**
Honey Creek	40'-50'	7	122	12	0.7	**10.2**
Churchill	40'-50'	359	116	12	37.1	**9.7**
Anacapri	40'-50'	60	18	12	40.0	**1.5**
Blue Hills of Van Alstyne	50'	8	6	12	16.0	**0.5**
Milrany Ranch	50'	67	22	12	36.5	**1.8**
Meadow Vista	50'	244	30	12	97.6	**2.5**
Millstone	50'	0	11	12	0.0	**0.9**
Willow Grove	50'	44	32	12	16.5	**2.7**
Stoneridge	50'	1	38	12	0.3	**3.2**
Venetian Lagoon	50'	230	76	12	36.3	**6.3**
Shaded Tree	50'	8	139	12	0.7	**11.6**
Brookfield	50'	119	48	12	29.8	**4.0**
AVERAGE		***139.9***	***79.1***	***12.0***	***23.7***	***6.6***

Our analysis indicates Starts/Month is between 0.5 and 30.9 with an average of 6.6 starts/month with a median of 3.6 starts/month. We similarly weighted and considered **the subject property's 45' lots would likely absorb 7 lots/month, or approximately 21 lots per quarter.**

50' Lots

We included data for lots that were each 50' lots within a 10-mile radius. Since data on 50' lots is relatively plentiful, so we selected nine comparable absorption schedules at nearby communities which are shown below.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Blue Hills of Van Alstyne	50'	8	6	12	16.0	**0.5**
Milrany Ranch	50'	67	22	12	36.5	**1.8**
Meadow Vista	50'	244	30	12	97.6	**2.5**
Millstone	50'	0	11	12	0.0	**0.9**
Willow Grove	50'	44	32	12	16.5	**2.7**
Stoneridge	50'	1	38	12	0.3	**3.2**
Venetian Lagoon	50'	230	76	12	36.3	**6.3**
Shaded Tree	50'	8	139	12	0.7	**11.6**
Brookfield	50'	119	48	12	29.8	**4.0**
AVERAGE		***80.1***	***44.7***	***12.0***	***26.0***	***3.7***

Our analysis indicates Starts/Month is between 0.5 and 11.6 with an average of 3.7 starts/month and a median of 2.7 starts/month. We similarly weighed and considered **the subject property's 50' lots would likely absorb 4 lots/month, or approximately 12 lots per quarter.**

60' and 70' Lots

Again, for the 60' and 70' lots, we included data for lots within a 10-mile radius and included 55'-65' lots in our analysis. Data on 60' and 70' lots is still somewhat limited, so we selected six comparable absorption schedules at nearby communities which are shown below:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
West Crossing	55'-65'	12	40	12	3.6	**3.3**
Legacy Ranch	55'-65'	0	9	12	0.0	**0.8**
Liberty	60'-65'	51	20	12	30.6	**1.7**
Grand Estates of Anna	60'	87	5	12	208.8	**0.4**
The Dawn	65'	6	12	12	6.0	**1.0**
Tinsley Meadows	65'	13	19	12	8.2	**1.6**
AVERAGE		***28.2***	***17.5***	***12.0***	***42.9***	***1.5***

Our analysis indicates Starts/Month is between 0.4 and 3.3 with an average of 1.5 starts/month with a median of 1.3 starts/month. We similarly weighted and considered **the subject property's 60' and 70' lots would likely absorb 2 lots/month, or approximately 6 lots per quarter.**

Absorption Summary Projection: 45', 50', 60' and 70' Lots

Based on the preceding, we estimate that lots in the subject property's development will sell 21 lots/quarter for 45' lots, 12 lots/quarter for 50' lots, and 6 lots/quarter for 60' and 70' lots with absorption beginning December 1, 2026. An Absorption Summary Projection for all lot types is shown in the table below for the 418 lots in Sherley Farms PID IA #1.

Projected Quarterly Absorption Summary - Sherley Farms PID IA #1													
Lot Type	*Dec-2026*	*Jan-2027*	*Apr-2027*	*Jul-2027*	*Oct-2027*	*Jan-2028*	*Apr-2028*	*Jul-2028*	*Oct-2028*	*Jan-2029*	*Apr-2029*	*Jul-2029*	*Oct-2029*
45-FF	7	21	21	21	6	-	-	-	-	-	-	-	-
50-FF	4	12	12	12	12	12	12	12	12	12	12	12	12
60-FF	2	6	6	6	6	6	6	6	6	6	6	6	6
70-FF	2	6	6	6	6	6	1	-	-	-	-	-	-
Total	**15**	**45**	**45**	**45**	**30**	**24**	**19**	**18**	**18**	**18**	**18**	**18**	**18**

▼
▼

Projected Quarterly Absorption Summary - Sherley Farms PID IA #1													
Lot Type	*Jan-2030*	*Apr-2030*	*Jul-2030*	*Oct-2030*	*Jan-2031*	*Apr-2031*	*Jul-2031*	*Oct-2031*	*Jan-2032*	*Apr-2032*	*Jul-2032*	*Oct-2032*	**TOTAL**
45-FF	-	-	-	-	-	-	-	-	-	-	-	-	**76**
50-FF	12	6	-	-	-	-	-	-	-	-	-	-	**166**
60-FF	6	6	6	6	6	6	6	6	6	6	6	3	**143**
70-FF	-	-	-	-	-	-	-	-	-	-	-	-	**33**
Total	**18**	**12**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**3**	**418**

The total absorption period for the 45' lots is expected to be 11 months (76 lots ÷ 7 lots/month), and lots are expected to sell out in October 2027. The total absorption period for the 50' lots is expected to be 42 months (166 lots ÷ 4 lots/month), and lots are expected to sell out in May 2030. The total absorption period for the 60' lots is expected to be 72 months (143 lots ÷ 2 lots/month), and lots are expected to sell out in November 2032. The total absorption period for the 70' lots is expected to be 17 months (33 lots ÷ 2 lots/month), and lots are expected to sell out in April 2028.

SUBJECT PROPERTY ANALYSIS

Sherley Farms PID IA #1 represents a total of 135 acres (5,880,600-SF) currently being developed as follows:

- Sherley Farms PID IA #1 will consist of 76 45-FF lots, 166 50-FF lots, 143 60-FF lots, and 33 70-FF lots with a total of 418 improved residential lots on approximately 135 acres.

The following chart shows a breakdown of Sherley Farms PID IA #1

Sherley Farms PID IA #1						
Area Type	**Size (Acres)**	**45' Lot Type**	**50' Lot Type**	**60' Lot Type**	**70' Lot Type**	**Total Lots Appraised**
IA #1	*135*	*76*	*166*	*143*	*33*	*418*
Total	135	**76**	**166**	**143**	**33**	**418**

Sherley Farms PID IA #1 is owned and being developed by Tellus Texas III, LLC. Sherley Farms PID IA #1 is located in the northeastern portion of Collin County in the DFW Metroplex. The area surrounding the subject property is a mix of residential and agricultural uses and has been developed with large master-planned communities that are generally suitable for middle- to upper-income households.

Access to the subject property is considered average as it is located along Houston Street, and approximately 3.5 miles east of U.S. Highway 75. Generally, the main retail and commercial options near the subject site are found along US Highway 75 or within the City Limits of Anna, which has been rapidly developing with a number of master-planned communities in the past decade.

Based on the Development Agreement between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD, Sherley Farms PID IA #1 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 Anna.

Based on research and discussion with the development team, the price point of homes in the subject's community will be $477,000 for the 45-FF lots, $530,000 for the 50-FF Lots, $636,000 for the 60-FF lots and $742,000 for the 70-FF lots, which should be a desirable price point for middle- to upper- income homebuyers looking for a quiet community outside of major cities in the DFW metroplex, but with the amenities of a planned residential community.

We were provided with the following table of budgeted costs for the 418 Lots in Sherley Farms PID IA #1:

Phase 1 Sherley Farms: Anna, Texas

Total Number of Lots: 418 — **Based on Lot Count and Centerlines**

100's: 0 **TH: 0** **45's 75** **50's: 167** **60's: 143** **70's: 33**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$233,490.00	23,349	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$229,900.00	418	Lot	$550.00
Excavation	$1,881,000.00	418	Lot	$4,500.00
Rock Surcharge	$937,885.50	1	LS	$937,885.50
Water	$2,698,560.00	22,488	LF	$120.00
Storm Sewer	$3,735,840.00	23,349	LF	$160.00
Box Culvert & Detention	$76,160.00	1	LS	$76,160.00
Sanitary Sewer	$3,035,370.00	23,349	LF	$130.00
Paving (Residential)	$5,622,000.00	22,488	LF	$250.00
Paving (Collector)	$258,300.00	861	LF	$300.00
Paving (Mews Alley)	$202,600.00	1,013	LF	$200.00
Paving (Alley)	$15,900.00	159	LF	$100.00
Turn Lanes (City)	$0.00	0	EA	$40,000.00
Turn Lanes (TXDOT)	$400,000.00	2	EA	$200,000.00
Signage (Includes CBUs)	$233,490.00	23,349	LF	$10.00
Mews	$108,028.80	13,503.60	SF	$8.00
Attached Green	$554,083.20	69,260.40	SF	$8.00
Pocket Park	$675,180.00	67,518.00	SF	$10.00
Greenway	$2,815,065.00	1,126,026.00	SF	$2.50
Main Entry	$750,000.00	1.00	LS	$750,000.00
Secondary Entry	$150,000.00	1.00	LS	$150,000.00
Arterial Buffer Landscape	$280,000.00	2,800.00	LF	$100.00
Main Entry Boulevard	$325,000.00	650.00	LF	$500.00
12' Trail	$252,000.00	0.42	MI	$600,000.00
8' Trail	$708,000.00	1.77	MI	$400,000.00
Subtotal Hard Costs	$26,192,852.50			
On-Site Contingency (20%)	$5,238,570.50			
Total Hard Costs	$31,431,423.00			
SOFT COSTS				
Preliminary Engineering	$62,700.00	418	Lot	$150.00
Engineering, Construction Staking, Administrative	$1,003,200.00	418	Lot	$2,400.00
Survey (topo, tree, boundary, easements, etc.)	$0.00	1	LS	$0.00
Soil Testing - Final Geotech	$0.00	0	Acre	$750.00
Re-Staking	$0.00	0	Lot	$50.00
Flood Study	$50,000.00	1	LS	$50,000.00
Environmental Studies	$20,000.00	1	LS	$20,000.00
Inspection Fees (4.0%)	$672,644.22	1	LS	$672,644.22
Total Soft Costs	$1,808,544.22			
RESIDENTIAL PID DIRECT COST	**$33,239,967.22**			

Note: There are six phases that encompass the entire Sherly Farms PID. The appraisers were tasked with valuing Improvement Area #1, which only encompasses the first phase.

The above-mentioned Budgeted Costs are provided by Spiars Engineering & Surveying Inc., the Professional Engineers. The figures shown in the previous table may be revised in Annual Service Plan Updates and may be reallocated between line items upon approval by the City so long as the total Authorized Improvements amount and the benefit allocation does not change.

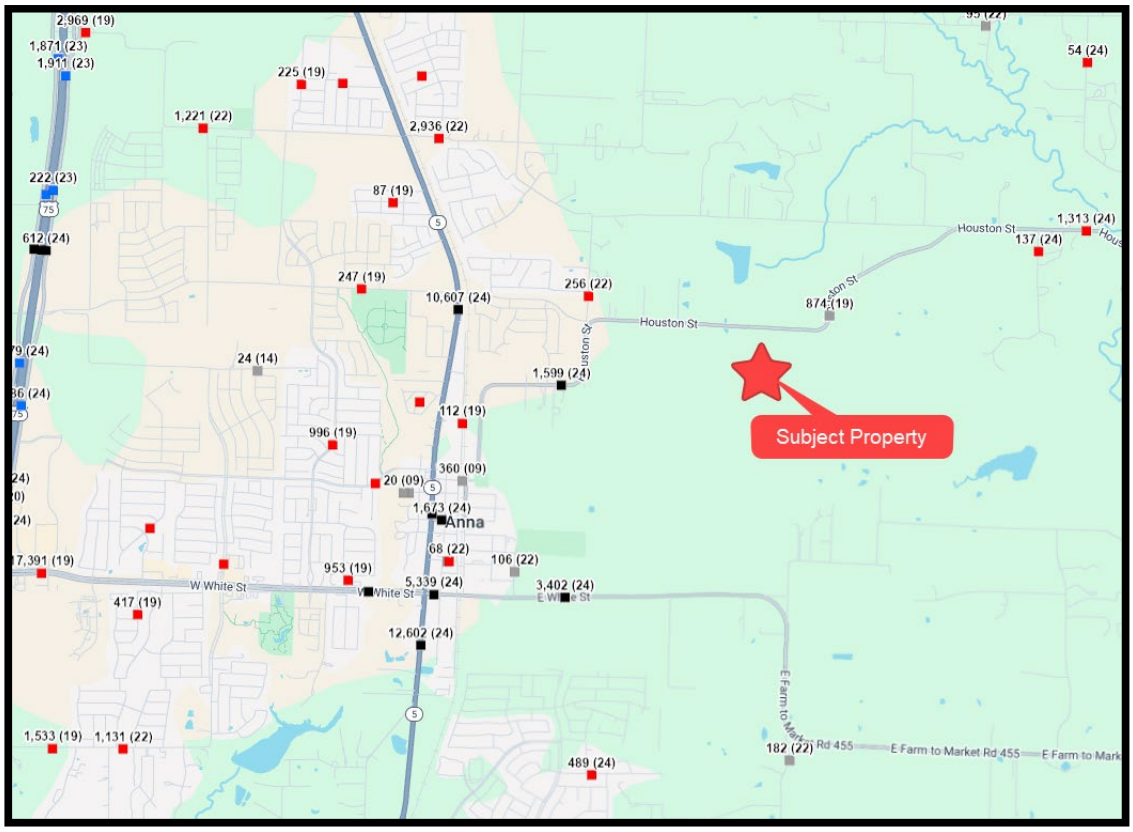
The preceding general descriptions of the subject's characteristics are based on review of available maps and data sources, as well as our physical on-site observations. Please refer to copies of the maps, photographs, and renderings for a visual perspective of the subject's physical characteristics.

ACCESSIBILITY, FRONTAGE, AND STREETS

The subject property is primarily accessed by Houston Street which is an east/west bound, primary throughfare in the City of Anna and transverses north of the subject property. The subject site is approximately 3.5 miles east of U.S. Highway 75, 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, Houston Street runs to the north of the property and has over 870 average daily vehicles.

TXDOT Traffic Web Viewer



Traffic

Collection Street	Cross Street	Traffic Volume	Count Year
Co Rd 477	Houston St N	96	2025
Co Rd 425	Elm Grove S	306	2025
Houston St	Co Rd 425 NE	1,064	2023
Houston Street	Co Rd 425 NE	1,049	2025
Houston St	FM 2862 E	789	2025
Co Rd 479	FM 2862 SE	55	2025
N Powell Pkwy	Rosamond Pkwy N	8,264	2024
North Powell Parkway	Rosamond Pkwy N	7,721	2025
E White St	Smith Dr W	2,689	2024
East White Street	Smith Dr W	3,078	2025

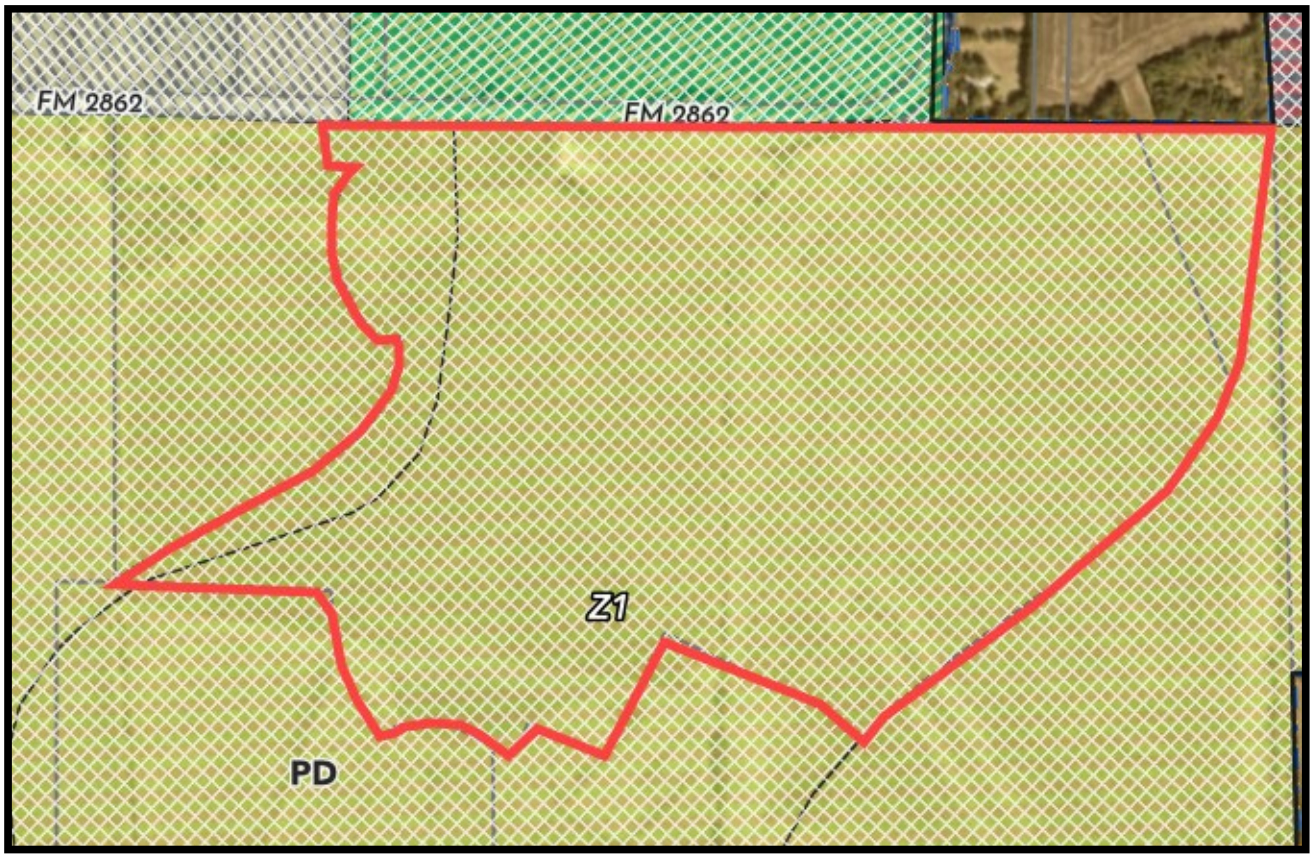
ZONING AND RESTRICTIONS

The City of Anna has passed Resolution No. 2025-03-1753, signed March 31, 2025 to create Sherly Farms Public Improvement District, which covers the 1,123.592 acres containing six phases of Sherly Farms PID. Development of the subject property is governed by a Development Agreement dated December 17, 2024, between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD. The Development Agreement for the subject property we are evaluating allows for detached single-family residential uses and sets forth requirements and standards for residential development for the subject property.

The Sherley Farms PID IA #1 is zoned Zone 1 by the City of Anna via Ordinance No. 1137-2025-02, signed February 25, 2025. The Zone 1 zoning in the City of Anna is broken down into various zoning categories, such as Planned Development/Agricultural (AG)/ Mixed Use (MU)/ Industrial- 1 (1- 1) (PD/AG/MU/1-1); however, our subject property (Sherley Farms PID IA #1) only encompasses single-family. The subject must adhere to the City of Anna's Zoning ordinances.

The proposed lot construction appears to be a conforming land use. The City of Anna Zoning Map is shown below.

CITY OF ANNA ZONING MAP



TOPOGRAPHY

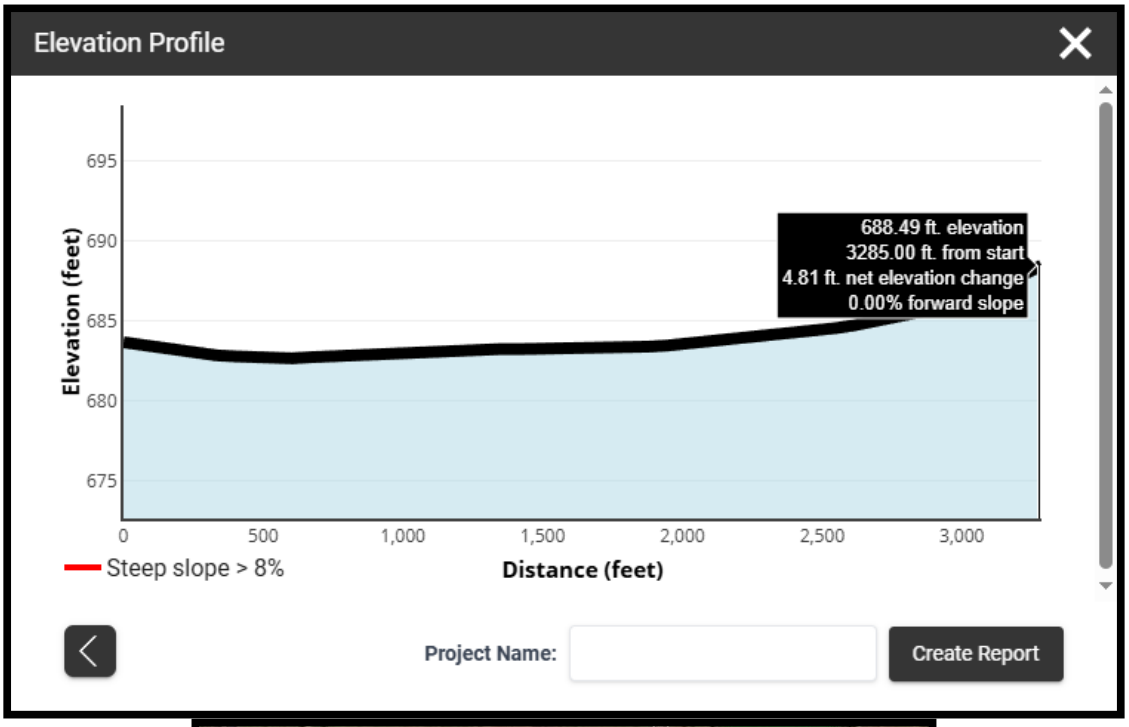
The topography of the subject property is described as gently sloping and earthwork has not yet begun as of the date of inspection. As of the substantial completion date, December 1, 2026, these topographic maps showing the contours will be out-of-date as the site will be in the process of being improved for single-family lots with streets, storm sewer, and utilities. Topographic information is provided by the North Central Texas Council of Governments and Texas A&M Forest Service.

TOPOGRAPHIC MAP

Contours At 10'; Bold at 100'



TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY

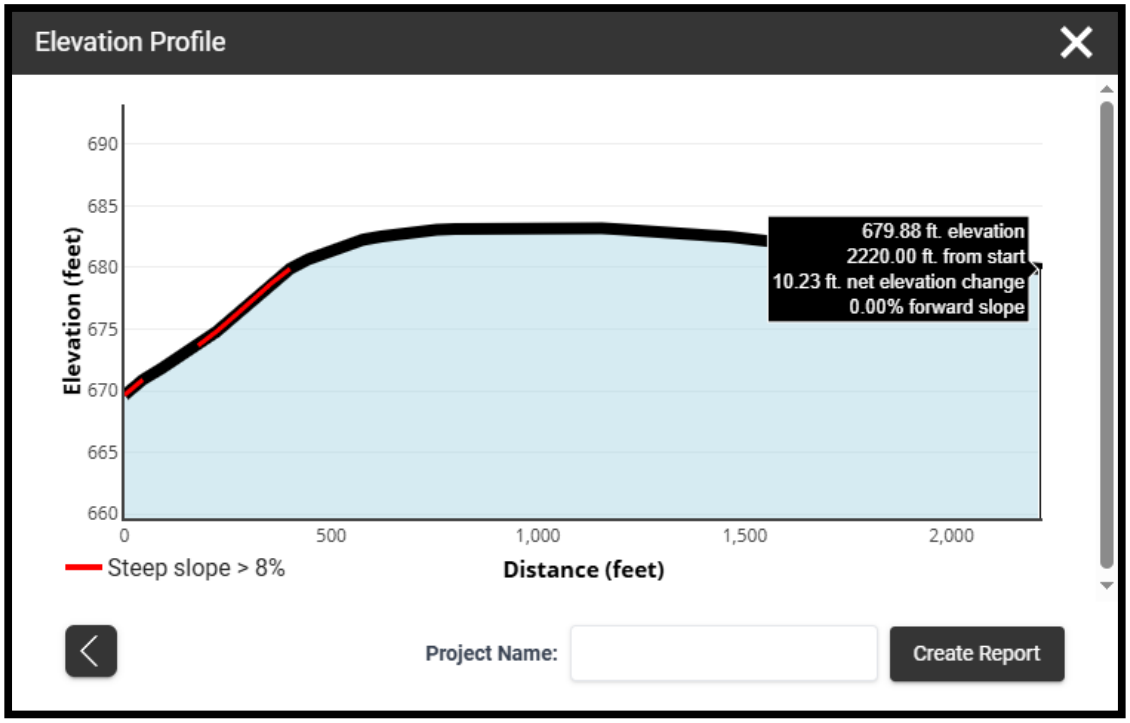




General Slope of the Property Moving from East to West

- *Note that measurements are in feet*
- *Elevation profile is represented along illustrated axis*
- *Property slopes east to west with approximately 4.81 feet of variation over approximately 3,285 feet of run*

TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY





General Slope of the Property Moving from South to North

- *Note that measurements <u>are in feet</u>*
- *Elevation profile is represented along illustrated axis*
- *Property slopes south to north with approximately 10.23 feet of variation over approximately 2,220 feet of run*

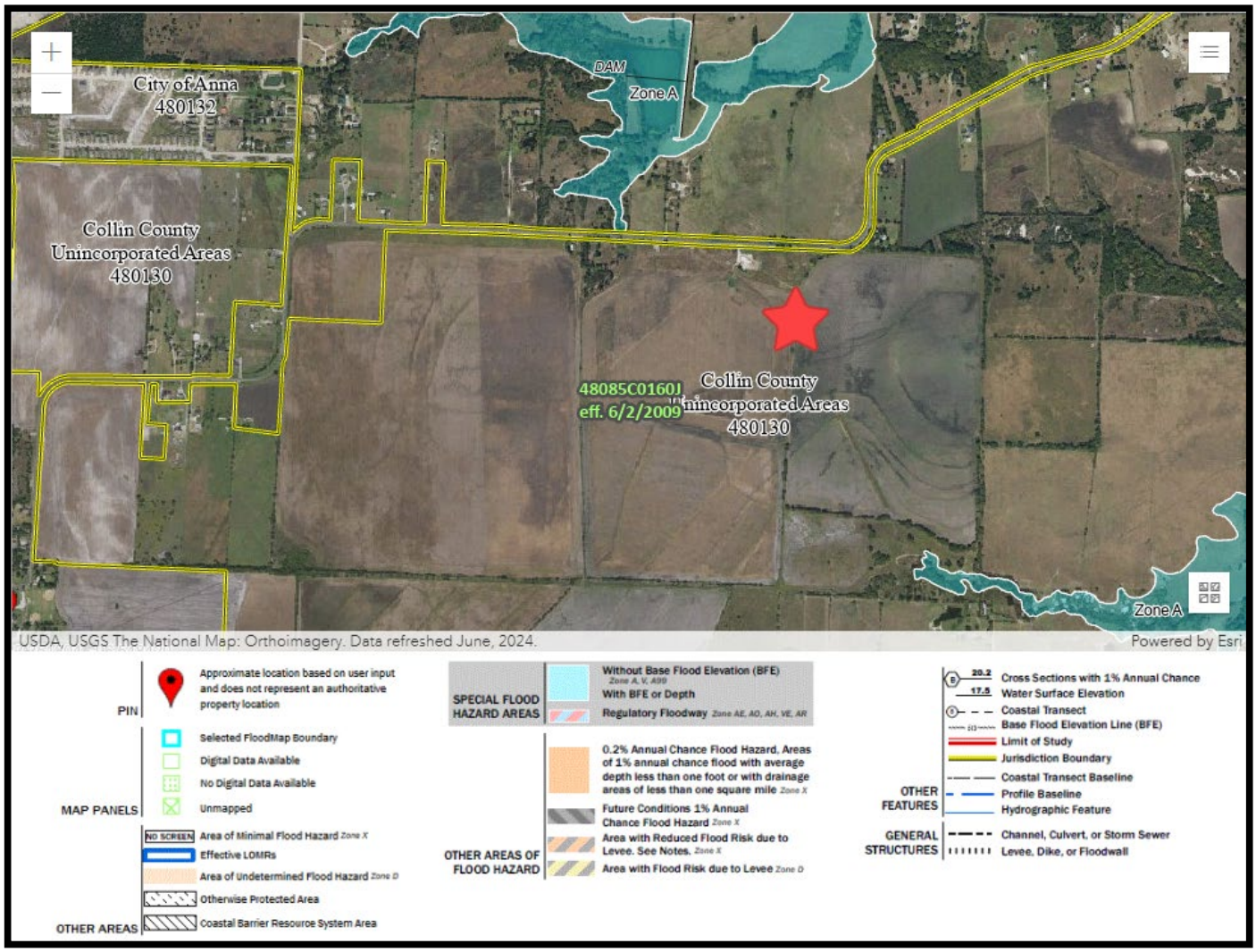
SOIL AND SUB-SOIL CONDITIONS

No soil engineer's report was available to the appraisers and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement to be constructed. As of the report date the developer has excavation and earthwork underway. Our value conclusions are subject to revision should assumptions that land is stable prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

FEMA FLOOD ZONE

Sherley Farms PID IA #1 is within Unshaded Zone X (outside the floodplain) according to Map 48085C0160J, effective June 2, 2009. Per the provided Site Map, the improvements will be developed within Unshaded Zone X. Development within Unshaded Zone X does not appear to be detrimental to the development of the subject property.

FLOODPLAIN MAP



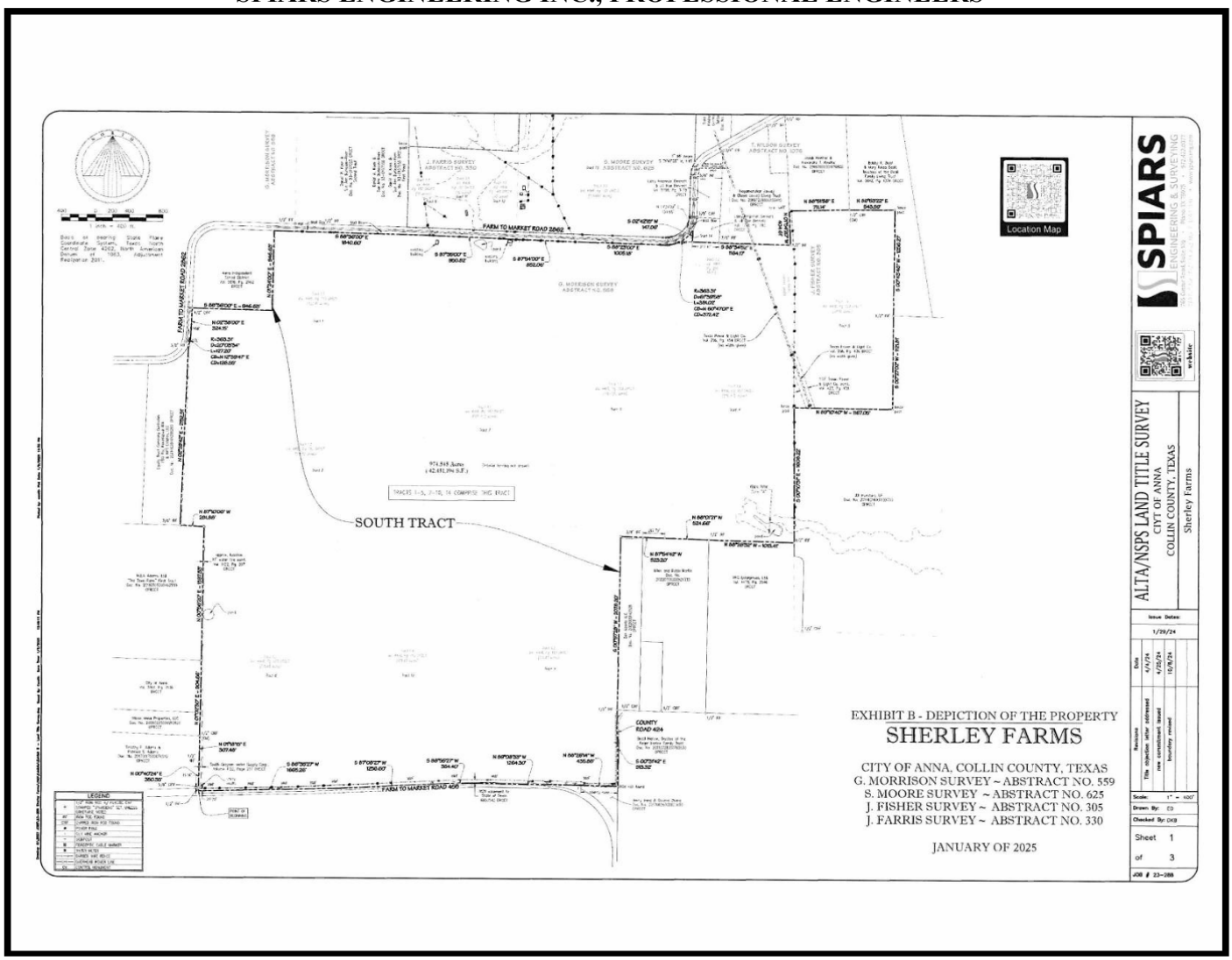
UTILITIES

Electricity to the property will be maintained by Oncor and natural gas will be maintained by Atmos. Water and Sewer will be provided by the City of Anna. The subject property is served by the Anna Police Department and Anna Fire Department for fire and medical services. Telephone, fiber-optic, and internet are available through AT&T, Spectrum, T-Mobile, Optimum, and Nextlink.

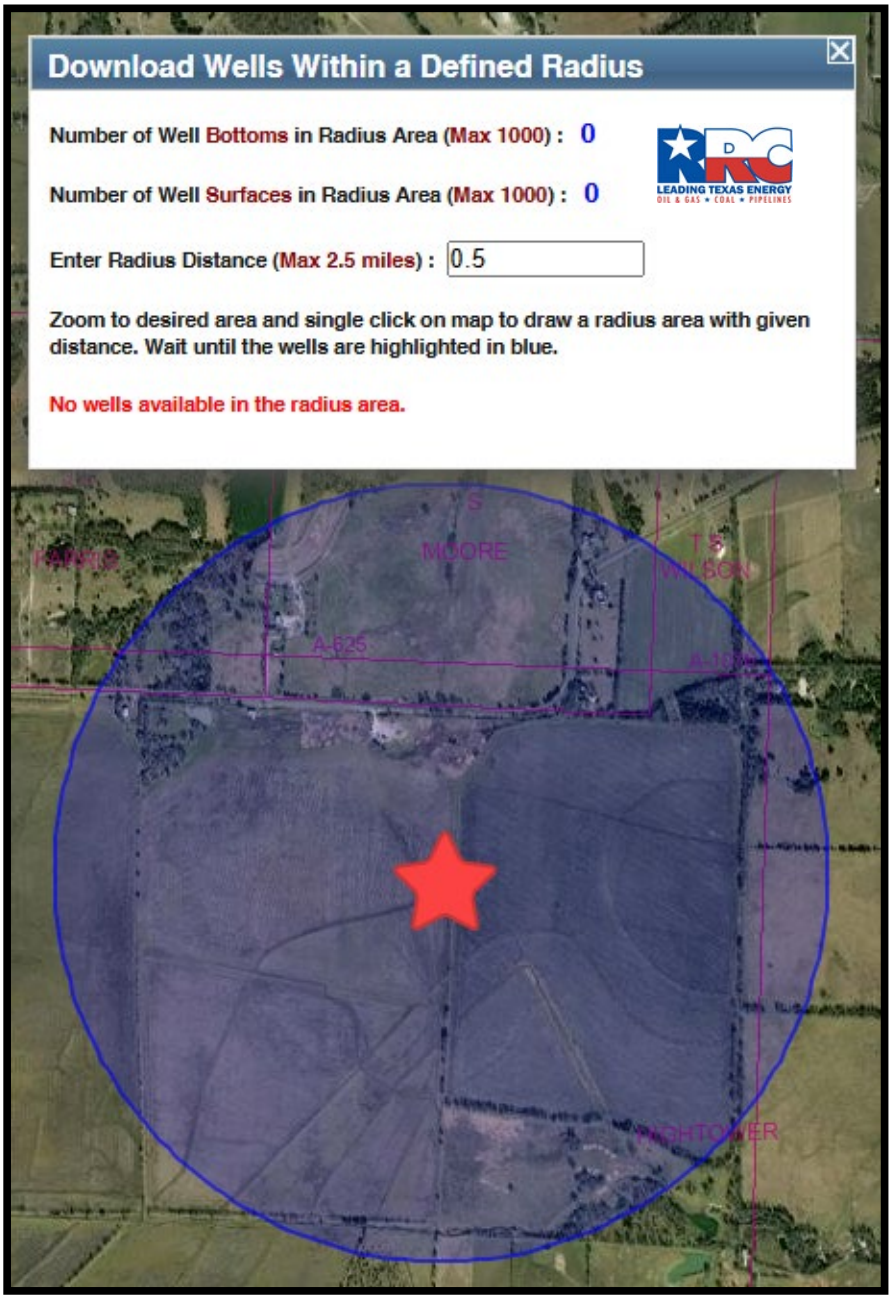
EASEMENTS/ENCROACHMENTS

Based on our physical site visit, and review of available maps of the surrounding area it is reasonable to suspect that there are typical setbacks and easements that exist on the property which have been approved by the City of Anna. The appraisers assume the property is free from any detrimental easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.

SURVEY OF SOUTH TRACT
SPIARS ENGINEERING INC., PROFESSIONAL ENGINEERS



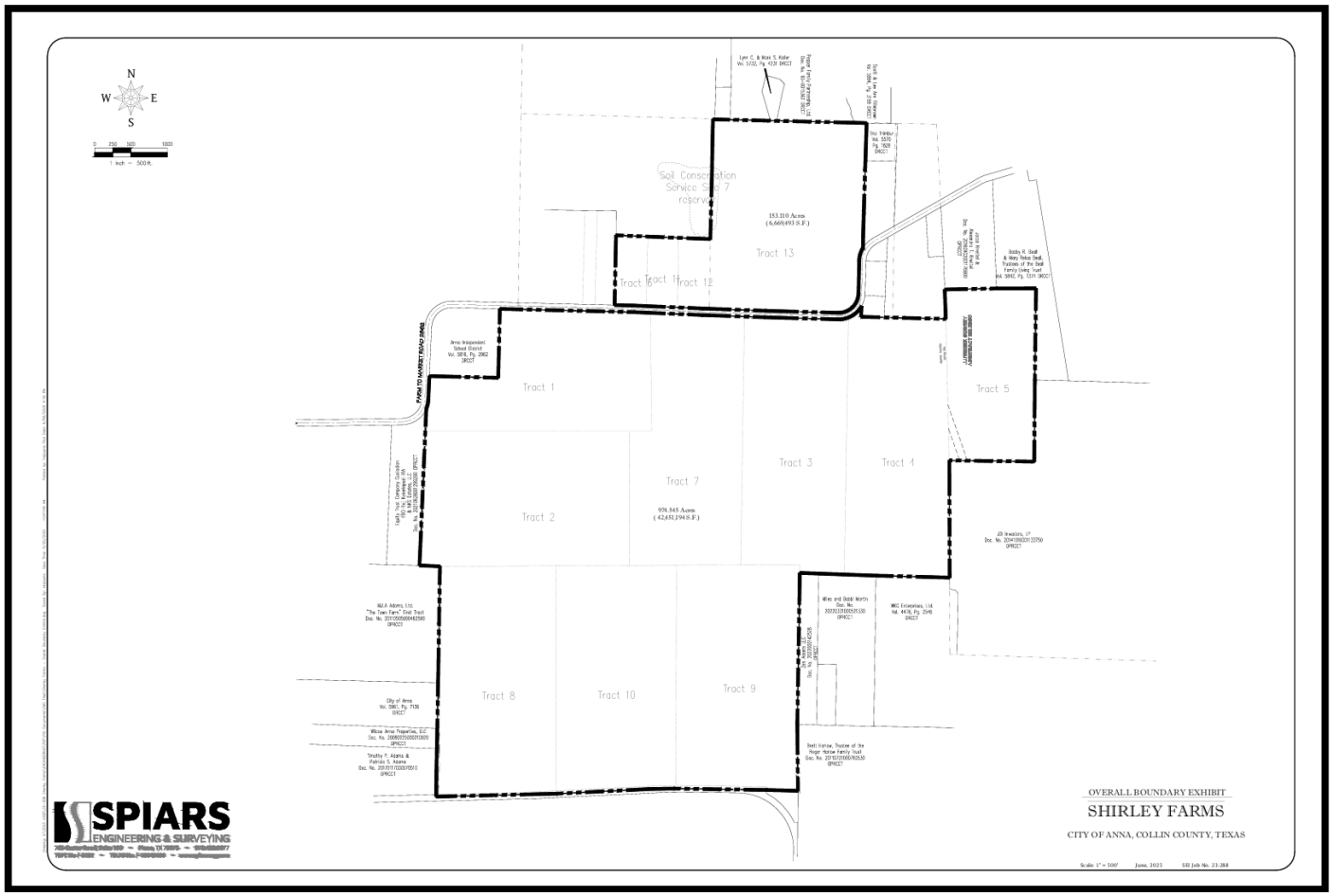
OIL AND GAS WELLS
Texas Railroad Commission



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 Central Texas is minimally active in mineral extraction.

OVERALL PID BOUNDARY EXHIBIT

By Spiars Engineering & Surveying, Dated June 2025



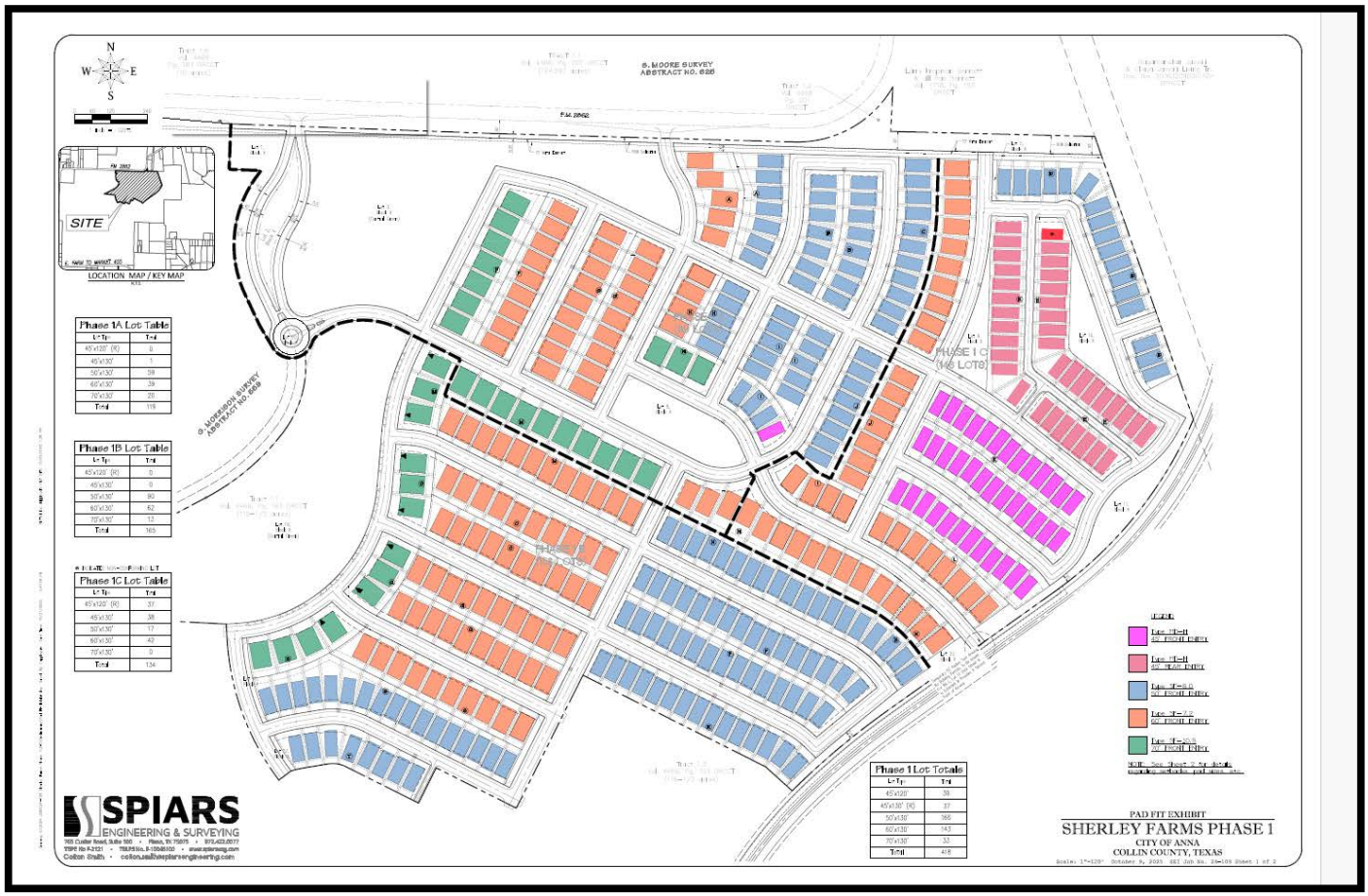
SHERLEY FARMS PHASE 1 BOUNDARY EXHIBIT

By Spiars Engineering & Surveying, Dated June 2025



PAD FIT EXHIBIT

By Spiars Engineering & Surveying, Dated June 2025



PROPERTY PHOTOGRAPHS



Houston Road Facing West



Houston Road Facing East



Northern Tract of PID



Southern Tract of PID



Northern Tract of PID



Southern Tract of PID

HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Also, that reasonable and probable use that will support the highest present value, as defined, as of the Effective Date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

a. Legally Permissible
b. Physically Possible
c. Financially Feasible
d. Maximally Productive

The definition, immediately above, applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use "As-Vacant"

Legally Permissible
The subject property is within the City of Anna and is governed by a Development Agreement dated December 17, 2024, between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD. The Development Agreement for the subject property we are evaluating allows for detached single-family residential uses and sets forth requirements and standards for residential development for the subject property.

The subject property is zoned Zone 1 by the City of Anna via Ordinance No. 1137-2025-02, signed February 25, 2025. The Zone 1 zoning in the City of Anna is broken down into various zoning categories, such as Planned Development/Agricultural (AG)/ Mixed Use (MU)/ Industrial- 1 (1- 1) (PD/AG/MU/1-1); however, our subject property (Sherley Farms PID IA #1) only encompasses single-family. The subject must adhere to the City of Anna's Zoning ordinances.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

Given surrounding land use patterns in the area, only detached single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

Physically Possible
Considering the subject's physical characteristics including jurisdiction, location, size, shape, and availability of utilities, the site is capable of numerous uses which are physically possible without being constrained by the property itself.

Financially Feasible
For the proposed improvements to be economically feasible, they must align with surrounding land uses. Financial feasibility requires that the project generate a net return within a reasonable timeframe. The area around the subject property features a mix of residential and agricultural uses. Over the past decade, development in this region—particularly north of Dallas—has accelerated significantly due to sustained demand. As a result, developers and homebuilders have expanded into Collin County, introducing middle- to upper-class housing. Based on a review of current listings, homes priced between $450,000 and $750,000 are expected to be in demand within Sherley Farms PID IA #1.

Based on our analysis of the market, it is reasonable to expect a rise in demand for vacant developed lots (VDLs) in 2026 as homebuilders sell more homes when mortgage rates begin to fall precipitously as they did in 2025; 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 development agreement is the maximally productive use of the property.

The resilient business climate in North Texas and the continual development of neighborhoods in 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 detached, single-family residential uses.

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 detached, single-family residential uses.

We believe that the **most probable buyer** would be a developer of large single-family communities or a large homebuilder who is active in the DFW Metroplex market.

VALUATION – IMPROVEMENT AREA #1

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	*Appropriate in the IA #1 Portion of the Subject Property Since it is One Phase Among the Entire Development*	*Utilized*
Income (Subdivision Development) Approach	*Appropriate in Determining Residential Subdivision Value*	*Utilized*
Sales Comparison Approach	*Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 45-FF, 50-FF, 60- FF, and the 70-FF Lots*	*Partially Utilized*

Residential Subdivision (418 Improved Lots)

Cost Approach

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. The subject property is one phase of the development, and the development cost were provided to the appraisers, therefore, *the Cost Approach is appropriate and thus was utilized* for the 418 Improved Residential Lots in Sherley Farms PID IA #1

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 418 lots, as of the Effective Date of December 1, 2026, which is based on the Substantial Completion Date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers*. Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

COST APPROACH: RESIDENTIAL LOTS IN SHERLEY FARMS PID IA #1

The Cost Approach is based on the principle of substitution, which states that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct the equivalent improvements without undue delay. This approach is most beneficial when appraising a proposed or recently developed project. The methodology provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction.

The Cost Approach include three basic elements:

1. Land Value – Raw Land Sales
2. Reproduction Cost – Engineering, Platting, Zoning, Major Improvements/Development Costs
3. Accrued Depreciation

Sherley Farms PID IA #1 is a total of 135-AC in size.

The first step in the Cost Approach is to develop a value opinion of the underlying land involved. The land valuation is really a separate appraisal of the land of the subject property, under the assumption that no improvement has been performed. Therefore, we have elected to treat the site valuation as a separate component of the appraisal process. After we reach an opinion of value for the subject site, that value will be transferred to the calculation of the Cost Approach in the following section of this report.

We have utilized the Sales Comparison Approach to determine the market value of the land. Based on research, buyers in the market typically rely heavily on the following unit of comparison for land valuation of over 50 acres:

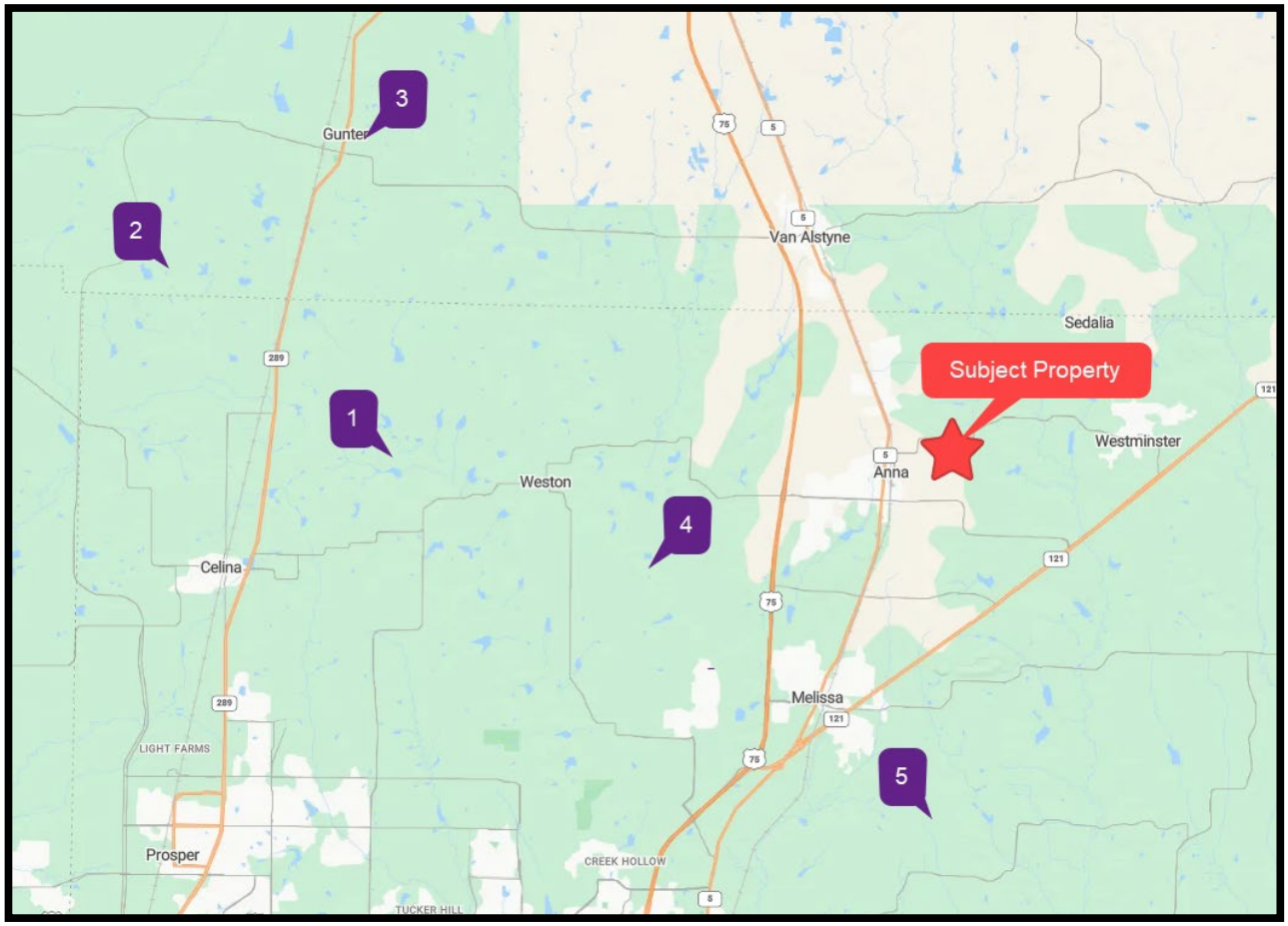
Sales Price Per Acre *- This number is obtained by dividing the sale price by the overall acreage of the land*

An aerial of the subject property on the following page followed by a map of the subject property with similar, nearby, recent comparable sales is shown below, in addition to a summary of the land sales. Following the map and table there is an adjustment grid as well as an analysis explaining how we adjusted the comparable sales to arrive at a value indication for the subject site's land. Comparable sale data sheets follow the comparable sale map.

SHERLEY FARMS PID IA #1 AERIAL MAP



COMPARABLE LAND SALES MAP; RESIDENTIAL LAND



Subject: Sherley Farms PID IA #1, Anna, TX 75409

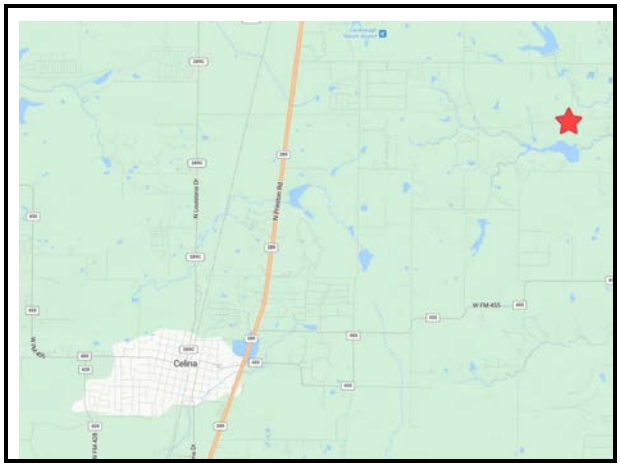
The land sales incorporated in this analysis occurred since 2/2/2023. A sufficient number of recent sales of comparable tracts were available within the subject's market area. Data on each of the sales, including sales price, was confirmed with sources considered to be reliable. Our five comparable sales are shown below:

SUMMARY OF VACANT LAND SALES - SHERLEY FARMS PID IA #1							
Sale	**Location**	**City**	**Sale Date**	**Zoning**	**Sale Price**	**Size (AC)**	**$/AC**
1	81.26-AC at 2039 CR 126	Celina ETJ	9/13/2024	None	$5,248,000	81.26	$64,583
2	Platinum Ranch PID	Gunter	6/10/2025	PD	$104,223,360	1,715.33	$60,760
3	66.38-AC on E FM 121	Gunter	12/5/2024	PD	$4,750,000	66.38	$71,558
4	205.00-AC on CR 206	Anna ETJ	10/25/2023	None	$10,835,715	205.00	$52,857
5	102.50-AC on CR 412	McKinney ETJ and Melissia ETJ	2/2/2023	None	$7,377,500	102.50	$71,976
Subject	**Sherley Farms PID IA #1**	**Anna**	**N/A**	**Zone 1**	**N/A**	**135.00**	**N/A**

LAND SALE COMPARABLE 1



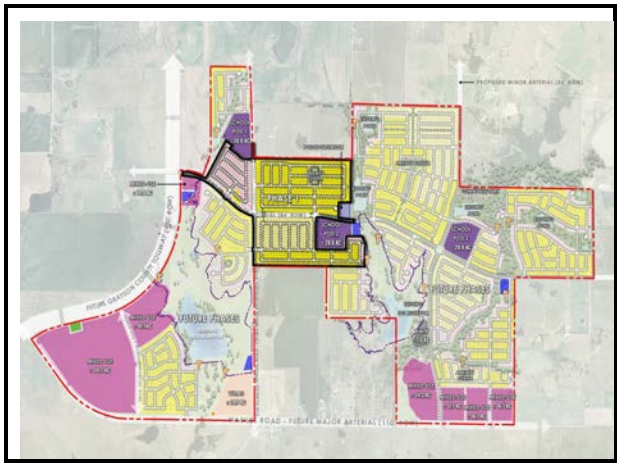
Comparable 1 Aerial



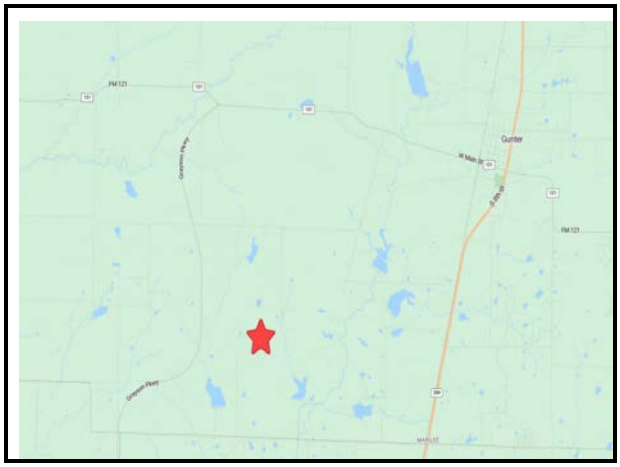
Comparable 1 Map

Land Sale Comparable 1				
Property Information				
Property Name	81.26-AC at 2039 CR 126			
Property Class	Land			
Address	South of County Road 133 and north of County Road 126, Celina ETJ			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	3,539,686	SF	81.26	Acres
Zoning Code	None			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X & A			
Available Utilities	Electric and Water, No Sewer or Gas			
Transaction Information				
Sale Status	Closed			
Sale Date	9/13/2024			
Seller	Ingalls Trust			
Buyer	Daniel Shirley and Bobby Shirley			
Sale Price	$5,248,000			
Price per SF Land	$1.48			
Price per Acre	**$64,583**			
Comment	No Easements			

LAND SALE COMPARABLE 2



Comparable 2 Aerial



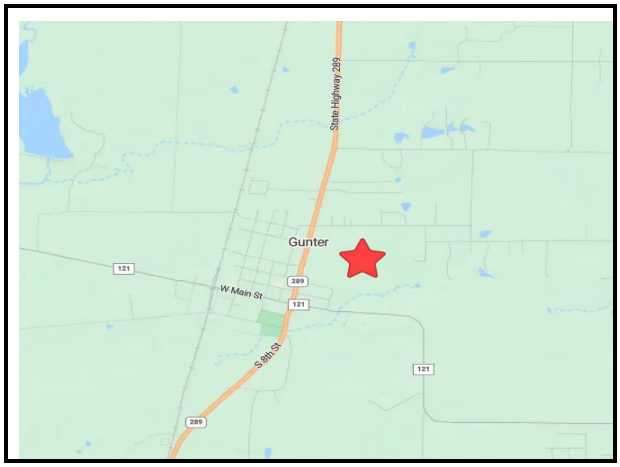
Comparable 2 Map

Land Sale Comparable 2				
Property Information				
Property Name	Platinum Ranch PID			
Property Class	Land			
Address	East of Grayson Parkway and bisected by Old Scaggs School Road, Gunter			
County	Grayson			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	74,719,775	SF	1715.33	Acres
Zoning Code	Planned Development			
Shape	Irregular			
Topography	Gently Sloping; Zone X & Zone A			
Available Utilities	All Avaliable			
Transaction Information				
Sale Status	Closed			
Sale Date	6/10/2025			
Seller	Tollway Preston Crossing LP ETAL; Gauranga			
Buyer	MM Platinum Ranch, LLC; MM Platinum West			
Sale Price	$104,223,360			
Price per SF Land	$1.39			
Price per Acre	**$60,760**			
Comment	No Easement			

LAND SALE COMPARABLE 3



Comparable 3 Aerial



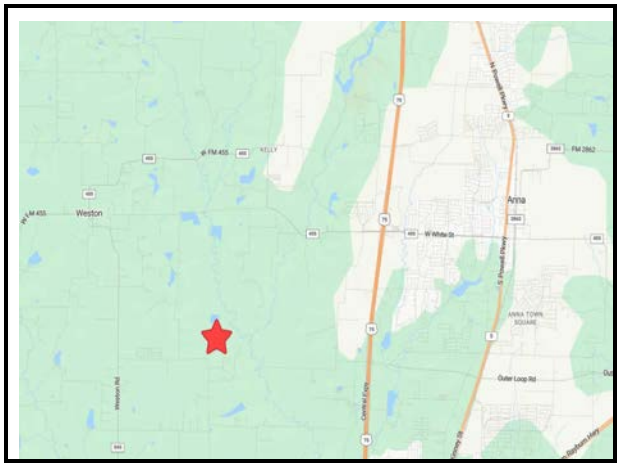
Comparable 3 Map

Land Sale Comparable 3				
Property Information				
Property Name	66.38-AC on E FM 121			
Property Class	Land			
Address	TBD East Farm-to-Market 121, Gunter			
County	Grayson			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	2,891,513	SF	66.38	Acres
Zoning Code	Planned Development			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X & A			
Available Utilities	Only Electric, No Water, Sewer, or Gas			
Transaction Information				
Sale Status	Closed			
Sale Date	12/5/2024			
Seller	Autry John E Etal			
Buyer	Fraser Gunter 66, LLC			
Sale Price	$4,750,000			
Price per SF Land	$1.64			
Price per Acre	**$71,558**			
Comment	Utility Easement (non-impactful)			

LAND SALE COMPARABLE 4



Comparable 4 Aerial



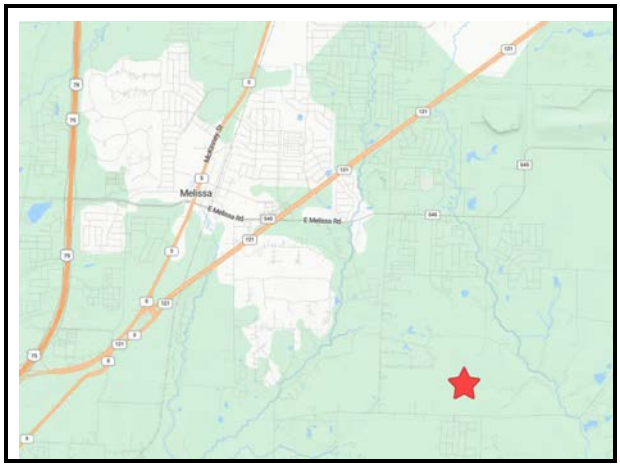
Comparable 4 Map

Land Sale Comparable 4				
Property Information				
Property Name	205.00-AC on CR 206			
Property Class	Land			
Address	2200 Polaris Road, Anna ETJ			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	8,929,800	SF	205.00	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X & A			
Available Utilities	Electric and Water, No Sewer or Gas			
Transaction Information				
Sale Status	Closed			
Sale Date	10/25/2023			
Seller	Kilpatrick Family Partners LTD			
Buyer	Anna 205, LLC			
Sale Price	$10,835,715			
Price per SF Land	$1.21			
Price per Acre	**$52,857**			
Comment	Sold for Land Value; Powerline Easement (non-impactful for development)			

LAND SALE COMPARABLE 5



Comparable 5 Aerial



Comparable 5 Map

Land Sale Comparable 5				
Property Information				
Property Name	102.50-AC on CR 412			
Property Class	Land			
Address	East of FM Road 2933 and north of County Road 412, McKinney ETJ & Melissa ETJ			
County	Collin			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	4,464,900	SF	102.50	Acres
Zoning Code	No City Zoning			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X & A			
Available Utilities	Electric and Water, No Sewer or Gas			
Transaction Information				
Sale Status	Closed			
Sale Date	2/2/2023			
Seller	George Frank Kerby and Kathy R Kerby			
Buyer	Landcrowd Developers LLC			
Sale Price	$7,377,500			
Price per SF Land	$1.65			
Price per Acre	**$71,976**			
Comment	No Easements			

LAND SALES ADJUSTMENT COMPARISON GRID

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Sherley Farms PID IA #1	81.26-AC at 2039 CR 126	Platinum Ranch PID	66.38-AC on E FM 121	205.00-AC on CR 206	102.50-AC on CR 412
	Anna	Celina ETJ	Gunter	Gunter	Anna ETJ	McKinney ETJ and Melissia ETJ
Transactional Adjustments						
Sales Price/AC		$64,583	$60,760	$71,558	$52,857	$71,976
Property Rights		0%	0%	0%	0%	0%
Sales Price/AC		$64,583	$60,760	$71,558	$52,857	$71,976
Financing Terms		0%	0%	0%	0%	0%
Sales Price/AC		$64,583	$60,760	$71,558	$52,857	$71,976
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/AC		$64,583	$60,760	$71,558	$52,857	$71,976
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/AC		$64,583	$60,760	$71,558	$52,857	$71,976
Market Conditions		+7%	+4%	+6%	+9%	+11%
ADJUSTED Price/AC:		$69,104	$63,190	$75,851	$57,614	$79,893
Physical Adjustments						
Location	City of Anna, South of Houston Street	+2%	+2%	+2%	0%	-2%
Size	135-AC	-2%	+11%	-3%	+2%	0%
Topography/Floodplain	Gently Sloping; Zone X	+2%	+2%	+3%	+2%	+4%
Utilities	All in Vicinity	+5%	0%	+7%	+5%	+5%
Easements/Encumbrances	None	0%	0%	0%	0%	0%
Land Use/Zoning	Zone 1	+10%	0%	0%	+10%	+10%
Total Net Physical Adj. After Financial Adj.		+17%	+15%	+9%	+19%	+17%
ADJUSTED Price/AC:		$80,851	$72,669	$82,678	$68,561	$93,475
SUMMARY OF COMPARABLE VALUES						
Value Range/AC		$68,561	to	$93,475		
Mean			$79,647/AC			
Median			$80,851/AC			
Unit Value Indication	$79,500/AC					
Value Indication	$10,732,500					
Conclusion (Rounded)	*10,732,500 ($79,500/AC, $1.83/SF)*					

ANALYSIS OF THE SALES – RESIDENTIAL LAND

Our research of sales comparables leads us to the determination that there are ample comparable sales within the last three years involving similar land sales within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property's land that are utilized had unadjusted sales prices ranging from $52,857 to $71,976 per acre, and sizes ranging from approximately 66.38-AC to 1,715.33-AC.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Financial Adjustments

Property Rights Conveyed
This adjustment considers the difference in sales price of properties sold in Fee Simple estate or in Leased Fee estate and the effect of any existing leases on the sales price of the property. All the sales involved Fee Simple interests being transferred. Thus, no adjustments were applicable for this factor.

Cash Equivalency
All sales were cash or equivalent, thus an adjustment for this item was not necessary.

Conditions of Sale
This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress sale, reduced prices from family purchase, or purchase by adjacent landowners. All the sales were considered arms-length transactions, with no conditions perceived which would indicate a sale without profit motive, and no adjustments for Conditions of Sale were considered necessary.

Changing Market Conditions
This adjustment accounts for changing market conditions over a period. These adjustments are necessary to correct for changes in value over time due to market factors such as supply and demand, and economic factors such as inflation. We have applied an adjustment of +3% year-over-year (YoY), which is a 0.25% month-over month (MoM) positive adjustment for Market Conditions to Sales 1-5, which resulted in adjustments ranging from +4% to +11%.

Physical Adjustments

Location
The type and density of surrounding development were analyzed for each sale. Additionally, proximity to business and retail centers was considered. Properties near densely developed areas tend to sell for higher prices compared to those in less developed locations. Sherley Farms PID IA #1 is situated in the eastern area of Anna, located in northeast Collin County within the DFW Metroplex. Recently, many areas in northeast Collin County have seen the development of large master-planned communities, typically suitable for middle-to-upper income households. The neighborhood around the subject is predominantly residential subdivisions and agricultural uses. Most commercial activities are concentrated west of the subject on US Highway 75 and Downtown Anna, which is favorable for residential subdivision development. We have made the following adjustments for Location:

- Sale 1: Inferior; located in the Celina ETJ with slightly inferior access to commercial uses; Adjusted +2%
- Sale 2: Inferior; located in Gunter with slightly inferior access to commercial uses; Adjusted +2%
- Sale 3: Inferior; located in Gunter with slightly inferior access to commercial uses; Adjusted +2%
- Sale 4: Similar; located in the Anna ETJ with similar access to commercial uses; Adjusted 0%
- Sale 5: Superior; located in the McKinney ETJ and Melissia ETJ, with slightly superior access to commercial uses; Adjusted -2%

Size

Typically, the larger the tract the lower the unit price. The converse also tends to be true. Land sales analyzed on an area-wide basis tend to indicate a ±2% to ±10% price premium for each halving/doubling of size, for tracts within the size range of those compared herein. A +3% doubling factor would appear reasonable for the size range of the sales utilized in this analysis. We have made the following adjustments for Size:

- Sale 1: Smaller; 81.26 acres; Adjusted -2%
- Sale 2: Larger; 1,715.33 acres; Adjusted +11%
- Sale 3: Smaller; 66.38 acres; Adjusted -3%
- Sale 4: Larger; 205.00 acres; Adjusted +2%
- Sale 5: Similar; 102.50 acres; Adjusted 0%

Topography/Floodplain

Topography conditions included are land contours, grades, drainage adequacies, and general physical usability. Land that is heavily wooded would likely be more costly to develop than a site that was cleared and ready for development. Sherley Farms PID IA #1 is cleared, has gently sloping topography, and is within Unshaded Zone X (outside the floodplain) according to Map 48085C0160J, effective June 2, 2009. We have made the following adjustments for Topography/Floodplain:

- Sale 1: Inferior; has gently sloping topography, mostly cleared, however, is partially within Zone A Floodplain; Adjusted +2%
- Sale 2: Inferior; has gently sloping topography, mostly cleared, however, is partially within Zone A Floodplain; Adjusted +2%
- Sale 3: Inferior; has gently sloping topography, moderately treed, and is partially within Zone A Floodplain; Adjusted +3%
- Sale 4: Inferior; has gently sloping topography, mostly cleared, however, is partially within Zone A Floodplain; Adjusted +2%
- Sale 5: Inferior; has gently sloping topography, heavily treed, and is partially within Zone A Floodplain; Adjusted +4%

Utilities

The availability of utilities is a major factor in the development of any property. If a site has no utility service or cannot acquire access, it is virtually impossible to develop. All utilities (water, sewer, electric, and gas) are available for the subject. We have made the following adjustments for Utilities:

- Sale 1: Inferior; has access to electricity and water, but no sewer or gas; Adjusted +5%
- Sale 2: Similar; has access to electricity, water, sewer, and gas; Adjusted 0%
- Sale 3: Inferior; has access to electricity, but no water, sewer, or gas; Adjusted +7%
- Sale 4: Inferior; has access to electricity and water, but no sewer or gas; Adjusted +5%
- Sale 5: Inferior; has access to electricity and water, but no sewer or gas; Adjusted +5%

Easements/Encumbrances
Properties with easements and encumbrances, such as overhead powerlines or gas pipelines, restrict parcels from development. The subject does not contain any easements that would impact development. Sales 1-5 do not contain any easements that would impact development; therefore, no adjustment has been made..

Land Use/Zoning
According to our due diligence, development of the subject property is governed by a Development Agreement, dated December 17, 2024, between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD, of which the Development Agreement allows single-family residential development at the subject property. The subject property is also zoned Zone 1. The Zone 1 zoning in the City of Anna is broken down into various zoning categories, such as Planned Development/Agricultural (AG)/ Mixed Use (MU)/ Industrial- 1 (1- 1) (PD/AG/MU/1-1); however, our subject property (Sherley Farms PID IA #1) only encompasses single-family residential development. At this stage, the land will possess entitlement rights for development, increasing its value compared to vacant agricultural land not within the city with no zoning. Sales 1, 4, and 5 do not have city zoning, therefore do not have entitlements The entitlements provided by the Zone 1 classification elevate the property's value beyond that of unzoned raw land. Sales 1, 4, and 5 were sold as raw land that requires entitlements to be developed to their highest and best use. Based on the time, coordination, and expense that Sales 1, 4, and 5 must endure to receive entitlement, we have adjusted them each positively +10% for Land Use/Zoning. Sales 2 and 3 have PD zoning, that allows for residential-use development, which is similar to the subject and has similar entitlement rights, therefore, no adjustment is warranted made for Sales 2 and 3.

LAND VALUE CONCLUSION FOR 135-AC
After adjustments, the land sales indicate a range of values for the subject site from $68,561 to $93,475 per acre, with an average of $79,647/AC and a median of $80,851/AC. Similar emphasis was given to all sales. Thus, the value of the subject is correlated in the middle portion of the ranges. **The subject site is valued at $79,500/AC, totaling $10,732,500** for the land as shown in the following chart:

LAND VALUE SUMMARY SHERLEY FARMS PID IA #1		
Land Area (Acres)	**Land Value/Acre**	**Land Value**
135.00	$79,500	$10,732,500
Rounded:	**$10,732,500 ($79,500/AC, $1.83/SF)**	

Next, we will continue the Cost Approach to analyze the Development Costs associated within the residential development.

COST APPROACH – RESIDENTIAL LOTS IN SHERLEY FARMS PID IA #1 (CONTINUED)

Replacement cost is the current cost of replacing the improvement with one having equal utility or able to perform the same economic function:

1. It could be the cost of acquiring an equally desirable substitute, or
2. The cost to replace, with a property having an equivalent utility, which may or may not be a replica, or
3. The replacing or remodeling of parts of a structure to maintain it in its highest and best use and operating condition.

This term generally is used to indicate: The present cost of replacing the improvements with improvements of equivalent utility, considering modern materials and construction methods.

NOTE: The appraisers have been provided with detailed construction development costs provided by Spiars Engineering & Surveying Inc. (Professional Engineer) who have worked with the developer on development costs necessary for the Water System, Wastewater System, Storm Drain System, Earthwork, Erosion Control, and Roadway & Street Paving. We have confirmed the projected cost through discussions with the client and concluded they are reasonable and credible for developing Sherley Farms PID IA #1 based on our experience reviewing costs from other PIDs. Further, we have utilized an extraordinary assumption that the development costs are accurate as of the effective date of the report. Use of this extraordinary assumption has affected assignment results.

Detailed costs for each area were provided by Spiars Engineering & Surveying Inc. for Sherley Farms PID IA #1. The portion concerning the Residential Lots totals $33,239,970 as shown on the chart on the following page:

Phase 1 Sherley Farms: Anna, Texas

Total Number of Lots: 418 **Based on Lot Count and Centerlines**

100's: 0 **TH: 0** **45's 75** **50's: 167** **60's: 143** **70's: 33**

	Total	Quantity	Unit	Unit Cost
ON-SITE CONSTRUCTION COSTS				
HARD COSTS				
Erosion Control	$233,490.00	23,349	LF	$10.00
SWPPP/Inspection	$15,000.00	1	LS	$15,000.00
Construction Materials Testing	$229,900.00	418	Lot	$550.00
Excavation	$1,881,000.00	418	Lot	$4,500.00
Rock Surcharge	$937,885.50	1	LS	$937,885.50
Water	$2,698,560.00	22,488	LF	$120.00
Storm Sewer	$3,735,840.00	23,349	LF	$160.00
Box Culvert & Detention	$76,160.00	1	LS	$76,160.00
Sanitary Sewer	$3,035,370.00	23,349	LF	$130.00
Paving (Residential)	$5,622,000.00	22,488	LF	$250.00
Paving (Collector)	$258,300.00	861	LF	$300.00
Paving (Mews Alley)	$202,600.00	1,013	LF	$200.00
Paving (Alley)	$15,900.00	159	LF	$100.00
Turn Lanes (City)	$0.00	0	EA	$40,000.00
Turn Lanes (TXDOT)	$400,000.00	2	EA	$200,000.00
Signage (Includes CBUs)	$233,490.00	23,349	LF	$10.00
Mews	$108,028.80	13,503.60	SF	$8.00
Attached Green	$554,083.20	69,260.40	SF	$8.00
Pocket Park	$675,180.00	67,518.00	SF	$10.00
Greenway	$2,815,065.00	1,126,026.00	SF	$2.50
Main Entry	$750,000.00	1.00	LS	$750,000.00
Secondary Entry	$150,000.00	1.00	LS	$150,000.00
Arterial Buffer Landscape	$280,000.00	2,800.00	LF	$100.00
Main Entry Boulevard	$325,000.00	650.00	LF	$500.00
12' Trail	$252,000.00	0.42	MI	$600,000.00
8' Trail	$708,000.00	1.77	MI	$400,000.00
Subtotal Hard Costs	$26,192,852.50			
On-Site Contingency (20%)	$5,238,570.50			
Total Hard Costs	$31,431,423.00			
SOFT COSTS				
Preliminary Engineering	$62,700.00	418	Lot	$150.00
Engineering, Construction Staking, Administrative	$1,003,200.00	418	Lot	$2,400.00
Survey (topo, tree, boundary, easements, etc.)	$0.00	1	LS	$0.00
Soil Testing - Final Geotech	$0.00	0	Acre	$750.00
Re-Staking	$0.00	0	Lot	$50.00
Flood Study	$50,000.00	1	LS	$50,000.00
Environmental Studies	$20,000.00	1	LS	$20,000.00
Inspection Fees (4.0%)	$672,644.22	1	LS	$672,644.22
Total Soft Costs	$1,808,544.22			
RESIDENTIAL PID DIRECT COST	**$33,239,967.22**			

Depreciation is defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are:

Physical Deterioration

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The

incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or, is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Note: As the subject property is a newly proposed development, there is no physical deterioration to consider.

Functional Obsolescence
Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

Note: The proposed development is considered to be of desirable size and functional design for demand from typical users in this market. There is no indication of functional obsolescence for this property.

External Obsolescence
According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is "*an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.*"

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized.

Note: As the proposed subdivision is in an area in the growth cycle with demand for residential development spurred by high demand, there is no depreciation for external obsolescence.

As indicated earlier, the proposed improvements represent the current Highest and Best Use of the site "as proposed." As such, the following is a discussion of cost and depreciation components used in arriving at a value for the subject via the Cost Approach.

Development Cost Estimate
Base costs for the major improvements are estimated from the owner's cost estimate and compared to the Marshal Valuation Service (MVS) Cost Guide.

Base Development Cost
The client provided the appraisers with the contractor's construction cost estimate. The base development cost is broken down into two categories, hard cost and soft cost. Hard cost refers to the direct expenses related to the physical construction of infrastructure. These costs typically include materials (such as concrete and steel), labor (wages for construction workers, subcontractors, and site supervisors), and the use of equipment and machinery. The estimated hard cost amount is $31,431,423. Soft costs in construction refer to the expenses that are not directly tied to the physical building process but are essential for the overall project. These costs include fees and services associated with design, planning, and administration. Examples of soft costs are architectural and engineering fees, permit and inspection fees, legal fees, and the costs for project management. Additionally, they can encompass expenses like financing charges, insurance, marketing, and utility setup. The estimated soft cost amount is $1,808,544. The total estimated development costs is **$33,239,970** which includes total cost with contingencies and fees (hard cost and soft cost).

Entrepreneurial Incentive
According to The Dictionary of Real Estate Appraisal, Fifth Edition, entrepreneurial incentive is defined as "*the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement.*" Typically, the range of 10-20% of cost is used for this category with higher percentages are typical when a development involves more risk. In general, subdivision developers are categorized as higher risk than other real estate endeavors due to the high degree coordination that takes place over several years. Within the span of those years numerous market changes are likely to occur. We are using 15% for the purpose of this analysis as residential development tends to be risker and thus a higher profit is expected from participants totaling **$4,985,995**.

Depreciation: defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are as follows:

Physical Deterioration
This is a loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Short-Life Physical Deterioration
The depreciation estimate for short-life items can be divided into two categories; "Curable" and "Incurable." *Curable physical deterioration*, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance. The subject property has no deferred maintenance. Therefore, no charge will be considered in our analyses. *Incurable Short-Life deterioration* is also attributable to normal wear and tear but is generally unfeasible or uneconomical to repair. Typically, this charge is estimated on an age/life method and is based on observed condition. The subjects developments are proposed and are considered to be in new condition with no physical deterioration.

Physical Deterioration: Incurable Long-Life
Prior to calculating incurable long-life depreciation, the replacement cost new of short-life items is subtracted. The subjects development is proposed and are considered to be in new condition with no physical deterioration.

External Obsolescence
According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is "*an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.*"

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized. There is not considered to be any measurable external obsolescence present.

Cost Approach Assumptions
The following assumptions will affect our Cost Approach value conclusions:

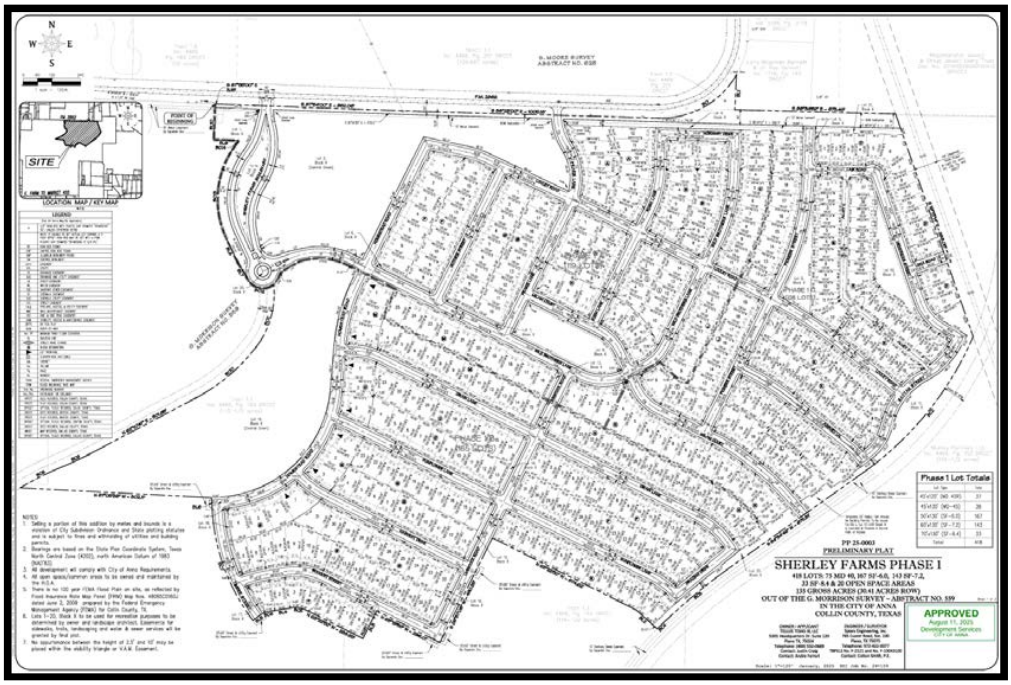
1. Developer construction cost estimates provided by Spiars Engineering & Surveying Inc. (Professional Engineers) are accurate and reflect all associated costs (as of the effective date) to construct the development – Utilizing Extraordinary Assumption
2. Entrepreneurial incentive is considered to be 15% which is the market rate entrepreneurial incentive a developer would expect to undertake the risk associated with a subdivision development such as the subject property. Typically, developers budget 30-40% for entrepreneurial incentive; however, after unexpected contingencies entrepreneurial incentive are often 15-25%.
3. The value of the underlying land as of the report date is $10,732,500. We are not factoring in any increases prior to the Effective Date of December 1, 2026, for the Sherley Farms PID IA #1.

Based on the forgoing analysis, the following chart recaps and illustrates the calculations used in forming an opinion of value via the Cost Approach. **Thus, the value conclusion utilizing the Cost Approach for Sherley Farms PID IA #1 is $48,958,462, rounded to $48,960,000 ($117,129/Lot Rounded).**

Cost Approach - Sherley Farms PID IA #1 (418 Improved Lots)	
Total Build Cost	
Development Costs	$ 33,239,967
Plus: Entrepreneurial Incentive (15%)	$ 4,985,995
Less Depreciation	
Physical Curable/Incurable	$ -
Functional Obselescence	$ -
External Obselescence	$ -
Total Accrued Depreciation	$ -
Plus: Land (135 Acres)	$ 10,732,500
Indicated Total Value	**$ 48,958,462**
Total Value Rounded	***$ 48,960,000***

Next, we will analyze the retail market value of the 45-FF, 50-FF, 60-FF, and 70-FF improved lots in Sherley Farms PID IA #1 utilizing the Income (Subdivision Development) Approach.

INCOME (SUBDIVISION DEVELOPMENT) APPROACH – IMPROVED RESIDENTIAL LOTS



NOTE: Improvement Area #1 comprises 418 improved residential lots completed as vacant developed lots (VDLs) with a Prospective Effective Date of December 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:

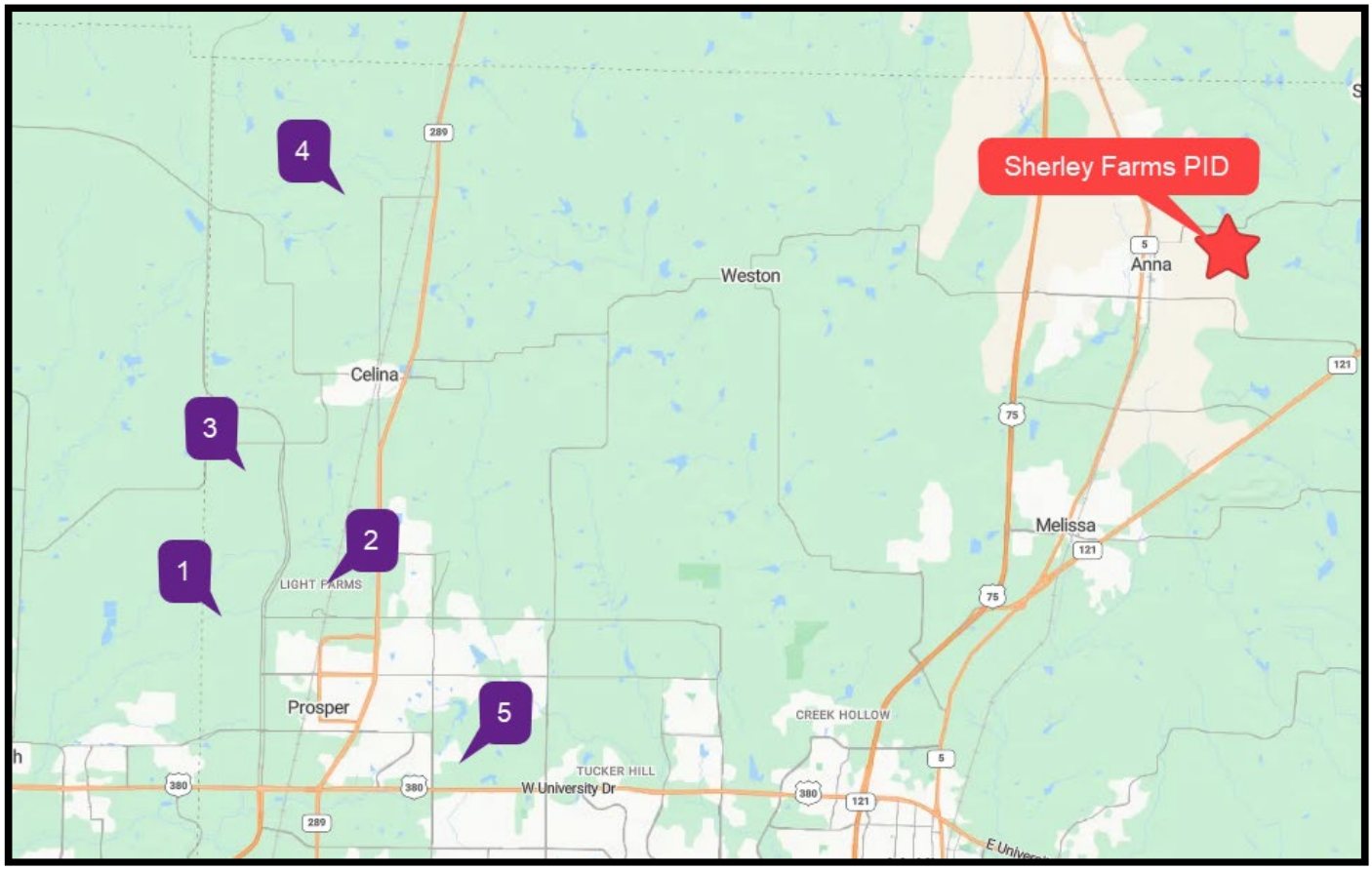
- Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- Analyzed the effect of appreciation, taxes, and sales 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 45-FF, 50-FF, 60-FF, and 70-FF lots for Sherley Farms PID IA #1

MAP OF COMPARABLE LOT SALES –45' LOTS



Subject: Sherley Farms PID IA #1, Anna, Collin County, TX 75409

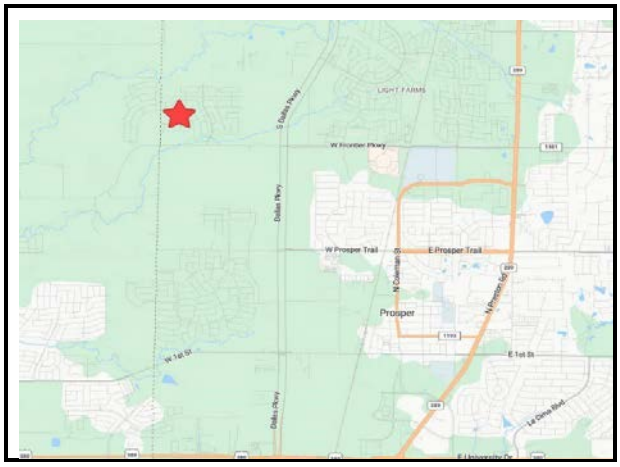
We selected the best and most recent comparable lot sales for our analysis of the 45-FF lots. As 45-FF sales were somewhat limited, we expanded our search to include 40-FF lots and 50-FF Lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 45' LOTS								
Sale	**Subdivision**	**City**	**ISD**	**Contract Date**	**Sale Date**	**Base Lot Price**	**Front Feet (FF)**	***$/FF***
1	Mosaic	Prosper	Prosper	Jan-2023	Closed	$98,000	40	*$ 2,450*
2	Light Farms	Celina	Prosper	Aug - 2023	Closed	$89,000	40	*$ 2,225*
3	Cambridge Crossing	Celina	Celina	Jan-2024	In-Contract	$100,000	50	*$ 2,000*
4	Legacy Celina	Celina	Celina	Aug - 2024	In-Contract	$125,000	50	*$ 2,500*
5	Brookhollow West	Prosper	Prosper	Jun - 2023	In-Contract	$122,500	50	*$ 2,450*
Subject	**Sherley Farms IA #1**	**Anna**	**Anna**	-	-	-	**45**	-

SALE COMPARABLE 1 – 45' LOTS



Comparable 1 Aerial



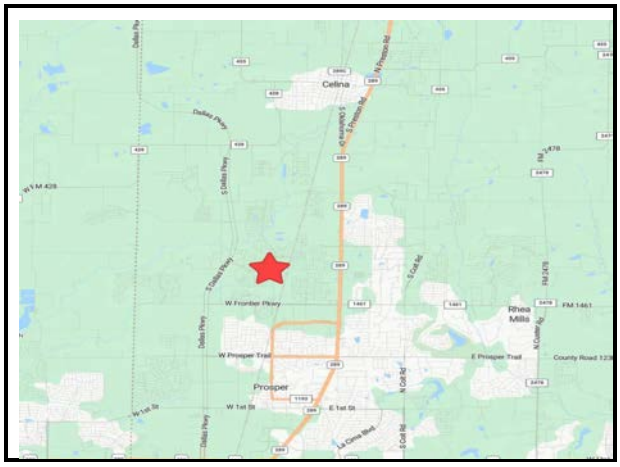
Comparable 1 Map

45-FF Sale Comparable 1				
Property Information				
Subdivision Name	Mosaic			
Property Class	Residential Lot			
Address	West side of County Road 6 at Frontier Parkway, Propser			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,800	SF	0.11	Acres
	40-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	January - 2023			
Seller	Tellus Texas I, LLC			
Buyer	Highland Homes			
Sale Price	$98,000			
Price per SF Land	$20.42			
Price per Front Foot	**$2,450**			

SALE COMPARABLE 2 – 45' LOTS



Comparable 2 Aerial



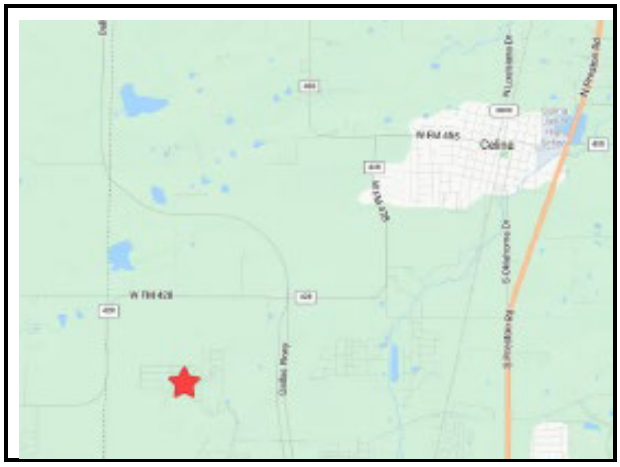
Comparable 2 Map

45-FF Sale Comparable 2				
Property Information				
Subdivision Name	Light Farms			
Property Class	Residential Lot			
Address	733 Isabel Street, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	4,000	SF	0.09	Acres
	40-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	August - 2023			
Seller	LFC Devco B2G2, LLC			
Buyer	Shaddock Homes, LTD			
Sale Price	$89,000			
Price per SF Land	$22.25			
Price per Front Foot	**$2,225**			

SALE COMPARABLE 3 – 45' LOTS



Comparable 3 Aerial



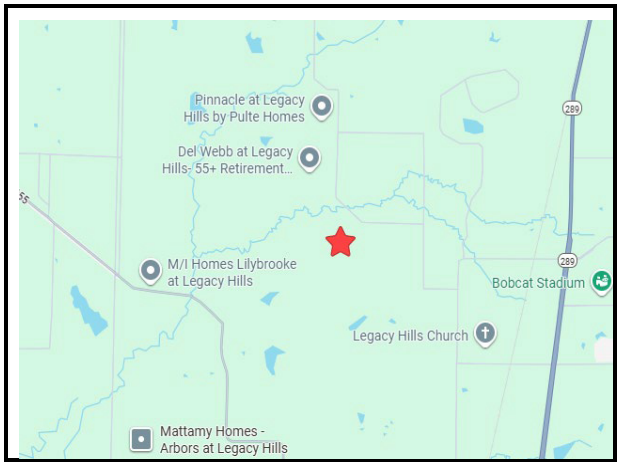
Comparable 3 Map

45-FF Sale Comparable 3				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
	50-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	January - 2024			
Seller	Tollway/Outer Loop LP			
Buyer	Perry Homes			
Sale Price	$100,000			
Price per SF Land	$16.67			
Price per Front Foot	**$2,000**			

SALE COMPARABLE 4 –45' LOTS



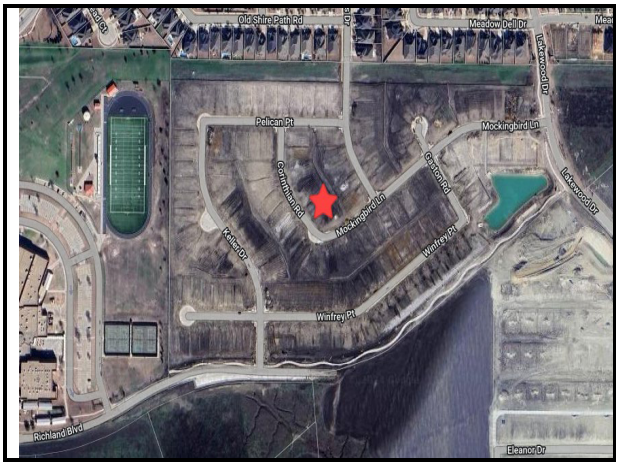
Comparable 4 Aerial



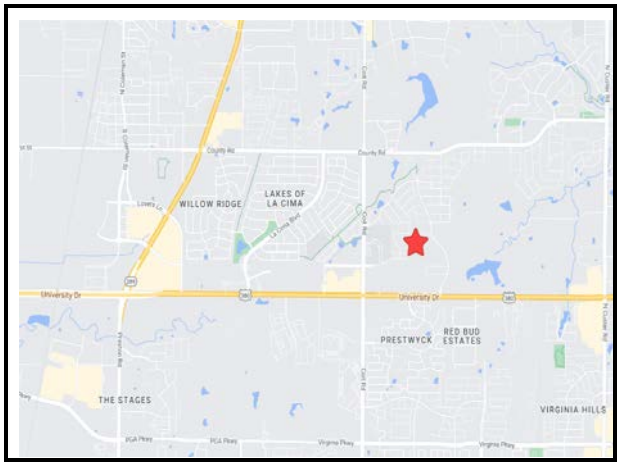
Comparable 4 Map

45-FF Sale Comparable 4				
Property Information				
Subdivision Name	Legacy Celina			
Property Class	Residential Lot			
Address	Southwest quadrant of County Road 58 and County Road 59, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
	50-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	August-2024			
Seller	Centurion American Acquisitions, LLC			
Buyer	William Ryan Homes Texas, Inc			
Sale Price	$125,000			
Price per SF Land	$20.83			
Price per Front Foot	**$2,500**			

SALE COMPARABLE 5 – 45' LOTS



Comparable 5 Aerial



Comparable 5 Map

45-FF Sale Comparable 5				
Property Information				
Subdivision Name	Brookhollow West			
Property Class	Residential Lot			
Address	West side of Lakewood Drive, South side of First Street, North side of US Highway 380, East side of Coit Road, Prosper			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
	50-FF			
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**			

SALES ADJUSTMENT COMPARISON GRID –45' LOTS

Address:	Subject Sherley Farms IA #1	Sale 1 Mosaic	Sale 2 Light Farms	Sale 3 Cambridge Crossing	Sale 4 Legacy Celina	Sale 5 Brookhollow West
	Anna	Prosper	Celina	Celina	Celina	Prosper
Transactional Adjustments						
Sales Price/FF		$2,450	$2,225	$2,000	$2,500	$2,450
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		$2,450	$2,225	$2,000	$2,500	$2,450
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		$2,450	$2,225	$2,000	$2,500	$2,450
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		$2,450	$2,225	$2,000	$2,500	$2,450
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		$2,450	$2,225	$2,000	$2,500	$2,450
Time/Market Conditions		+16%	+13%	+12%	+9%	+14%
ADJUSTED Price/FF:		$2,842	$2,514	$2,240	$2,725	$2,793
Physical Adjustments						
Location/Access	City of Anna, South of Houston Street	-3%	-2%	-2%	-2%	-3%
Amenities	Commercial areas, two amenity centers, a fully functioning farm, pocket parks, greenspace, and trails	+5%	+2%	-2%	+6%	+8%
Size	45-FF	-2%	-2%	+2%	+2%	+2%
Topography/View	Gently Sloping; Improved Lots	0%	0%	0%	0%	0%
Zoning	Zone 1	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		+0%	-2%	-2%	+6%	+7%
ADJUSTED Price/FF:		$2,842	$2,464	$2,195	$2,889	$2,989
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		$2,195	to	$2,989		
Average Value/FF		$2,676				
Median Value/FF		$2,842				
Size		45-FF				
Unit Value Indication		$2680/FF				
Overall Value Indication		$120,600				
Rounded		$120,600				

ANALYSIS OF ADJUSTMENTS –45' LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from $2,000 to $2,500 per front foot with Sales 1 and 2 being 40-FF lot types, and Sales 3, 4, and 5 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 2020-2025 but now appears to be cooling following an interest rate decrease by the Federal Reserve that has lowered mortgage rates by 26 basis points to 6.30% as of September 2025. Price increased from 2020-2025 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 45-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 +4% year-over year (YoY) increase throughout 2023, 2024, and into the third 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 +9% and +16% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the City of Anna in Collin County near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located along Houston Street in eastern Anna. The area around the subject is primarily residential development and agricultural land. Also in the area are municipal uses and commercial uses along US Highway 75, which runs approximately 3.5 miles west of the subject. Accessibility is considered average for this area.

West of the subject property, about 2.4 miles, is Anna High School which is the only high school in Anna ISD. Anna ISD has a "C" 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. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Prosper, which is located in Prosper ISD which has an "A" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -3%
- Sale 2: Superior; Located in Celina, however, is located in an area that feeds into Prosper ISD which has an "A" rating and considered to be a superior ISD along with having similar access to commercial uses; Adjusted -2%
- Sale 3: Superior; Located in Celina, which is located in Celina ISD which has a "B" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -2%
- Sale 4: Superior; Located in Celina, which is located in Celina ISD which has a "B" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -2%
- Sale 5: Superior; Located in Prosper, which is located in Prosper ISD which has an "A" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -3%

Amenities

The subject property's amenities will consist of commercial areas, industrial areas, two amenity centers, a fully functioning farm, pocket parks, greenspace, and trails. According to the site visit, earthwork on the site is not yet underway. The subject's amenities are considered above average for a master planned community the size of Sherley Farms PID IA #1 as most do not contain multiple amenity centers, a fully functioning farm, or commercial and industrial development within the community. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Mosaic, which has inferior amenities consisting of a pool complex with a lazy river, stocked lake, playground, fitness center, trails, and greenspace. While this comparable offers a pool complex and fitness center—features not present at the subject property—it lacks access to on-site commercial and industrial uses, multiple amenity centers, and the farm, ultimately rendering it inferior overall; Adjusted +5%
- Sale 2: Inferior; Light Farms, which has inferior amenities such as an amenity center, pools, sports complex, dog park, 90-acre parks, trails, and greenspace. While this comparable offers a pool, a sports complex, a dog park, and a 90-acre park—features not present at the subject property—it lacks access to on-site commercial and industrial uses, and the farm, ultimately rendering it slightly inferior overall; Adjusted +2%
- Sale 3: Superior; Cambridge Crossing, which has superior amenities consisting of seven lakes, private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, fishing pond, playground, lap pool, resort pool/cabanas, and event lawn. Though this comparable does not have on-site access to commercial and industrial uses, its amount of amenities makes it superior to the subject property; Adjusted -2%

- Sale 4: Inferior; Legacy Celina, which has inferior amenities such as a commercial area, pickleball court, playground, shade structures, lawn play area, greenspace, and trails. While this comparable offers a pickleball court, pool , and event lawn—features not present at the subject property—it lacks access to on-site industrial uses, an amenity center, and the farm, ultimately rendering it inferior overall; Adjusted +6%
- Sale 5: Inferior; Brookhollow West, which has inferior amenities such as a club house, pool, jogging path/bike path, and park. While this comparable offers a pool— a feature not present at the subject property— it lacks access to on-site commercial and industrial uses, multiple amenity centers, and the farm, ultimately rendering it inferior overall; Adjusted +8%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sales 1 and 2 are 40' lots that can accommodate a smaller building pad, so an adjustment of -2% is made for size to those comparable sales. Sales 3, 4, and 5 are 50' lots that can accommodate a larger building pad, so an adjustment of +2% is made for size to those comparable sales

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

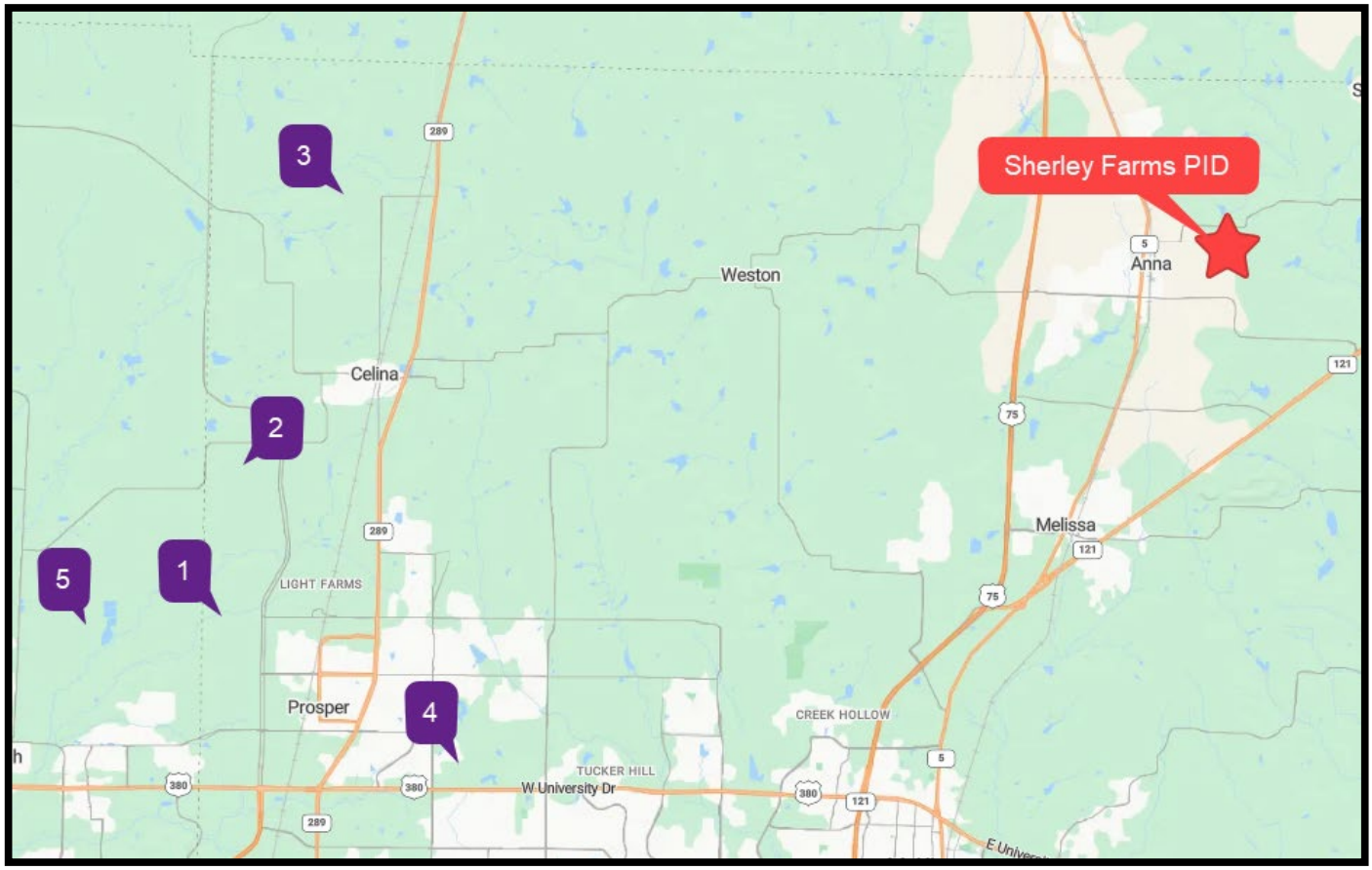
Development of the subject property is governed by a Development Agreement, dated December 17, 2024, between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD, of which the Development Agreement allows single-family residential development at the subject property. The subject property is also zoned Zone 1. The Zone 1 zoning in the City of Anna is broken down into various zoning categories, such as Planned Development/Agricultural (AG)/ Mixed Use (MU)/ Industrial- 1 (1- 1) (PD/AG/MU/1-1); however, our subject property (Sherley Farms PID IA #1) only encompasses single-family residential. 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 45' Lots – The 45' Lot Sales have an adjusted range of $2,195/FF to $2,989/FF with an average of $2,676/FF and a median of $2,842/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 45' lots is $2680/FF, or $120,600/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
45' Detached Lots	76	December 1, 2026	$120,600

Next, we will analyze the retail market value of the 50' improved residential lots within Sherley Farms PID IA #1.

MAP OF COMPARABLE LOT SALES –50' LOTS



Subject: Sherley Farms PID IA #1, Anna, Collin County, TX 75409

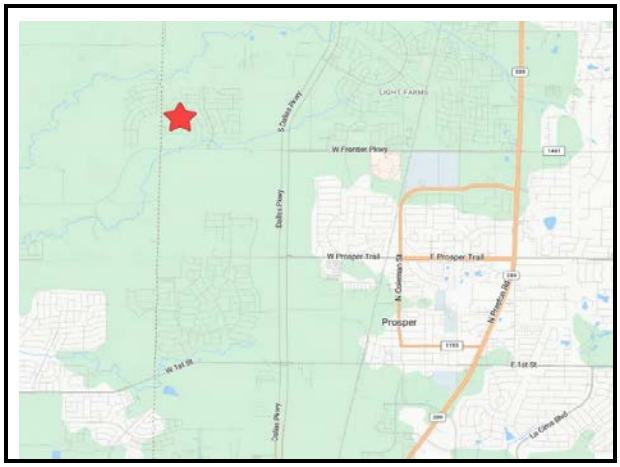
We selected the best and most recent comparable lot sales for our analysis of the 50-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 50' LOTS								
Sale	**Subdivision**	**City**	**ISD**	**Contract Date**	**Sale Date**	**Base Lot Price**	**Front Feet (FF)**	***$/FF***
1	Mosaic	Prosper	Prosper	Sept - 2023	Closed	$122,500	50	*$ 2,450*
2	Cambridge Crossing	Celina	Celina	Jan - 2024	In-Contract	$100,000	50	*$ 2,000*
3	Legacy Celina	Celina	Celina	Aug - 2024	In-Contract	$125,000	50	*$ 2,500*
4	Brookhollow West	Prosper	Prosper	June-2023	In-Contract	$122,500	50	*$ 2,450*
5	Lily Creek at Sutton Fields	Celina	Celina	Feb - 2023	In-Contract	$100,000	50	*$ 2,000*
Subject	**Sherley Farms IA #1**	**Anna**	**Anna**	-	-	-	**50**	-

SALE COMPARABLE 1 – 50' LOTS



Comparable 1 Aerial



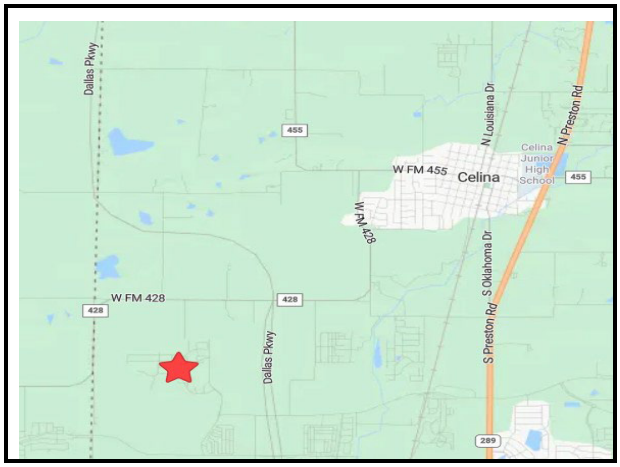
Comparable 1 Map

50-FF Sale Comparable 1				
Property Information				
Subdivision Name	Mosaic			
Property Class	Residential Lot			
Address	West side of County Road 6 at Frontier Parkway, Propser			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.11	Acres
	50-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September-2023			
Seller	Tellus Texas 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



Comparable 2 Aerial



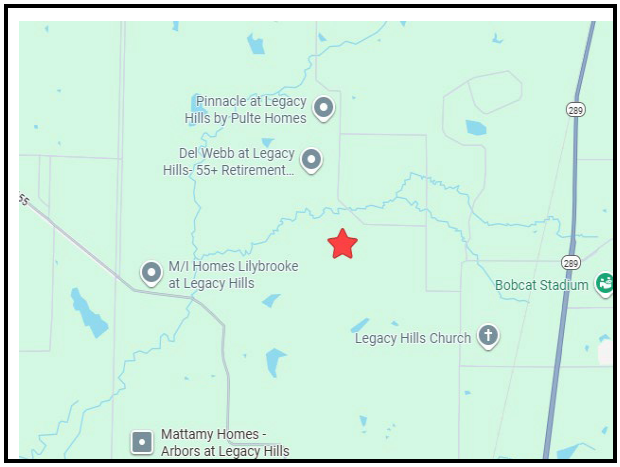
Comparable 2 Map

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
	50-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	January - 2024			
Seller	Tollway/Outer Loop LP			
Buyer	Perry Homes			
Sale Price	$100,000			
Price per SF Land	$16.67			
Price per Front Foot	**$2,000**			

SALE COMPARABLE 3 – 50' LOTS



Comparable 3 Aerial



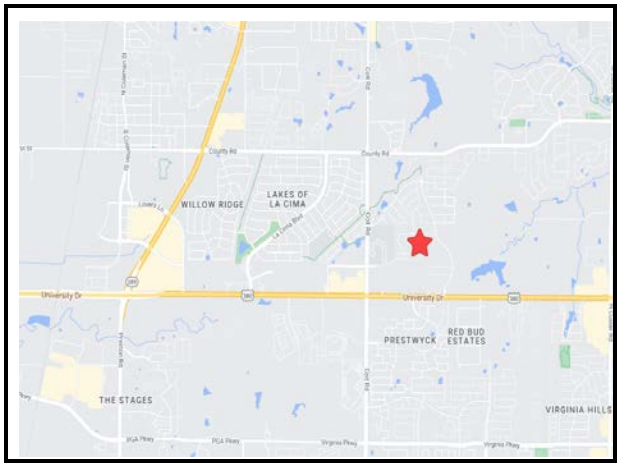
Comparable 3 Map

50-FF Sale Comparable 3				
Property Information				
Subdivision Name	Legacy Celina			
Property Class	Residential Lot			
Address	Southwest quadrant of County Road 58 and County Road 59, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
	50-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	August-2024			
Seller	Centurion American Acquisitions, LLC			
Buyer	William Ryan Homes Texas, Inc			
Sale Price	$125,000			
Price per SF Land	$20.83			
Price per Front Foot	**$2,500**			

SALE COMPARABLE 4 – 50' LOTS



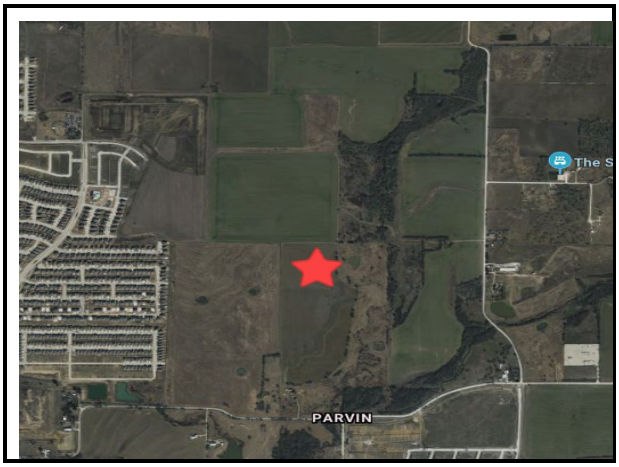
Comparable 4 Aerial



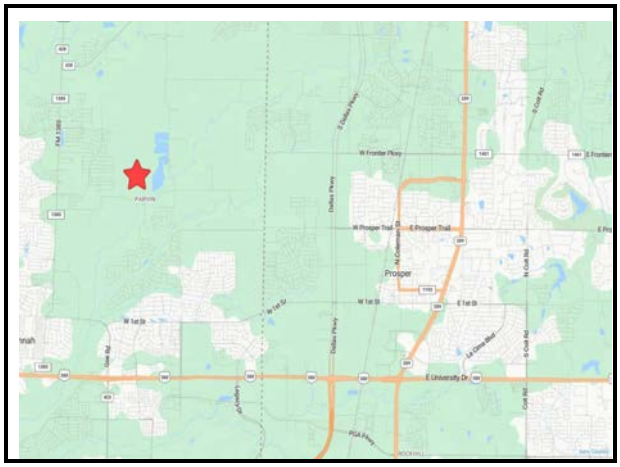
Comparable 4 Map

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
	50-FF			
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	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	6,875	SF	0.16	Acres
	50-FF			
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	$14.55			
Price per Front Foot	**$2,000**			

SALES ADJUSTMENT COMPARISON GRID –50' LOTS

Address:	Subject Sherley Farms IA #1	Sale 1 Mosaic	Sale 2 Cambridge Crossing	Sale 3 Legacy Celina	Sale 4 Brookhollow West	Sale 5 Lily Creek at Sutton Fields
	Anna	Prosper	Celina	Celina	Prosper	Celina
Transactional Adjustments						
Sales Price/FF		$2,450	$2,000	$2,500	$2,450	$2,000
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		$2,450	$2,000	$2,500	$2,450	$2,000
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		$2,450	$2,000	$2,500	$2,450	$2,000
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		$2,450	$2,000	$2,500	$2,450	$2,000
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		$2,450	$2,000	$2,500	$2,450	$2,000
Time/Market Conditions		+13%	+12%	+9%	+14%	+15%
ADJUSTED Price/FF:		$2,769	$2,240	$2,725	$2,793	$2,300
Physical Adjustments						
Location/Access	City of Anna, South of Houston Street	-3%	-2%	-2%	-3%	-2%
Amenities	Commercial areas, two amenity centers, a fully functioning farm, pocket parks, greenspace, and trails	+5%	-2%	+6%	+8%	+8%
Size	50-FF	0%	0%	0%	0%	0%
Topography/View	Gently Sloping; Improved Lots	0%	0%	0%	0%	0%
Zoning	Zone 1	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		+2%	-4%	+4%	+5%	+6%
ADJUSTED Price/FF:		$2,824	$2,150	$2,834	$2,933	$2,438
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		$2,150	to	$2,933		
Average Value/FF	$2,636					
Median Value/FF	$2,824					
Size	50-FF					
Unit Value Indication	$2640/FF					
Overall Value Indication	$132,000					
Rounded	$132,000					

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 to $2,500 per front foot 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 2020-2025 but now appears to be cooling following an interest rate decrease by the Federal Reserve that has lowered mortgage rates by 26 basis points to 6.30% as of September 2025. Price increased from 2020-2025 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 +4% year-over year (YoY) increase throughout 2023, 2024, and into the third 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 +9% and +15% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the City of Anna in Collin County near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located along Houston Street in eastern Anna. The area around the subject is primarily residential development and agricultural land. Also in the area are municipal uses and commercial uses along US Highway 75, which runs approximately 3.5 miles west of the subject. Accessibility is considered average for this area.

West of the subject property, about 2.4 miles, is Anna High School which is the only high school in Anna ISD. Anna ISD has a "C" 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. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Prosper, which is located in Prosper ISD which has an "A" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -3%
- Sale 2: Superior; Located in Celina which is located in Celina ISD which has a "B" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -2%
- Sale 3: Superior; Located in Celina which is located in Celina ISD which has a "B" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -2%
- Sale 4: Superior; Located in Prosper which is located in Prosper ISD which has an "A" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -3%
- Sale 5: Superior; Located in Celina which is located in Celina ISD which has a "B" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -2%

Amenities

The subject property's amenities will consist of commercial areas, industrial areas, two amenity centers, a fully functioning farm, pocket parks, greenspace, and trails. According to the site visit, earthwork on the site is not yet underway. The subject's amenities are considered above average for a master planned community the size of Sherley Farms PID IA #1 as most do not contain multiple amenity centers, a fully functioning farm, or commercial and industrial development within the community. We have made the following adjustments for Amenities:

- Sale 1: Inferior; Mosaic, which has inferior amenities consisting of a pool complex with a lazy river, stocked lake, playground, fitness center, trails, green space. While this comparable offers a pool complex and fitness center—features not present at the subject property—it lacks access to on-site commercial and industrial uses, multiple amenity centers, and the farm, ultimately rendering it inferior overall; Adjusted +5%
- Sale 2: Superior; Cambridge Crossing, which has superior amenities consisting of seven lakes, private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, fishing pond, playground, lap pool, resort pool/cabanas, event lawn. Though this comparable does not have on-site access to commercial and industrial uses, its amount of amenities makes it superior to the subject property; Adjusted -2%
- Sale 3: Inferior; Legacy Celina, which has inferior amenities consisting of a commercial area, pickleball court, playground, shade structures, lawn play area, greenspace, and trails. While this comparable offers a pickleball court, pool , and event lawn—features not present at the subject property—it lacks access to on-site industrial uses, an amenity center, and the farm, ultimately rendering it inferior overall; Adjusted +6%
- Sale 4: Inferior; Brookhollow West, which has inferior amenities consisting of a resort-style pool, cabana,

parks, green spaces, playground. While this comparable offers a pool— a feature not present at the subject property— it lacks access to on-site commercial and industrial uses, multiple amenity centers, and the farm, ultimately rendering it inferior overall; Adjusted +8%

- Sale 5: Inferior; Lily Creek at Sutton Fields, which has inferior amenities consisting of a pool, ponds, playgrounds, community gardens, trails. While this comparable offers a pool, pond, and community garden—features not present at the subject property— it lacks access to on-site commercial and industrial uses, multiple amenity centers, and the farm, ultimately rendering it inferior overall; Adjusted +8%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sales 1-5 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

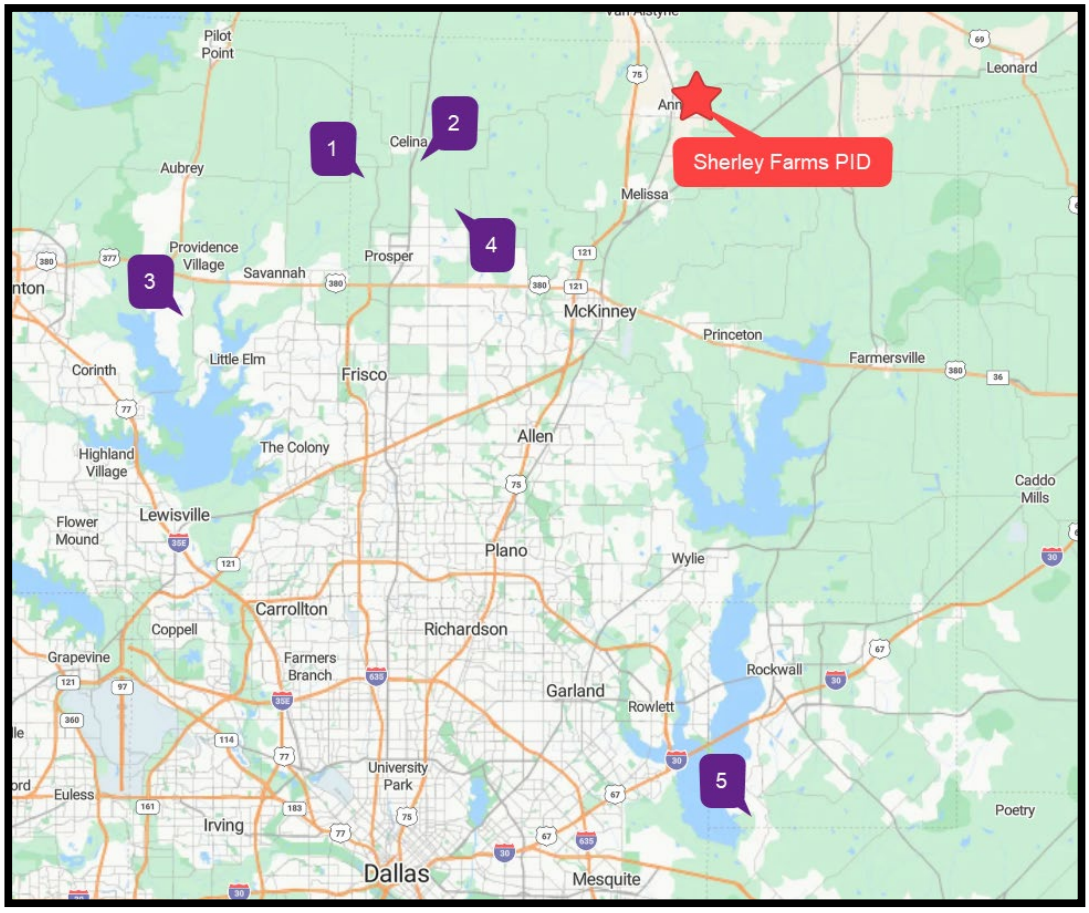
Development of the subject property is governed by a Development Agreement, dated December 17, 2024, between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD, of which the Development Agreement allows single-family residential development at the subject property. The subject property is also zoned Zone 1. The Zone 1 zoning in the City of Anna is broken down into various zoning categories, such as Planned Development/Agricultural (AG)/ Mixed Use (MU)/ Industrial- 1 (1- 1) (PD/AG/MU/1-1); however, our subject property (Sherley Farms PID IA #1) only encompasses single-family residential. 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 $2,150/FF to $2,933/FF with an average of $2,636/FF and a median of $2,824/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 $2640/FF, or $132,000/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
50' Detached Lots	166	December 1, 2026	$132,000

Next, we will analyze the retail market value of the 60' improved residential lots within Sherley Farms PID IA #1.

MAP OF COMPARABLE LOT SALES –60' LOTS



Subject: Sherley Farms PID IA #1, Anna, Collin County, TX 75409

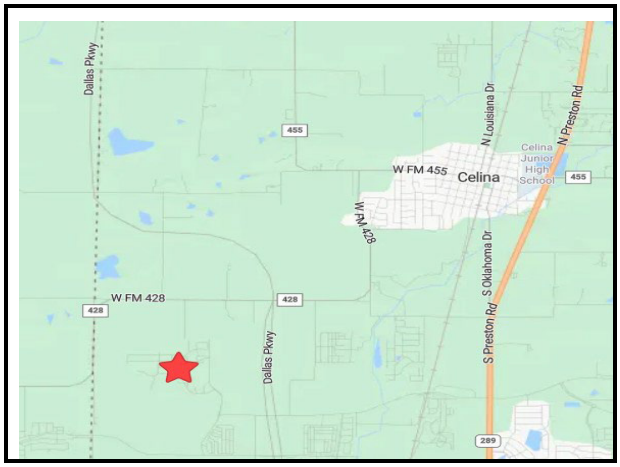
We selected the best and most recent comparable lot sales for our analysis of the 60-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 60' LOTS								
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	*$/FF*
1	Cambridge Crossing	Celina	Celina	Jan-2024	In-Contract	$120,000	60	*$ 2,000*
2	Hillside Village	Celina	Celina	Jan - 2023	In-Contract	$114,000	60	*$ 1,900*
3	Chaparral Park	Oak Point	Denton	Dec-2023	In-Contract	$140,500	60	*$ 2,342*
4	Mustang Lakes	Celina	Prosper	Apr-2025	In-Contract	$198,000	60	*$ 3,300*
5	Heath Golf & Yacht Club	Heath	Rockwall	Feb-2025	Closed	$120,000	55	*$ 2,182*
Subject	**Sherley Farms IA #1**	**Anna**	**Anna**	-	-	-	**60**	-

SALE COMPARABLE 1 – 60' LOTS



Comparable 1 Aerial



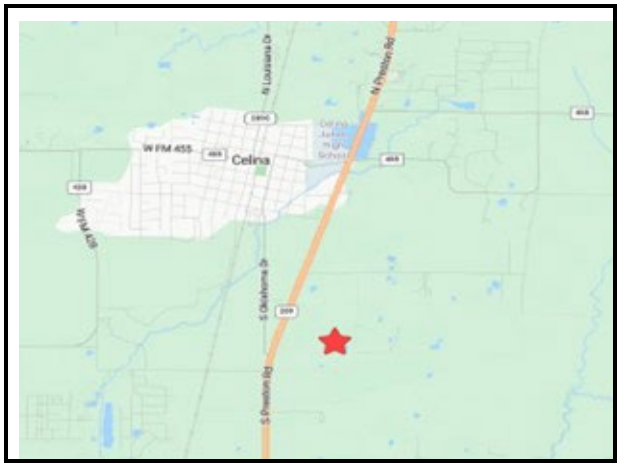
Comparable 1 Map

60-FF Sale Comparable 1				
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	7,800	SF	0.18	Acres
	60-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	January - 2024			
Seller	Tollway/Outer Loop LP			
Buyer	Perry Homes			
Sale Price	$120,000			
Price per SF Land	$15.38			
Price per Front Foot	**$2,000**			

SALE COMPARABLE 2 – 60' LOTS



Comparable 2 Aerial



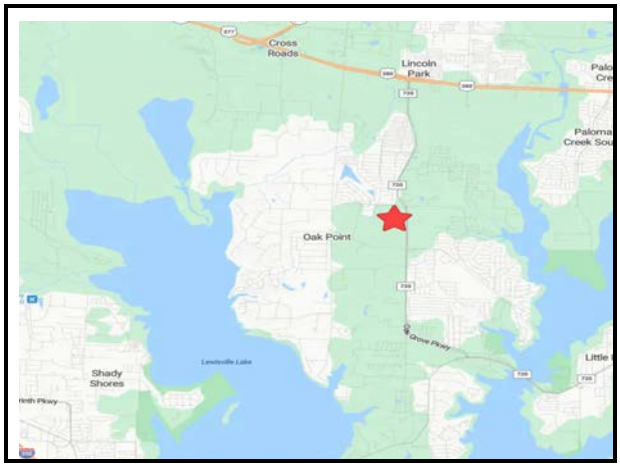
Comparable 2 Map

60-FF Sale Comparable 2				
Property Information				
Subdivision Name	Hillside Village			
Property Class	Residential Lot			
Address	Northeast quadrant of Glendenning Parkway and County Road 89, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
	60-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contracct			
Sale/Contract Date	January - 2023			
Seller	Wayne/Jackson, Inc.			
Buyer	Shaddock Homes			
Sale Price	$114,000			
Price per SF Land	$15.83			
Price per Front Foot	**$1,900**			

SALE COMPARABLE 3 – 60' LOTS



Comparable 3 Aerial



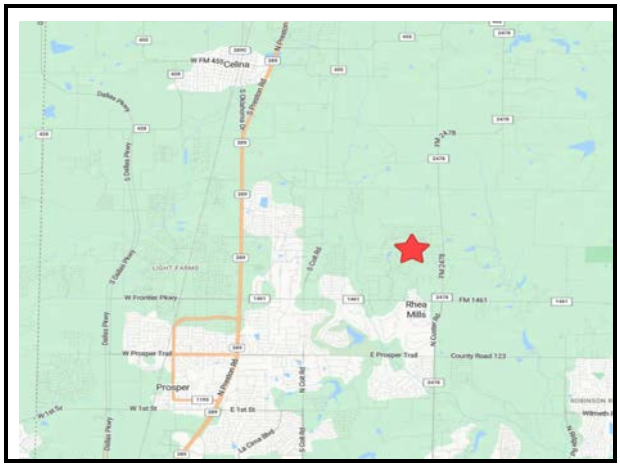
Comparable 3 Map

60-FF Sale Comparable 3				
Property Information				
Subdivision Name	Chaparral Park			
Property Class	Residential Lot			
Address	Southwest quadrant of West FM 720 and Martop Road, Oak Point			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	5,500	SF	0.13	Acres
	60-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	December-2023			
Seller	Bloomfield Homes, L.P.			
Buyer	DFH Coventry, LLC			
Sale Price	$140,500			
Price per SF Land	$25.55			
Price per Front Foot	**$2,342**			

SALE COMPARABLE 4 – 60' LOTS



Comparable 4 Aerial



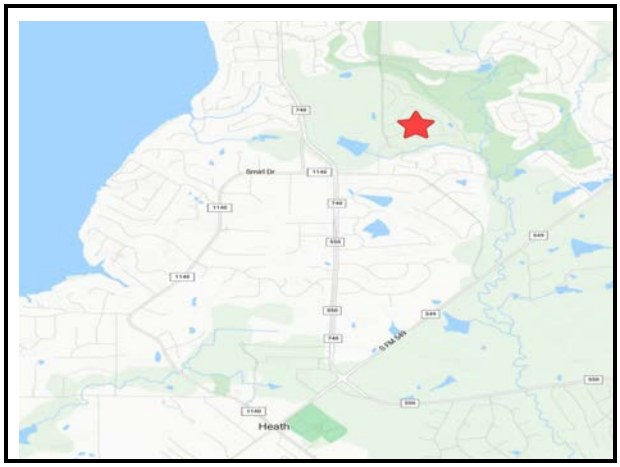
Comparable 4 Map

60-FF Sale Comparable 4				
Property Information				
Subdivision Name	Mustang Lakes			
Property Class	Residential Lot			
Address	Southwest quadrant of Custer Road and Choate Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,500	SF	0.17	Acres
	60-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	April-2025			
Seller	Celina 557 Partners, LP			
Buyer	Perry Homes, LLC			
Sale Price	$198,000			
Price per SF Land	$26.40			
Price per Front Foot	**$3,300**			

SALE COMPARABLE 5 – 60' LOTS



Comparable 5 Aerial



Comparable 5 Map

60-FF Sale Comparable 5				
Property Information				
Subdivision Name	Heath Golf & Yacht Club			
Property Class	Residential Lot			
Address	Southeast side of Morris Crossing, west of Sonnet Drive, Heath			
County	Rockwall			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	12,371	SF	0.28	Acres
	55-FF			
Zoning Code	Planned Development			
Shape	Irregular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	Febuaray-2025			
Seller	Meygan Isabella & Michael Anthony Barajas			
Buyer	Cares Home Builder, Inc.			
Sale Price	$120,000			
Price per SF Land	$9.70			
Price per Front Foot	**$2,182**			

SALES ADJUSTMENT COMPARISON GRID –60' LOTS

Subdivision	Subject Sherley Farms IA #1	Sale 1 Cambridge Crossing	Sale 2 Hillside Village	Sale 3 Mustang Lakes	Sale 4 Mustang Lakes	Sale 5 Heath Golf & Yacht Club
	Anna	Celina	Celina	Oak Point	Celina	Heath
Transactional Adjustments						
Sales Price/FF		$2,000	$1,900	$2,342	$3,300	$2,182
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		$2,000	$1,900	$2,342	$3,300	$2,182
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		$2,000	$1,900	$2,342	$3,300	$2,182
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		$2,000	$1,900	$2,342	$3,300	$2,182
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		$2,000	$1,900	$2,342	$3,300	$2,182
Time/Market Conditions		+12%	+16%	+12%	+7%	+7%
ADJUSTED Price/FF:		$2,240	$2,204	$2,623	$3,531	$2,335
Physical Adjustments						
Location/Access	City of Anna, South of Houston Street	-2%	-2%	-3%	-3%	-3%
Amenities	Commercial areas, two amenity centers, a fully functioning farm, pocket parks, greenspace, and trails	-2%	+8%	+8%	+3%	-2%
Size	60-FF	0%	0%	0%	0%	-2%
Topography/View	Gently Sloping; Improved Lots	0%	0%	0%	0%	0%
Zoning	Zone 1	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		-4%	+6%	+5%	0%	-7%
ADJUSTED Price/FF:		$2,150	$2,336	$2,754	$3,531	$2,171
SUMMARY OF COMPARABLE VALUES						
Value Range/FF			$2,150	to	$3,531	
Average Value/FF			$2,589			
Median Value/FF			$2,336			
Size			60-FF			
Unit Value Indication			$2590/FF			
Overall Value Indication			$155,400			
Rounded			$155,400			

ANALYSIS OF ADJUSTMENTS –60' LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from $1,900 to $3,300 per front foot with Sales 1-4 being 60-FF lot types and Sale 5 being a 55-FF lot type.

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 2020-2025 but now appears to be cooling following an interest rate decrease by the Federal Reserve that has lowered mortgage rates by 26 basis points to 6.30% as of September 2025. Price increased from 2020-2025 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 60-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically within Collin County which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +4% year-over year (YoY) increase throughout 2023, 2024, and into the third quarter of 2025 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +7% and +16% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the City of Anna in Collin County near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located along Houston Street in eastern Anna. The area around the subject is primarily residential development and agricultural land. Also in the area are municipal uses and commercial uses along US Highway 75, which runs approximately 3.5 miles west of the subject. Accessibility is considered average for this area.

West of the subject property, about 2.4 miles, is Anna High School which is the only high school in Anna ISD. Anna ISD has a "C" 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. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Celina, which is located in Celina ISD which has a "B" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -2%
- Sale 2: Superior; Located in Celina, which is located in Celina ISD which has a "B" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -2%
- Sale 3: Superior; Located in Oak Point, which is located in Denton ISD which has a "B" rating and considered to be a superior ISD and superior access to commercial uses; Adjusted -3%
- Sale 4: Superior; Located in Celina, however feeds into Prosper ISD which has an "A" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -3%
- Sale 5: Superior; Located in Heath, which is located in Rockwall ISD which has a "B" rating and considered to be a superior ISD, however, has slightly superior access to commercial uses; Adjusted -3%

Amenities

The subject property's amenities will consist of commercial areas, industrial areas, two amenity centers, a fully functioning farm, pocket parks, greenspace, and trails. According to the site visit, earthwork on the site is not yet underway. The subject's amenities are considered above average for a master planned community the size of Sherley Farms PID IA #1 as most do not contain multiple amenity centers, a fully functioning farm, or commercial and industrial development within the community. We have made the following adjustments for Amenities:

- Sale 1: Superior; Cambridge Crossing, which has superior amenities consisting of seven lakes, private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, fishing pond, playground, lap pool, resort pool/cabanas, event lawn. Though this comparable does not have on-site access to commercial and industrial uses, its amount of amenities makes it superior to the subject property; Adjusted -2%
- Sale 2: Inferior; Hillside Village, which has inferior amenities consisting of a resort-style pool w/ cabana, community trails, playground, and parks. While this comparable offers a pool— a feature not present at the subject property—it lacks access to on-site commercial and industrial uses, an amenity center, and the farm, ultimately rendering it inferior overall; Adjusted +8%
- Sale 3: Inferior; Chaparral Park, which has inferior amenities consisting of a commercial center, amenity center, pool, open spaces, trails, and an elementary school. While this comparable offers a pool— a feature not present at the subject property—it lacks access to on-site commercial industrial uses, an amenity center, and the farm, while also being walking distance from a school, ultimately rendering it inferior overall; Adjusted +8%
- Sale 4: Inferior; Mustang Lakes, which has inferior amenities consisting of an amenity center, resort-style pool, fitness center, lake, sports courts, amphitheater, playground, trails, and greenspace. While this

comparable offers a pool, fitness center, lake, sports courts, and amphitheater—features not present at the subject property—it lacks access to on-site commercial and industrial uses, and the farm, ultimately rendering it inferior overall; Adjusted +3%

- Sale 5: Superior; Heath Golf & Yacht Club, which has superior amenities consisting of a lake access, boat slips, multiple parks, tennis courts, golf courses, volleyball courses, fitness center, a club house, and an on-site elementary school. Though this comparable does not have on-site access to commercial and industrial uses, its amount of amenities along with having lake access makes it superior to the subject property; Adjusted -2%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sales 1-4 are also 60' lots that can accommodate the same building pad, so no adjustment is made for size. Sale 5 is a 55' lot that can accommodate a smaller building pad, so a -2% 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

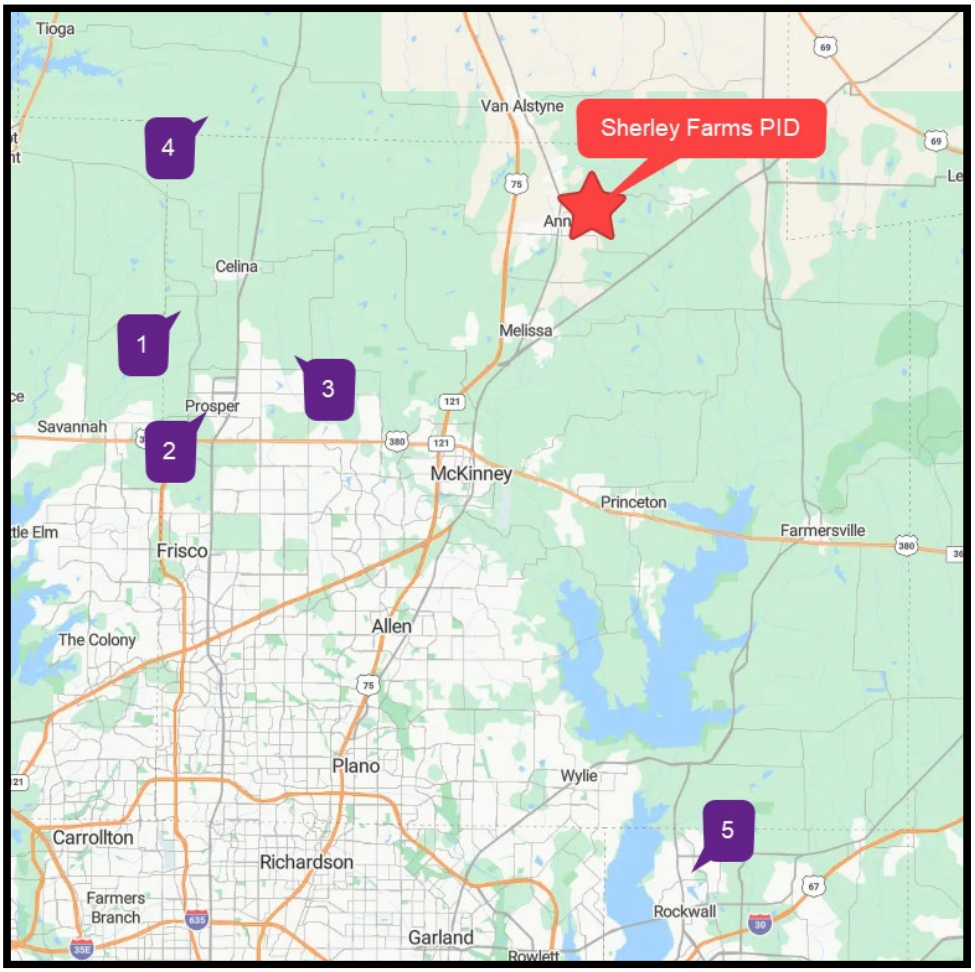
Development of the subject property is governed by a Development Agreement, dated December 17, 2024, between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD, of which the Development Agreement allows single-family residential development at the subject property. The subject property is also zoned Zone 1. The Zone 1 zoning in the City of Anna is broken down into various zoning categories, such as Planned Development/Agricultural (AG)/ Mixed Use (MU)/ Industrial- 1 (1- 1) (PD/AG/MU/1-1); however, our subject property (Sherley Farms PID IA #1) only encompasses single-family residential. Each of the comparable sales are in Planned Developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

Conclusion for 60' Lots – The 60' Lot Sales have an adjusted range of $2,150/FF to $3,531/FF with an average of $2,589/FF and a median of $2,336/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 60' lots is $2590/FF or $155,400/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
60' Detached Lots	143	December 1, 2026	$155,400

Next, we will analyze the retail market value of the 70' improved residential lots within Sherley Farms PID IA #1.

MAP OF COMPARABLE LOT SALES –70' LOTS



Subject: Sherley Farms PID IA #1, Anna, Collin County, TX 75409

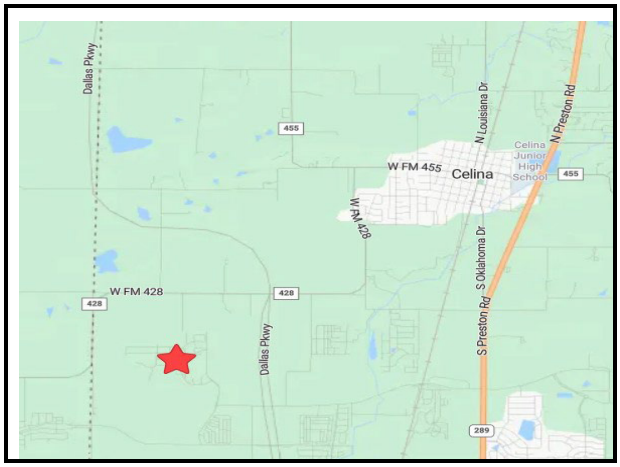
We selected the best and most recent comparable lot sales for our analysis of the 70-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 70' LOTS								
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	*$/FF*
1	Cambridge Crossing	Celina	Celina	Jan-2024	In-Contract	$120,000	60	*$ 2,000*
2	Bryants First Addition	Prosper	Prosper	Jul-2023	Closed	$200,000	75	*$ 2,667*
3	Mustang Lakes	Celina	Prosper	Apr-2025	In-Contract	$244,200	74	*$ 3,300*
4	Platinum Ranch	Gunter	Gunter	Apr-2025	In-Contract	$133,000	70	*$ 1,900*
5	Gideon Grove	Rockwall	Rockwall	Nov-2024	In-Contract	$127,400	70	*$ 1,820*
Subject	**Sherley Farms IA #1**	**Anna**	**Anna**	-	-	-	**70**	-

SALE COMPARABLE 1 – 70' LOTS



Comparable 1 Aerial



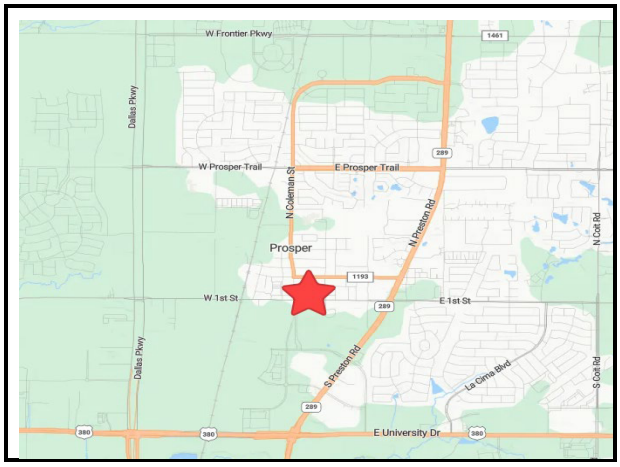
Comparable 1 Map

70-FF Sale Comparable 1				
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	7,800	SF	0.11	Acres
	60-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	January - 2024			
Seller	Tollway/Outer Loop LP			
Buyer	Perry Homes			
Sale Price	$120,000			
Price per SF Land	$15.38			
Price per Front Foot	**$2,000**			

SALE COMPARABLE 2 – 70' LOTS



Comparable 2 Aerial



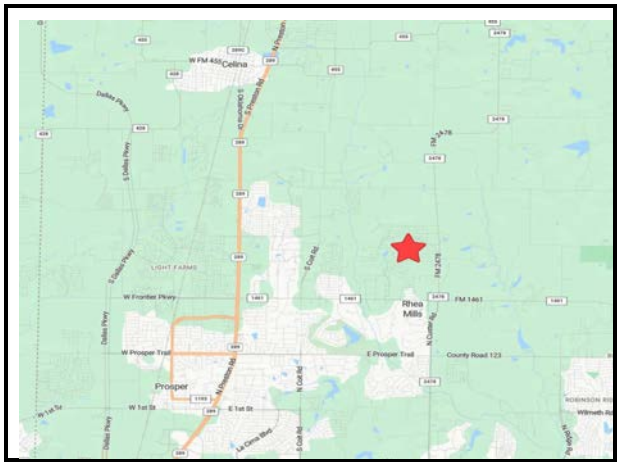
Comparable 2 Map

70-FF Sale Comparable 2				
Property Information				
Subdivision Name	Bryants First Addition			
Property Class	Residential Lot			
Address	North side of Third Street, west of Church Street, Prosper			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,151	SF	0.16	Acres
	75-FF			
Zoning Code	Downtown Single Family			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	July-2023			
Seller	Jeanna Montgomery			
Buyer	Chizube & Akaolisa Anadu			
Sale Price	$200,000			
Price per SF Land	$27.97			
Price per Front Foot	**$2,667**			

SALE COMPARABLE 3 – 70' LOTS



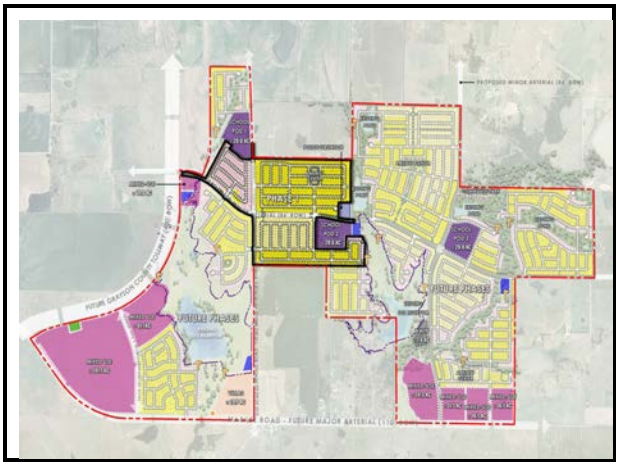
Comparable 3 Aerial



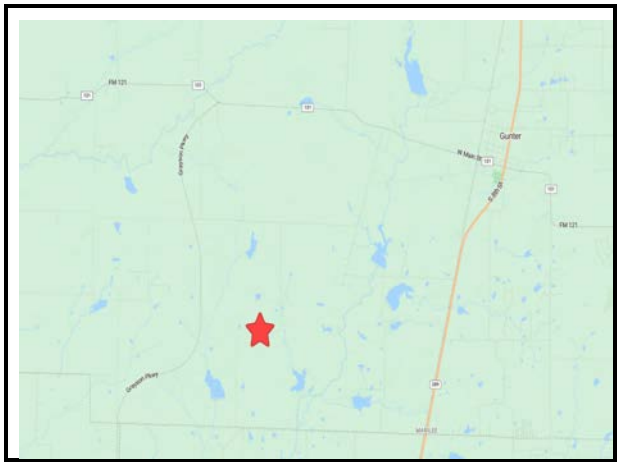
Comparable 3 Map

70-FF Sale Comparable 3				
Property Information				
Subdivision Name	Mustang Lakes			
Property Class	Residential Lot			
Address	Southwest quadrant of Custer Road and Choate Parkway, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	9,620	SF	0.22	Acres
	74-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	April-2025			
Seller	Celina 557 Partners, LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	$244,200			
Price per SF Land	$25.38			
Price per Front Foot	**$3,300**			

SALE COMPARABLE 4 – 70' LOTS



Comparable 4 Aerial



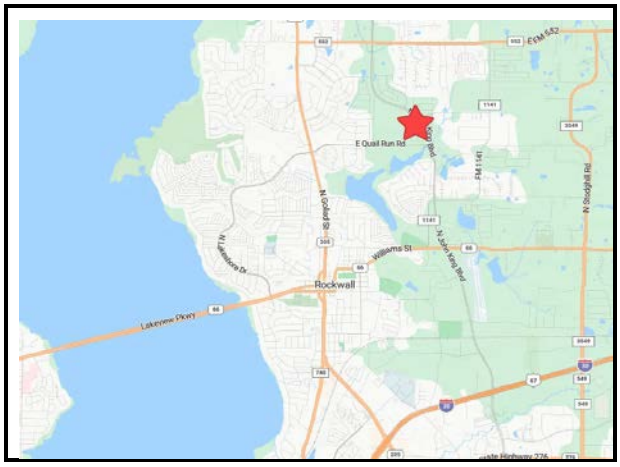
Comparable 4 Map

70-FF Sale Comparable 4				
Property Information				
Subdivision Name	Platinum Ranch			
Property Class	Residential Lot			
Address	North line of Marilee Road and the south line of Stiff Chapel Road, Gunter			
County	Grayson			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	8,400	SF	0.19	Acres
	70-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	April-2025			
Seller	MM Platinum Ranch, LLC and MM Platinum Ranch East, LLC			
Buyer	DFH Coventry Homes, LLC			
Sale Price	$133,000			
Price per SF Land	$15.83			
Price per Front Foot	**$1,900**			

SALE COMPARABLE 5 – 70' LOTS



Comparable 5 Aerial



Comparable 5 Map

70-FF Sale Comparable 5				
Property Information				
Subdivision Name	Gideon Grove			
Property Class	Residential Lot			
Address	Northeast corner of John King Boulevard and E. Quail Run Road, Rockwall			
County	Rockwall			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	11,550	SF	0.27	Acres
	70-FF			
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	November-2024			
Seller	Pacesetter Homes, LLC			
Buyer	Shane Homes (Texas), Inc.			
Sale Price	$127,400			
Price per SF Land	$11.03			
Price per Front Foot	**$1,820**			

SALES ADJUSTMENT COMPARISON GRID –70' LOTS

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address:	Sherley Farms IA #1	Cambridge Crossing	Bryants First Addition	Mustang Lakes	Platinum Ranch	Gideon Grove
	Anna	Celina	Prosper	Celina	Gunter	Rockwall
Transactional Adjustments						
Sales Price/FF		$2,000	$2,667	$3,300	$1,900	$1,820
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		$2,000	$2,667	$3,300	$1,900	$1,820
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		$2,000	$2,667	$3,300	$1,900	$1,820
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		$2,000	$2,667	$3,300	$1,900	$1,820
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		$2,000	$2,667	$3,300	$1,900	$1,820
Time/Market Conditions		+12%	+14%	+7%	+7%	+8%
ADJUSTED Price/FF:		$2,240	$3,040	$3,531	$2,033	$1,966
Physical Adjustments						
Location/Access	City of Anna, South of Houston Street	-2%	-3%	-3%	0%	-3%
Amenities	Commercial areas, two amenity centers, a fully functioning farm, pocket parks, greenspace, and trails	-2%	+2%	+3%	+2%	+10%
Size	70-FF	-4%	+2%	+2%	0%	0%
Topography/View	Gently Sloping; Improved Lots	0%	0%	0%	0%	0%
Zoning	Zone 1	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		-8%	+1%	+2%	+2%	+7%
ADJUSTED Price/FF:		$2,061	$3,070	$3,602	$2,074	$2,103
SUMMARY OF COMPARABLE VALUES						
Value Range/FF		$2,061	to	$3,602		
Average Value/FF			$2,582			
Median Value/FF			$2,103			
Size			$2,580			
Unit Value Indication			$2570/FF			
Overall Value Indication			$179,900			
Rounded			$179,900			

ANALYSIS OF ADJUSTMENTS –70' LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from $1,820 to $3,300 per front foot with Sales 1 being a 60-FF lot type, Sale 2 being a 75-FF lot type, Sale 3 being a 74-FF lot type, and Sales 4 and 5 being 70-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 2020-2025 but now appears to be cooling following an interest rate decrease by the Federal Reserve that has lowered mortgage rates by 26 basis points to 6.30% as of September 2025. Price increased from 2020-2025 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 70-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 +4% year-over year (YoY) increase throughout 2023, 2024, and into the third quarter of 2025 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +7% and +14% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the City of Anna in Collin County near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located along Houston Street in eastern Anna. The area around the subject is primarily residential development and agricultural land. Also in the area are municipal uses and commercial uses along US Highway 75, which runs approximately 3.5 miles west of the subject. Accessibility is considered average for this area.

West of the subject property, about 2.4 miles, is Anna High School which is the only high school in Anna ISD. Anna ISD has a "C" 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. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Celina, which is located in Celina ISD which has a "B" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -2%
- Sale 2: Superior; Located in Prosper, which is located in Prosper ISD which has an "A" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -3%
- Sale 3: Superior; Located in Celina, however feeds into Prosper ISD which has an "A" rating and considered to be a superior ISD, however, has similar access to commercial uses; Adjusted -3%
- Sale 4: Similar; Located in Gunter, which is located in Gunter ISD which has a "B" rating and considered to be a superior ISD, however, has inferior access to commercial uses; Adjusted 0%
- Sale 5: Superior; Located in Rockwall, which is located in Rockwall ISD which has a "B" rating and considered to be a superior ISD along with having slightly superior access to commercial uses; Adjusted -3%

Amenities

The subject property's amenities will consist of commercial areas, industrial areas, two amenity centers, a fully functioning farm, pocket parks, greenspace, and trails. According to the site visit, earthwork on the site is not yet underway. The subject's amenities are considered above average for a master planned community the size of Sherley Farms PID IA #1 as most do not contain multiple amenity centers, a fully functioning farm, or commercial and industrial development within the community. We have made the following adjustments for Amenities:

- Sale 1: Superior; Cambridge Crossing, which has superior amenities consisting of seven lakes, private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, fishing pond, playground, lap pool, resort pool/cabanas, event lawn. Though this comparable does not have on-site access to commercial and industrial uses, its amount of amenities makes it superior to the subject property; Adjusted -2%
- Sale 2: Inferior; Bryants First Addition, which does not have amenities, however, is located in the downtown area of Prosper, giving it access to a variety of commercial uses; Adjusted +2%
- Sale 3: Inferior; Mustang Lakes, which has inferior amenities consisting of an amenity center, resort-style pool, fitness center, lake, sports courts, amphitheater, playground, trails, greenspace. While this comparable offers a pool, fitness center, lake, sports courts, and amphitheater—features not present at the subject property—it lacks access to on-site commercial and industrial uses, and the farm, ultimately rendering it inferior overall; Adjusted +3%
- Sale 4: Inferior; Platinum Ranch, which has inferior amenities consisting of an commercial uses, amenity center, pool, shade structure, sports court, playground, trails, and greenspace. While this comparable offers a pool and sports courts—features not present at the subject property—it lacks access to on-site industrial

uses, and the farm, ultimately rendering it inferior overall; Adjusted +2%

- Sale 5: Inferior; Gideon Grove, which does not have any amenities; Adjusted +10%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). Sale 1 is a 60' lot that can accommodate a smaller building pad, so a -4% adjustment is made for Size. Sales 2 and 3 are a 74' and 75'' lot types that can accommodate a larger building pad, so a +2% adjustment is made for Size. Sales 4 and 5 are also 70' 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

Development of the subject property is governed by a Development Agreement, dated December 17, 2024, between the City of Anna and Tellus Texas III, LLC/Sherley Partners LTD, of which the Development Agreement allows single-family residential development at the subject property. The subject property is also zoned Zone 1. The Zone 1 zoning in the City of Anna is broken down into various zoning categories, such as Planned Development/Agricultural (AG)/ Mixed Use (MU)/ Industrial- 1 (1- 1) (PD/AG/MU/1-1); however, our subject property (Sherley Farms PID IA #1) only encompasses single-family residential. Each of the comparable sales are in Planned Developments with residential subdivision zoning or lots with residential zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

Conclusion for 70' Lots – The 70' Lot Sales have an adjusted range of $2,061/FF to $3,602/FF with an average of $2,582/FF and a median of $2,103/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 70' lots is $2570/FF, or $179,900/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
70' Detached Lots	33	December 1, 2026	$179,900

Cumulative Retail Lot Value

We believe a current lot market value of $2680/FF for 45' improved lots, $2640/FF for 50' improved lots, $2590/FF for 60' improved lots, and $2570/FF for 70' improved lots with a Substantial Completion Date of December 1, 2026 is accurate and well-supported. Not only do our compiled recent comparable lot sales indicate these 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 45-FF, 50-FF, 60-FF, and 70-FF lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2025 which followed a spike in the residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders.

Additionally, per the purchase and sale contracts, there will also be a $4,500 per lot Amenity Fee, $1,500 per lot Marketing Fee, and $1,500 per Lot Farm Amenity Fee, which the builder is required to pay the developer at the time of lot closing.

Note: Bloomfield only has a marketing fee of $1,500, and an amenity fee of $1,500. There is no $4,500 amenity fee for the 68 lots under contract.

As of the current report date, the market values for the 45-FF, 50-FF, 60-FF, and 70-FF lot prices for Sherley Farms PID IA #1 are shown below:

SHERLEY FARMS PID IA #1, ANNA, COLLIN COUNTY, TX 75409					
Total Lots	**Feet Frontage (FF)**	**Retail Price/Lot**	**Effective Date**	**Price/FF ($/FF)**	**Total Retail Value ($)**
76	45 FF	$120,600	December 1, 2026	$2680/FF	$9,165,600
166	50 FF	$132,000	December 1, 2026	$2640/FF	$21,912,000
143	60 FF	$155,400	December 1, 2026	$2590/FF	$22,222,200
33	70 FF	$179,900	December 1, 2026	$2570/FF	$5,936,700
418					***$59,236,500***
Amenity Fee Reimbursement				$4,500/per lot	$1,575,000
Marketing Fee Reimbursement				$1,500/per lot	$627,000
Farm Amenity Fee Reimbursement				$1,500/per lot	$627,000
Total Retail Lot Value					**$62,065,500**

Next, we will develop an opinion of value for the 418 residential lots in Sherley Farms PID IA #1 using the Discount Cash Flow analysis.

DISCOUNT CASH FLOW ANALYSIS

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the substantial completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of the 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 schedules within the purchase contracts:

TAKEDOWN SCHEDULE FOR SHERLEY FARMS PID IA #1

Projected Quarterly Takedown Summary - Sherley Farms PID IA #1					
Lot Type	*Dec-2026*	*Jan-2027*	*Apr-2027*	*Jul-2027*	**TOTAL**
45-FF	0	39	0	37	**76**
50-FF	63	63	40	0	**166**
60-FF	38	38	38	29	**143**
70-FF	0	17	0	16	**33**
Total	**101**	**157**	**78**	**82**	**418**

Note: Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the expected Effective Date is December 1, 2026, our analysis starts in the 4th quarter of 2026.

Value Increases During Sellout Period
Historically, in the sales contracts of volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the Wall Street Journal prime rate (7.25% as of September 2025), plus 1% (annually) up to 8.25%. Contracts between land developers and homebuilders typically have a 6% escalation which is consistent with recent improved lot appreciations over many years. Thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject's lots at 6% per year which is also consistent with residential real estate appreciation over the past decade. This is also considered reasonable given the lack of available lot and housing supply in the area and the historical realization of interest carry/appreciation by developers within DFW and surrounding market areas.

EXPENSES

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the principle that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. The current tax rate for the bulk of the property is **0.01995536 per $100 assessed – 1.995536%** for the purpose of our analysis – with taxes due to the City of Anna, Collin County, Anna ISD, and Collin College.

Based upon our experience as property tax consultants and information gathered from builders/developers, we do not believe the vacant lots will be assessed for their full market value once Substantial Completion is achieved. We believe the builders will have their lots assessed at approximately 70% of the market value, i.e., if a lot has a retail value of $100,000 then the assessed value will be $70,000. We believe this 30% discount is justified as taxing districts do not typically have access to cost data and assessments typically lag the market. In addition, many taxing districts allow for a 20% builder's inventory reduction.

Cost of Sales has been estimated at 1.5% of gross sales proceeds for various closing costs, surveys, commissions, and title policies.

Marketing expenses are not included as there is a shortage of vacant developed lots on the market and we would expect these lots to be absorbed by volume builders. This is confirmed by the contracts the developer has where the lots are presold to homebuilders.

Discount Rate
The discount rate utilized herein is essentially an anticipated Internal Rate of Return (IRR) for the subject property, as estimated from investment performance realized by market participants. The discount rate used for the subject should be less than the typical land development project because the value we are determining is for a fully entitled project in a city-approved Planned Development which will have less risk exposure than that of a raw land development. Therefore, it is appropriate to utilize a discount rate adjusted for this risk. The appraisers have included a recent discount rate survey published by Realty Rates that considers the market conditions, risk, entrepreneurial profit, and liquidity inherent in a project such as the subject that developers of similar properties would consider.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2025 Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	15.74%	34.19%	23.17%	15.11%	32.82%	22.24%
-100 Units	15.74%	29.47%	22.15%	15.11%	28.29%	21.27%
100-500 Units	16.13%	32.42%	23.30%	15.49%	31.12%	22.37%
500+ Units	16.52%	33.89%	23.70%	15.86%	32.54%	22.75%
Mixed Use	16.92%	34.19%	23.51%	16.24%	32.82%	22.57%
Manufactured Housing	16.24%	37.34%	24.85%	15.59%	35.84%	23.86%
-100 Units	16.24%	32.47%	23.87%	15.59%	31.17%	22.91%
100-500 Units	16.65%	35.71%	25.13%	15.98%	34.28%	24.13%
500+ Units	17.05%	37.34%	25.56%	16.37%	35.84%	24.54%
Business Parks	16.20%	35.71%	24.10%	15.55%	34.28%	23.14%
-100 Acres	16.20%	31.05%	23.15%	15.55%	29.81%	22.23%
100-500 Acres	16.61%	34.16%	24.37%	15.94%	32.79%	23.39%
500+ Acres	17.01%	35.71%	24.78%	16.33%	34.28%	23.79%
Industrial Parks	16.27%	30.17%	21.63%	15.62%	28.96%	20.77%
-100 Acres	16.27%	26.23%	20.83%	15.62%	25.18%	20.00%
100-500 Acres	16.68%	28.86%	21.86%	16.01%	27.70%	20.98%
500+ Acres	17.09%	30.17%	22.21%	16.40%	28.96%	21.32%
*2nd Quarter 2025 Data				Copyright 2025 RealtyRates.com™		

As shown, the minimum actual rates in Texas range from 15.74% for less than 100 units; 16.13% for 100 to 500 units; and 16.52% for 500+ units with minimum proforma rates ranging from 15.11% to 15.86%.

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 16.13% for 100-500 units; and 15.49% 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.

SHERLEY FARMS PID IA #1– DISCOUNT CASH FLOW (DCF) ANALYSIS

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete December 1, 2026
- Retail lot values: $120,600 for 45-FF lots
- Retail lot values: $132,000 for 50-FF lots
- Retail lot values: $155,400 for 60-FF lots
- Retail lot values: $179,900 for 70-FF lots
- 6% Appreciation/Year (1.5%/Quarter)
- 45-FF Lots sell at 39/Quarter for 1Q2027, then 36/quarter for 3Q2027
- 50-FF Lots sell at 63/Quarter
- 60-FF Lots sell at 38/Quarter
- 70-FF Lots sell at 17/Quarter for 1Q2027, then 16/quarter for 3Q2027
- Discount Rate 16% (4.00%/Quarter)
- Tax Expense on Inventory is 1.995536%/Year, 0.498884%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the lots is expected to be complete by December 1, 2026, we believe lot prices will continue to appreciate closer to their historical average which is closer to 6% per year. Thus, we have concluded that current retail lot values will be similar when the lots are finished, and takedowns begin. Therefore, as of the expected Substantial Completion Date (December 1, 2026) **the retail lot value for 45' lots is $120,600 with a total cumulative value of $9,165,600, the retail lot value for 50' lots is $132,000 with a total cumulative value of $21,912,000, the retail lot value for 60' lots is $155,400 with a total cumulative value of $22,222,200, and the retail lot value for 70' lots is $179,900 with a total cumulative value of $5,936,700, with a combined total of $59,236,500.**

Per the purchase and sale contracts, there will also be a $4,500 per lot Amenity Fee, $1,500 per lot Marketing Fee, and $1,500 per lot Farm Amenity Fee, which the builder is required to pay the developer at the time of lot closing. However, it is noted that Bloomfield only has a marketing fee of $1,500, and an amenity fee of $1,500. There is no $4,500 amenity fee for the 68 lots under contract. The total value of the Amenity Fee is $1,575,000 (350 x $4,500). The total value of the Marketing Fee is $627,000 (418 x $1,500). The total value of the Farm Amenity Fee is $627,000 (418 x $1,500).

After adding this reimbursements, the total cumulative value is **$62,065,500** as shown in the table on the following page.

SHERLEY FARMS PID IA #1, ANNA, COLLIN COUNTY, TX 75409					
Total Lots	**Feet Frontage (FF)**	**Retail Price/Lot**	**Effective Date**	**Price/FF ($/FF)**	**Total Retail Value ($)**
76	45 FF	$120,600	December 1, 2026	$2680/FF	$9,165,600
166	50 FF	$132,000	December 1, 2026	$2640/FF	$21,912,000
143	60 FF	$155,400	December 1, 2026	$2590/FF	$22,222,200
33	70 FF	$179,900	December 1, 2026	$2570/FF	$5,936,700
418					***$59,236,500***
Amenity Fee Reimbursement				$4,500/per lot	$1,575,000
Marketing Fee Reimbursement				$1,500/per lot	$627,000
Farm Amenity Fee Reimbursement				$1,500/per lot	$627,000
Total Retail Lot Value					**$62,065,500**

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 expected Substantial Completion Date is December 1, 2026, we will analyze on a quarterly basis starting December 2026.

DISCOUNT CASH FLOW DATA – SHERLEY FARMS PID IA #1 LOTS (QUARTERLY)

	Dec. 2026			Jan. 2027		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
45-FF Lot	76	$ 120,600	0	76	$ 122,409	39
50-FF Lot	166	$ 132,000	63	103	$ 133,980	63
60-FF Lot	143	$ 155,400	38	105	$ 157,731	38
70-FF Lot	33	$ 179,900	0	33	$ 182,599	17
Revenue		**$ 14,221,200**			**$ 22,312,644**	
Reimbursments:						
Marketing Fee		**$ 151,500**			**$ 235,500**	
Amenity Fee		**$ 283,500**			**$ 571,500**	
Farm Amenity Fee		**$ 151,500**			**$ 235,500**	
Tax Expense		*$ (68,955)*			*$ (139,155)*	
Sales Expense		*$ (213,318)*			*$ (334,690)*	
Net Income		**$ 14,525,427**			**$ 22,881,299**	
Factor		**0.993835**			**0.969552**	
Income Net Present Value (NPV)		**$ 14,435,877**			**$ 22,184,617**	

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	Apr. 2027			Jul. 2027		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
45-FF Lot	37	$ 124,245	0	37	$ 126,109	37
50-FF Lot	40	$ 135,990	40	0	$ 138,030	0
60-FF Lot	67	$ 160,097	38	29	$ 162,498	29
70-FF Lot	16	$ 185,337	0	16	$ 188,118	16
Revenue		**$ 11,523,273**			**$ 12,388,361**	
Reimbursments:						
Marketing Fee		**$ 117,000**			**$ 123,000**	
Amenity Fee		**$ 351,000**			**$ 369,000**	
Farm Amenity Fee		**$ 117,000**			**$ 123,000**	
Tax Expense		*$ (73,156)*			*$ (14,421)*	
Sales Expense		*$ (172,849)*			*$ (185,825)*	
Net Income		**$ 11,862,267**			**$ 12,803,115**	
Factor		**0.934236**			**0.911410**	
Income Net Present Value (NPV)		**$ 11,082,161**			**$11,668,886**	

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Total Net Revenue Over ~4 Quarters	***$62,072,108***
Net Present Value (As-Is) at 16% Discount Rate	***$59,371,540***
Rounded	**$59,372,000**

DISCOUNT CASH FLOW DATA –SHERLEY FARMS PID IA #1 LOTS (ANNUAL)

	2026			2027			
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	
45-FF Lot	76	$ 120,600	0	76	$ 124,218	76	
50-FF Lot	166	$ 132,000	63	103	$ 135,960	103	
60-FF Lot	143	$ 155,400	38	105	$ 160,062	105	
70-FF Lot	33	$ 179,900	0	33	$ 185,297	33	
Revenue		**$ 14,221,200**			**$ 46,365,759**		**$ 60,586,959**
Reimbursments:							
Marketing Fee		**$ 151,500**			**$ 475,500**		**$ 627,000**
Amenity Fee		**$ 283,500**			**$ 1,291,500**		**$ 1,575,000**
Farm Amenity Fee		**$ 151,500**			**$ 475,500**		**$ 627,000**
Tax Expense		*$ (68,955)*			*$ (377,809)*		*$ (446,764)*
Sales Expense		*$ (213,318)*			*$ (695,486)*		*$ (908,804)*
Net Income		**$ 14,525,427**			**$ 47,534,964**		**$ 62,060,391**
Factor		**0.993835**			**0.945863**		
Income Net Present Value (NPV)		**$ 14,435,877**			**$ 44,961,565**		**$ 59,397,442**

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Total Net Revenue Over ~2 Years	***$62,060,391***
Net Present Value (As-Is) at 16% Discount Rate	***$59,397,442***
Rounded	**$59,397,000**

Note: Annual discount and appreciation calculations are averaged to the middle of the period

DCF Conclusion (Improved 45', 50', 60', and 70' Lots)
Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the improved lots in Sherley Farms PID IA #1 in a bulk sale transaction would be between $59,371,540 and $59,397,442 which is approximately $25,902 (0.04%) 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 Sherley Farms PID IA #1 "Upon Completion" with an Effective Date of December 1, 2026, for 418 lots is $59,372,000 ($142,000/Lot).**

INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSIONS
Using the Discount Cash Flow Analysis to determine the net present value as of the expected substantial completion date (December 1, 2026), we have determined the following value for Sherley Farms PID IA #1 as shown in the table below:

INCOME APPROACH VALUE INDICATION	
Fee Simple Interest, Complete December 1, 2026	
Sherley Farms PID ***418 Improved Lots in Improvement Area #1***	***$59,372,000 ($142,000/Lot)***

RECONCILIATION AND FINAL VALUE CONCLUSION

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

"Resolving the differences among various value indications is called reconciliation…. The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others…Final reconciliation relies on proper application of appraisal techniques and the appraiser's judgment."

Three approaches to value are recognized in the appraisal profession (Sales Comparison Approach, Cost Approach, and Income Approach). All three approaches were analyzed and developed as part of the scope of work of this assignment. A summary of each approach follows:

Cost Approach
The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project.

Since the improved single-family residential lots in Sherley Farms PID IA #1 will be constructed in the first phase of the development, the Cost Approach is appropriate and thus was utilized to value the improved lots. **Through the Cost Approach, we determined the market value of the 418 improved lots "Upon Completion" in Sherley Farms PID IA #1 as of December 1, 2026, is $48,960,000 ($117,100/Lot Rounded).**

Income (Subdivision Development) Approach
For the improved residential lots, the Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases the bulk of the lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

Since our assignment is to determine the bulk sale value of 418 improved residential lots in Sherley Farms PID IA #1, as of the substantial completion date, the Income Approach is appropriate and was developed. **Through Discounted Cash Flow Analysis, we determined the market value of the 418 improved lots "Upon Completion" in Sherley Farms PID IA #1 as of December 1, 2026, is $59,372,000 ($142,000/Lot).**

Sales Comparison Approach
For the improved lots within Sherley Farms PID IA #1, 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 Sherley Farms PID IA #1.

Final Value Conclusion Summary
As a result of our investigations, studies and analysis of the sale, cost, income, and expense data, interpreted within the context of all the factors in the marketplace which effect value, our reconciliation of the indicated values between the utilized approaches to value are listed in the table below. We utilized the Cost Approach to support our finding utilizing the Income (Subdivision Development) Approach to value the 418 improved lots. Our final value conclusion for the retail lot value and the cumulative value of the lots are shown below:

SHERLEY FARMS PID IA #1, ANNA, COLLIN COUNTY, TX 75409					
Total Lots	**Feet Frontage (FF)**	**Retail Price/Lot**	**Effective Date**	**Price/FF ($/FF)**	**Total Retail Value ($)**
76	45 FF	$120,600	December 1, 2026	$2680/FF	$9,165,600
166	50 FF	$132,000	December 1, 2026	$2640/FF	$21,912,000
143	60 FF	$155,400	December 1, 2026	$2590/FF	$22,222,200
33	70 FF	$179,900	December 1, 2026	$2570/FF	$5,936,700
418					***$59,236,500***
Amenity Fee Reimbursement				$4,500/per lot	$1,575,000
Marketing Fee Reimbursement				$1,500/per lot	$627,000
Farm Amenity Fee Reimbursement				$1,500/per lot	$627,000
Total Retail Lot Value					**$62,065,500**

After considering discount cash flows, our final value conclusion "Upon Completion" is shown below:

INCOME APPROACH VALUE INDICATION	
Fee Simple Interest, Complete December 1, 2026	
Sherley Farms PID ***418 Improved Lots in Improvement Area #1***	***$59,372,000 ($142,000/Lot)***

Exposure Time
Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been at least 6-12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be between 6-12 months.

Marketing Time
Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the Effective Date of value. Market conditions are presently strong, and we expect no significant changes in the near term. It is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6-12 months.

Takedown Schedule
Based on the takedown schedule provided to the appraisers, the 45-FF Lots will sell at 39/Quarter for 1Q2027, then 36/quarter for 3Q2027, the 50-FF Lots will sell at 63/Quarter, the 60-FF Lots will sell at 38/Quarter, and the 70-FF Lots will sell at 17/Quarter for 1Q2027, then 16/quarter for 3Q2027. The 45-FF, 60-FF, and 70-FF are anticipated to be taken down by July 2027 and the 50-FF are anticipated to be taken down by May 2027.

ADDENDA

ENGAGMENT LETTER

Peyco Southwest Realty Inc.
In Arlington Since 1976

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

September 25, 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 "Sherley Farms Public Improvement District" located in the City of Anna, 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 Anna 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 Sherley Farms 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.

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:**

- **Improvement Area #1 (IA#1) with approximately 418 improved residential lots to be sold in bulk in the Sherley Farms PID. We will report the estimated retail value of the lots during the sellout period consisting of:**
  - **75 lots of 45-FF sizes,**
  - **167 lots of 50-FF sizes,**
  - **143 lots of 60-FF sizes, and**
  - **33 lots of 70-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. 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.

Tripp Davenport
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.

Phase 1 Boundary Exhibit



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 prospective Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by the engineering plans published by Spiars Engineering & Surveying Inc. as of July 2025, for 418 improved residential lots in Sherley Farms PID IA #1.
- All information relative to the property located within Sherley Farms PID IA #1 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Tellus Texas III, LLC (Owner/Developer), Spiars Engineering & Surveying Inc. (Professional Engineers and Surveyor), the City of Anna, and the Collin Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected completion date of December 1, 2026; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these extraordinary assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **hypothetical conditions** that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

No Hypothetical Conditions are used in this report.

ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

1) There is a safe, lead-free, adequate supply of drinking water.

2) The subject property is free of soil contamination.

3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.

4) There are no uncontained PCB's on or near the property.

5) The radon level is at or below EPA recommended levels.

6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled and sealed.

7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.

8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.

9) There is no flaking or peeling of lead-based paint on the property.

10) The property is free of air pollution.

11) There are no wetlands/flood plains on the subject property (unless otherwise stated in the report).

12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).

DEFINITIONS

Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

Leased Fee Interest
The ownership interest held by the lessor includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest
The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Market Rent
The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Market Value
Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) Buyer and seller are typically motivated;
(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) A reasonable time is allowed for exposure in the open market;
(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The value conclusions expressed within this report are in terms of cash ($US).

Extraordinary assumptions are assignment-specific assumptions as of the Effective Date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical condition a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the Effective Date of the assignment results but is used for the purpose of analysis.

Prospective Opinion of Value
A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a valued opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Prospective Market Value "As Completed" and "As Stabilized"
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an Effective Date that is subsequent to the date of the Appraisal Report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed - reflects the property's market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)

Retrospective Value Opinion
A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a valuable opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."

Neighborhood
(1) A group of complementary land users; a congruous grouping of inhabitants, buildings, or business enterprises.
(2) A developed residential super pad within a master-planned community usually has a distinguishing name and entrance.

Depreciation

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the Effective Date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.

The three major types of accrued depreciation are:

Physical Deterioration
Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Functional Obsolescence

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

External Obsolescence
According to the Dictionary of Real Estate Appraisal, Sixth Edition, external obsolescence is "*A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent."*

Paper Lot
Consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

Definition Sources:

- Office of the Comptroller of the Currency (12 CFR Part 34)
- Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition, copyright 2015.
- The Appraisal Foundation: USPAP (Uniform Standards of Professional Appraisal Practice) 2018-2019 edition

JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

EDUCATION:
Graduate North Quincy High School, Quincy, Massachusetts, 1976
Bachelor of Science in Business Administration (with Honors)
Northeastern University, Boston Massachusetts, 1981
Major: Accounting Minor: Marketing

TECHNICAL TRAINING:
Institute of Real Estate Management Courses:
#303 - Leasing and Management of Shopping Center and Retail Space
#400 - Managing Real Estate as an Investment
#500 - Problem-Solving & Decision-Making for the Property Manager
#800 - Ethics in Real Estate Management
University of Texas at Arlington: Real Estate Courses:
RE 001 Real Estate Finance; RE 004 Real Estate Mathematics;
RE 101 Principles of Real Estate; RE 301 Texas Real Estate Law: Contracts;
RE 501 Texas Real Estate Law; RE 701 Property Management
East Texas Baptist University:
Uniform Standards of Professional Appraisers and Code of Ethics. The Appraisal Foundation:
USPAP Update
Texas Association of Property Tax Professionals, Inc.:
Principles of Property Tax Consulting; A Survey of Texas Property Tax Law
Other: USPAP-97 Instructor's Workshop, USPAP Instructor 1997
TREC Licensed Instructor – Commercial Investment Course, CEI 1998
Continuing Education Institute:
Deceptive Trade Practices Act; Let's Talk-Not Fight; Property Taxes: Rights, Remedies and Responsibilities; USPAP Update
Institute for Real Estate Professionals, Inc.
Preparing & Presenting an Ethical Ad Valorem Property Tax Valuation; Texas Property Tax Law 2007
Texas Association of Realtors:
Tarrant County Appraisal Review Board Member (1991-1992)

PROFESSIONAL AFFILIATIONS:
Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-CG 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-B 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 – Commissioner1997-2003 (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.



TALCB
TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Certified General Real Estate Appraiser

Appraiser: JAMES LAWRENCE MAIBACH

License #: 1323658-CG **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-CG
Texas Appraiser Licensing and Certification Board – State Certified Residential Appraiser No. TX-1361274-CR
Texas Real Estate Commission – Real Estate Broker License, No. 0468343-B

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



TALCB
TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Certified General Real Estate Appraiser

Appraiser: LESLIE ELIZABETH TOLLIVER

License #: 1381494-CG **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

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
- Associate Member, Appraisal Institute – since 2023

PROFESIONAL AFFILIATIONS:
Texas Appraiser Licensing and Certification Board – Appraisal Trainee No. TX-1343865-T

APPRAISER EXPERIENCE
July 2023-Present
Appraiser Associate/Trainee with *Peyco Southwest Realty*, Arlington TX
- Commercial Appraisals – throughout the state of Texas



TALCB
TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Appraiser Trainee

Trainee: BRANDON L LAWSON

Authorization #: 1343865-T Authorization Expires: 11/30/2027

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
Executive Director

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THE CITY OF
Anna

CITY OF ANNA, TEXAS • SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SHERLEY FARMS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

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